



WORLD ECONOMIC FORUM

INSIGHTS FROM DAVOS 2015

A black and white photograph of two women standing in front of a backdrop for the World Economic Forum. The woman on the left is wearing a dark dress and a long necklace, looking down at her smartphone. The woman on the right is wearing a patterned jacket and looking at her smartphone. The backdrop features the text 'WORLD ECONOMIC FORUM' in large, white, sans-serif capital letters, with a white arc graphic partially encircling the word 'FORUM'. Below this, a horizontal line separates the main title from the tagline.

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INSIGHTS FROM DAVOS 2015



Steve King, CEO, Worldwide,
ZenithOptimedia

This January was my sixth consecutive attendance at the Worldwide Economic Forum in Davos. The delegates were, yet again, an incredibly eclectic group, ranging from leading statesmen, global business leaders and philanthropists to what seemed to be a preponderance of bulky personal bodyguards.

At previous Davos gatherings, there has generally been a clear, resounding theme that has unified the discussions. These have ranged from optimism about the Arab Spring to question marks as to whether capitalism would survive the economic implosion of 2008. Unusually this year, however, there seemed to be no single theme. The conversations and debates ranged from concern about persistent levels of unemployment, intensifying nationalism, the growing importance of health in the economy, deepening income inequality and the absence of strong leaders.

If there was a unifying message, it seemed to circulate around a stark recognition that the global economy is struggling, and the academic and business speakers seemed resigned to the fact that we are in line for an extended period of low or moderate growth. The term 'secular stagflation' was continually used in referring to the global outlook. This was echoed by representatives of the



BRIC markets, all struggling to identify how they will achieve future growth in line with the levels delivered over the past couple of decades.

However, it was notable that many of the younger generation seem to have a far more realistic and, indeed, optimistic view of the opportunities ahead. I heard many Young Global Leaders enthusiastically talk about the benefits of technology, accelerated communications and interconnectivity. Our own ZenithOptimedia recent global Millennial Study would seem to corroborate that this group are realistic but not depressed nor downbeat about the future of the world's health. This optimism seems a good place to begin a more detailed assessment of some of the key themes that were aired and discussed.

We have put together an overview of some of the key global trends from Davos, with specific insights and recommendations for the marketing community. We have structured these trends according to Economy, Society and Technology. We are very grateful to Rishad Tobaccowala, Chief Strategist of Publicis Groupe, who provided considerable input to our trends.

