Love's Law

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An active member of the advertising and international business community, Tim serves on several boards and advisory committees, including the Advertising Council, the American Advertising Federation (AAF), the Heart of America Foundation, the Organization of Women in International Trade (OWIT) and the Institute for Advertising Ethics at the University of Missouri. He also has been a member of the 4A's Government Relations Council and has served on self-regulatory panels for the National Advertising Review Council.

We live in a world of 7-billion people, with 5.6-billion connected by mobile phone. Half of these already connect into the web without a laptop, desktop or landline. (70% of US mobile phone users connect into the web daily) As proliferation of internet access via smartphone accellerates, the first media is people. Advertising exists in the idea exchange between people so this shift in media power to individuals has significant impact on our industry.

Today individuals are more in control of the information they receive. They can select it, store it, repurpose it and create content themselves. This individualized control of content alters the prevailing assumptions about scaling the network effects of people.

Sarnoff's Law of audience value was the prevailing industry theory that grew out of the radio and TV era and has been the foundation of how much broadcast media charge for advertising. The approach is that the value of a radio or TV station is proportional to the number of listeners or viewers. If another viewer is added, the value of the station/advertising time/space goes up by one.

Metcalfe's Law, which has been influential in the telecommunications industry for scaling network effects, states that the value of a telecommunications network is proportional to the square of the number of connected users of the system. This law helped explain that the value of a network would increase proportionate to the square of the number of points in the network, while costs would grow linearly. It has been a key theory influencing our advertisers and their agencies as we find ourselves in a post-digital world.

To illustrate, consider pods of people starting with one individual by themselves, two people, three people, four, five as illustrated below.

NETWORK EFFECTS METCLAF'S LAW
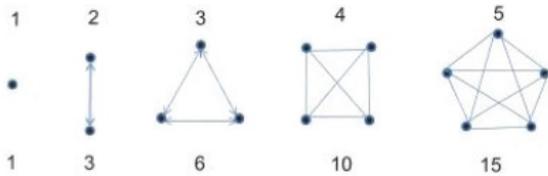
Network interconnection theory remains a somewhat controversial issue. The prevailing belief is that value is created when networks of people are connected to each other.

For example, a network of two people has a network effect value of three, because the connection itself adds value to the network. A network of three who are connected has a value of 6, and so on. Metcalf's Law suggests that the value of a network is the number of connected people, squared, eg two people connected would have a value of 4, three people would have a value of 9 and so on.

While Metcalf's Law helped change the frame of reference for audience theory, there are arguments that this rule is a significant overestimate.

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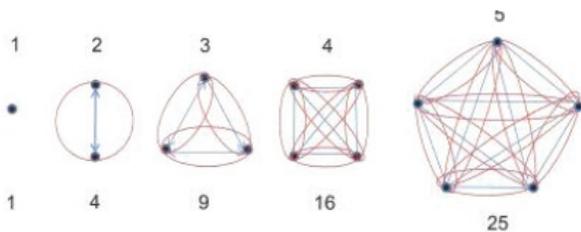
Another approach to network theory, assumes that the addition of points/people in a network multiplies, value increases until a stage where around 150 contact points are in the system. Reed's Law poses that somewhere around that stage, the connection value dimenishes for each additional network contact as individuals in the network reach

a saturation point. Reed's Law also stressed how group-forming networks create a new kind of value that scales exponentially.

Along with Moore's Law that the number of transitors on a chip will double every 18-20 months, the subject of network effects has significantly influenced how marketing and business is evolving. With people becoming the first media, marketing and advertising industry has coined the phrase "Social Media" to reflect the changing context for brand messaging in networks of people and the differentiation of "Earned Media" versus the traditional audience valuation of "Paid Media."

One can see the linear influence of Metcalf's network effects being translated into a concept like Thomas Friedman's "The World is Flat." This flattening of the world is assumed from a simple assumption of value to the connections that are made electronically. I can see how one might see connections flattening the world, but this under values the connections because it assumes all connections are the same and only recognizes the connection, not the human dimensions of such connections. The world isn't flat, it is round and each human connection, is richly diverse and round with individualized perceptions and emotions.

We need a way of attributing value to the matter of idea transfer from brain to brain. One that permits a more human valuation of the network connection to reframe its effects.

Let's take the two strongest human emotions on a spectrum. On one extreme end of the emotional spectrum is fear. Fear is an emotional state that has well known psychological and physiological ramifications in human beings.

On the other end of the human emotional spectrum is love. Love is an emotion that is equally rich in psychological and physiological characteristics.

Love's Law postulates that we all have a choice between love and fear. It is an emotional spectrum that can be controlled by choice of perception (This was a key finding by Victor Frankel in his seminal book "Man's Search for Meaning"). We know from social exchange theory that in any relationship he or she who has more choice, has more power. Net, incorporating the concept of choice between the polar emotional extremes of fear or love, makes the algorithms of network effects theory asymptotic. In other words, while our industry is running hard to understand the electronic technology of communications, we must intensify our focus on the human technology of how people think.

There is a positive effect of the emotion of love on the network effects model. We can see that each point in the system ads additional emotional value to the system beyond the connection itself. See below:

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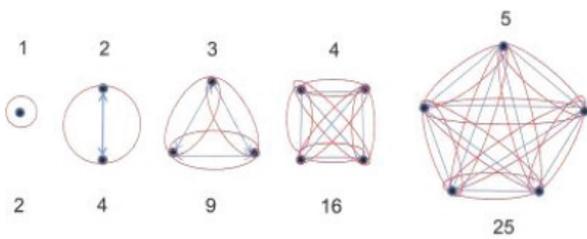
This illustrates that a network of two would have a network effect of 4, twice the value of the connection alone. A network of 3 has a network effect of 9, where love is the prevailing positive emotion. A network of 4 has a network effect of 16, and so on.

This law is based on the assumption that when two or more human's communicate with each other and there is always a degree of misunderstanding or misinterpretation present in how people think. When faced with uncertainty physiological fear mechanisms come into play. The extent of misunderstanding can be unseen as we nod assuring when listening to each other. It signals an indication of "I'm trying to follow what you are saying" not an affirmation or agreement.   For example, we are finding that the network effect of language misunderstanding is far more of a factor in human misunderstanding than we had assumed. Language is a technology, along with motions and gestures our most personal communication technology. Misunderstanding from differences in what language a person thinks in is detrimental in building relationships, be that among two people, a community of people or between corporations, brands, even a nation.

Love's Law takes an old idea and presents it in today's context of an interconnected world. It is a world where individuals and cultures can engage without losing their identity. And, the value of these relationships is increasingly perceptible and consequential.

Value in a relationship starts with one's own perception of oneself. If that emotional connection is fear-based, the network effects will be less than if the connection is more love-oriented. The good news is you have a choice.

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