147 Big History, Big Future: Innovation since the Modern

To: 17:30 From: 17:30

Sign up: Available seats

Sign up: 0

148 Confronting the Challenge of Catastrophic Outbreaks

To: 17:45 From: 17:45

Sign up: Available seats

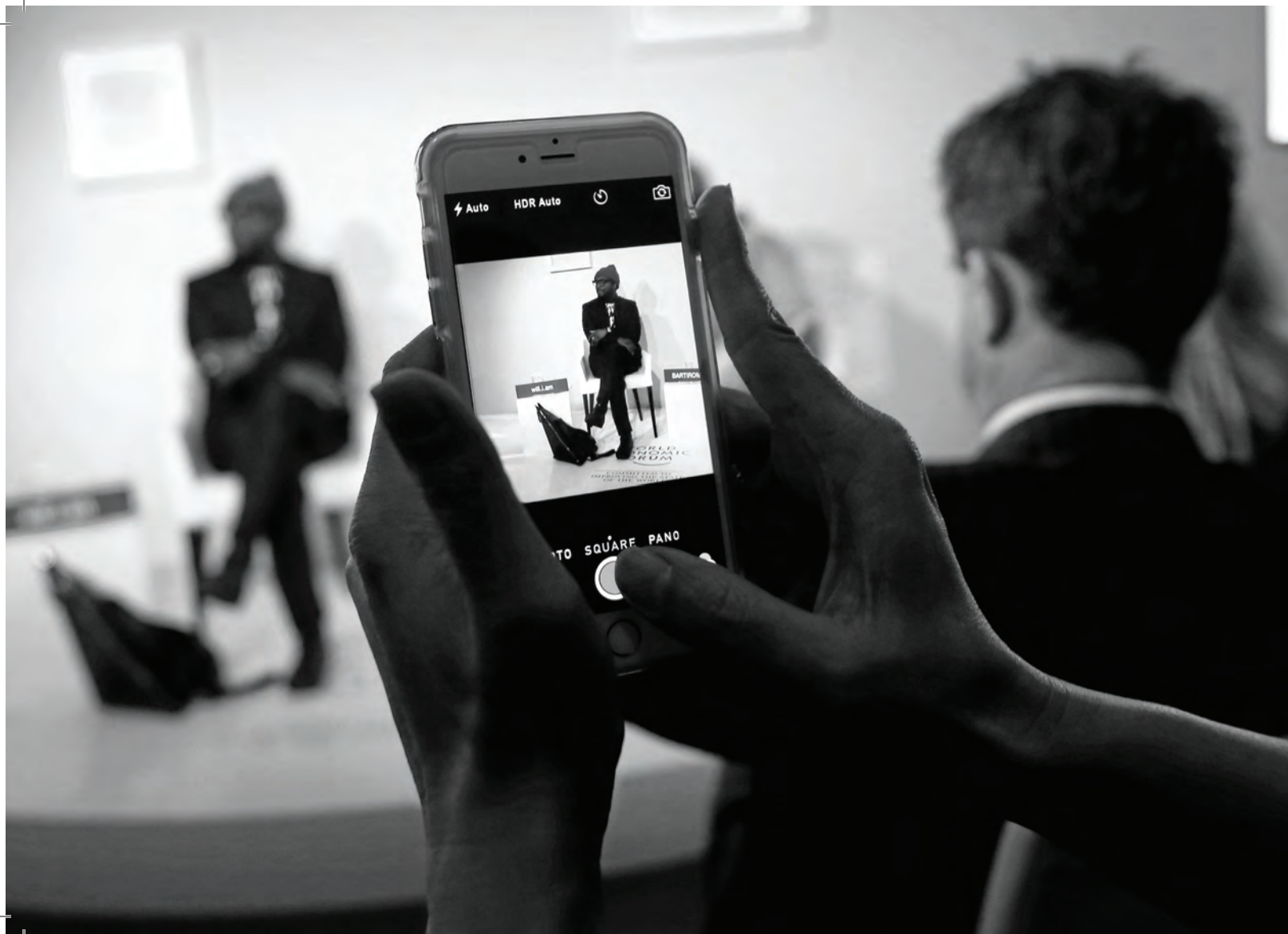
Sign up: 54



ECONOMY

COMPANIES MUST BE PREPARED TO CHANGE

One of the key themes from Davos 2015 was the need for companies to move with the times, to adapt to economic and technological change and to prepare for significant shifts in the world's populations. From the World Economic Forum's summary of the Industry Governors Sessions, the message came through loud and clear, time and again. In Energy: "More actors are keen to embrace and adapt in the digital transformation shaping the industry". In Financial Services: "To adapt to increasingly unpredictable drivers of change, the financial industry needs to become even more resilient and nimble". And, in Information and Communication Technologies: "The industry needs to develop new partnership-based business behaviours to collaborate across industries".



At a breakfast seminar organised by Bain, the CEO of Dow and Old Mutual noted that the key reason for the company's recent success was changing their business through investment in talent and building customer-focused, team-oriented cultures. He revealed that he'd had such trouble changing the mindset of his senior management team that he'd been forced to change the management before any transformation could be implemented. Between 2005 and today, Dow and Old Mutual replaced 195 of its top 200 managers.

Several speakers and delegates at Davos addressed concerns about the speed and ability of business to change. The comment was made that the world seems to be moving according to two realities: the world of the future and the world of established organisations and governments.

ACTIONS FOR MARKETERS

- Ensure that data and technology functions are properly integrated with marketing operations to ensure that you are able to operate effectively - both internally and with other businesses.
- Invest in platforms and processes that enable you to have real-time dialogue with your customers and make this a core part of your marketing communications strategy.
- Invest in strategic partnerships with other companies so you can provide shared, cross-platform services/products. This will help drive the overall consumer experience.



TRUST IN COMPANIES IS BEING ERODED

Edelman released its 2015 Trust Barometer a few days before the start of Davos 2015 and the news was pretty grim: “Trust in Institutions Drops to Level of Great Recession” read the headline of its press release. Attendees at Davos agreed that there is a clear breakdown of trust between people and organisations of every sort. Whether it is corporations, NGOs or governments, organisations are now trusted by less than 50% of people, according to Edelman.

One of the industries that somewhat surprisingly is losing trust is technology. In discussions at Davos there seemed to be a growing anger directed at technology firms, largely from non-technology companies. It was noted at Davos that we are forgetting that we are dealing with people: people who sometimes resent how fast technology is upending their lives; people who see their jobs being replaced by machines. Edelman’s report highlighted that Silicon Valley has a growing PR problem.



The issue of trust extends beyond technology companies to personal data. A statistic doing the rounds at Davos was that 90% of consumers believe they have lost control over their own data. This issue was borne out in a couple of sessions. As Publicis Groupe's Rishad Tobaccowala noted in his WEF blog: "When Skype does not connect with Facetime, when Facebook and Google glower at each other, when institutions are old and new are questioned it's time to build trust!" Rishad concluded: "Awareness, authority, and oversight will be needed to regain and build trust. Are people aware of how their data is being used and what the laws are? Is there someone who gives authority to lawmakers or data companies on how data is used, and, oversight: is there a way we can see how our data is being used if by a private company or is there an oversight government authority that watches those who process our data?"

ACTIONS FOR MARKETERS

- Make sure your brand has a clear purpose that is open and genuinely useful for consumers.
- Ensure that transparency is part of your brand DNA and that openness about your suppliers and processes forms part of your approach to brand storytelling.
- Make sure that privacy protections are embedded into your products and services and are enshrined in your marketing strategy.



THE SHIFT FROM WESTERN ECONOMIC DOMINANCE

A key topic for Davos in recent years has been the shift of economic power away from the West. Speakers at Davos noted that the world will become more multi-polar versus Western-centric. Today 88% of the world's population is in Africa, Asia and Latin America and, with the exception of the US, these continents have the top ten fastest growing economies. They are embracing free markets, enabling technology, empowering women and embracing science to enhance food, energy and medical requirements. It is becoming clear that the digital divide between the West and the rest of the world is not materialising. In fact, mobile and digital technology is opening up information and education and health care for billions.

ACTIONS FOR MARKETERS

- Things are moving fast in Africa, Asia and Latin America: invest in new research and ensure your local and cultural insights are up to date.
- Support ethical business practices in developing economies as part of both your business and marketing strategy.
- Look to open-source product development and 3D printing to be in line with the way emerging economies are developing and to support the needs of consumers in those markets.



SOCIETY

THE CHANGING WORKPLACE

Discussions at Davos highlighted the growing view that the workplace of today is becoming increasingly out of date and non-productive. A Bain study, referenced in one session, found that the ease of scheduling meetings and the growth of copying colleagues in emails means that individuals at work now spend 20 hours in meetings, 10 hours on email and eight hours doing everything else. Several delegates commented that the workplace needs to be modernised.

Part of that modernisation, as ZenithOptimedia noted in its study of Millennials *The Pursuit of Happiness*, is the need for greater flexibility in the workplace: homeworking, flexible hours of working, exchange programmes, and training to help develop new skill sets. Developing new skills was a topic addressed on several platforms at Davos. The CEO of Manpower said there is a growing mismatch between the skills required for the future and the skills that people have today, especially in the developed world.

ACTIONS FOR MARKETERS

- Understand Millennials' expectations in the work place. From ZenithOptimedia's *Pursuit of Happiness* study we found that Millennials value flexible working practices.
- Help employees – and consumers – to disconnect from the workplace. There will be a growing need for the 'digital detox' and enforced, after-hours technology shutdowns in the workplace.



EQUALITY IS TOP OF THE AGENDA

Income equality featured high on the agenda at Davos. The World Economic Forum sees rising socio-economic inequality as driving 'social fragility'. It was no coincidence that Oxfam released a report directly before Davos 2015 saying that 1% of people in the world will have the majority of the wealth by 2016. The report highlighted that in 2014, the 80 richest people in the world had a collective wealth of \$1.9 trillion – an increase of 50% over the past four years.

In a panel session on Equality through Parity, it was made clear that women will increasingly become the economic engine of the future. Women will be key to the economic uplift in the emerging markets, which is why the likes of the Gates Foundation – both Bill and Marissa Gates were vocal at Davos – places such focus on the fair treatment of women in the workplace. As the Prime Minister of Norway noted, we do not need to build an economic case for why women should be treated equally, it's just the right thing to do.

ACTIONS FOR MARKETERS

- Invest in research and cultural insights to understand the changing role and needs of women in emerging economies. As women in these markets play greater roles in the workplace, their needs from brands – and receptivity to brand storytelling – will change.
- As women's roles in the emerging markets change, they will increasingly need and value the support of other women. Brands have a key role to play here in providing forums and platforms for advice and information exchange.



TECHNOLOGY

GETTING TO GRIPS WITH GLOBAL CONNECTIVITY

Technology is enabling us to become more connected than ever before and global connectivity became an important topic for discussion around Davos. The WEF reported: “Sensors and connectivity are creating new product and service models across all industries, however disruption to incumbents can come from start-ups. The desire to connect across industries is seeing the exploration of common themes: partnership/ecosystem-based models, security, IP in an eco-system environment, business case viability and elimination of silos”. The WEF said that with the rise of the industrial Internet of Things, the IT industry needs to act as a partner to help its customers serve their customers in this new environment. However, in his Davos blog, Rishad Tobaccowala noted that technology is making us both more connected and more disconnected: “We sit in a room connecting with others outside the room while not talking to those who are across the table. We connect to worlds outside our communities but not to what is going on outside our windows. Maybe a bit more analog is good thing.”



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Rishad also noted that businesses and marketers need to place more focus on the power of smartphones and the role they play in global connectivity: “These are not phones but highly connected computing and connected devices that will change society and industry but also government and financial institutions. We are focusing too much on Facebook, Google or Alibaba and not enough on the seismic change billions of connected highly empowered people within the next few years will bring about.”

ACTIONS FOR MARKETERS

- Keep pace with how your consumers are using their various devices. Look to new forms of cross-platform communication and storytelling to ensure you are making best use of developments in connectivity.
- Greater levels of connectivity will place more importance on the need for brands to create seamless user experiences across the full consumer journey.

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DATA: FUELLING CHANGE AND FEARS

As the advertising industry is all too aware, data is the key to unlocking the mysteries of consumer behaviour, the fuel for creativity and the raw ingredient of all tracking and measurement. Nobody at Davos was in any doubt about the importance and power of data. However, several concerns about the use of data were raised, together with several recommendations about data usage. The WEF reported that businesses need to address privacy and security in two ways: moving towards security by design in all devices, and addressing public policy on an international basis. Speakers at Davos made clear that if individuals don't trust how their data is being managed – by companies or governments – the benefits of digitisation will not continue. The WEF said that ensuring that data can flow freely across borders is critical to the digital future of all industries. Fragmentation of data policies must be avoided.

ACTIONS FOR MARKETERS

- With vast amounts of data fuelling communication campaigns, marketers need to ensure that they don't suffer data loss as activity moves cross-platform. In order to get the most effective and efficient use of data, marketers should look to partner with media owners offering comprehensive technology 'stacks'.
- Brands should protect their consumers' data across all platforms and throughout the marketing and communications process.



ABOUT ZENITHOPTIMEDIA

ZenithOptimedia - www.zenithoptimedia.com - is a leading global media services network with over 7,500 people working in 262 offices across 74 countries. We are part of Publicis Groupe, the world's third largest communications group, and the world's second largest media agency group. As the first agency to apply a rigorous and objective approach to improving the effectiveness of marketing spend, ZenithOptimedia delivers to clients the best possible return on their communications investment. This philosophy is supported by a unique approach to strategy development and implementation across the full spectrum of paid, owned and earned contact points – the Live ROI planning process. The ZenithOptimedia

Group of companies equips our clients with a full range of integrated skills across communications planning, value optimisation, performance media and content creation. Our key clients include Aviva, Bacardi Martini, Clarins, Kering, Lactalis, L'Oréal, LVMH, Nestlé, Oracle, Reckitt Benckiser, Richemont Groupe, SCA, Sanofi, Toyota and 21st Century Fox.

