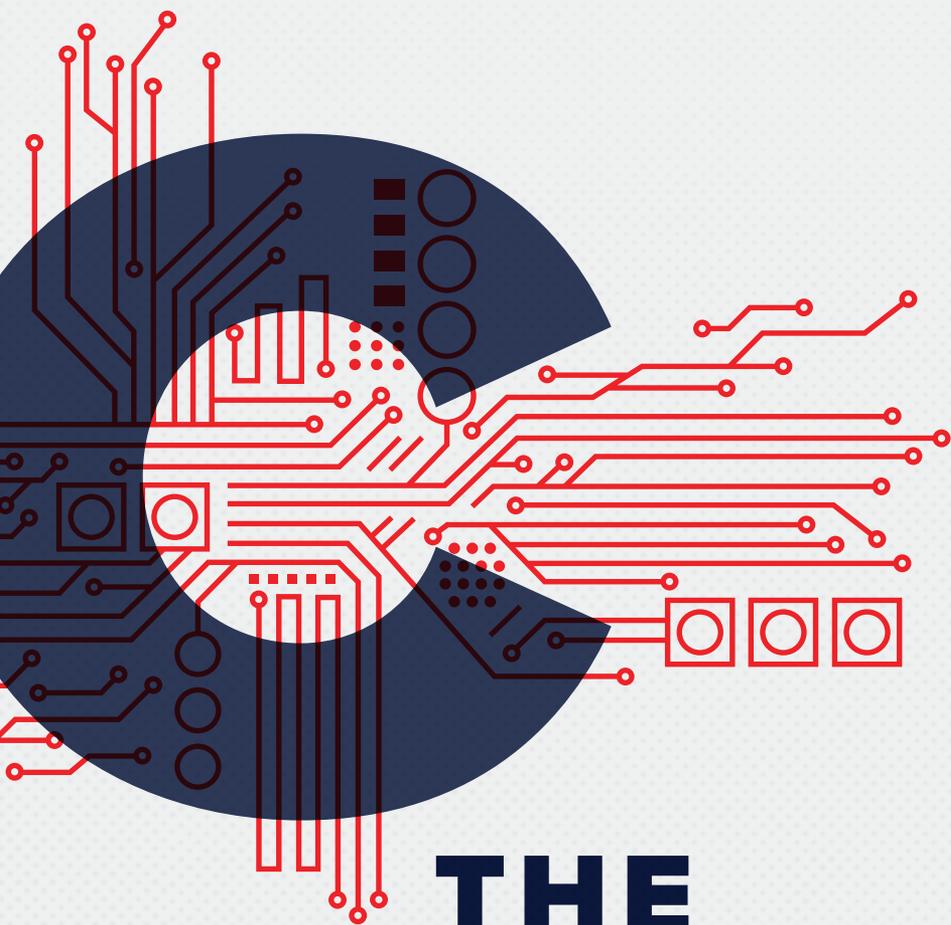


MEDIALINK

Vol 1



THE CIRCUIT

DISPATCH FROM CANNES LIONS
INTERNATIONAL FESTIVAL OF CREATIVITY 2016

POWERED BY
ZEITGUIDE



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For creative and business leaders, and everyone in between, Cannes Lions is a glimpse into the rapidly approaching future of the media ecosystem.

For those of you who couldn't attend, MediaLink, in partnership with Zeitguide, has distilled a digest highlighting insights beyond what appeared in your Twitter feed.

To follow, the essential ideas from the 2016 Cannes Lions Festival of Creativity, worthy of the attention of yourself and your colleagues.

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IN CLOSING

FOREWARD FROM THE FOUNDER



Cannes Lions has long represented both the “meeting of the minds” of the industry’s A-team, as well as the confluence of people, ideas, functions and disciplines critical to the success of our work. But to me, most clear this year was that communication and collaboration are critical to a fruitful future, both for our industry and our world. Today, it is apparent that we are all at a pivotal tipping point in recognizing this fact. The Circuit, powered by ZEITGUIDE, will distill this notion and other key themes discussed along the Croisette during Cannes Lions.

With that, we bring you The Circuit. I hope you enjoy, and in the spirit of openness, share the information, stories and tools found within with your colleagues and friends.

All good,

Michael E. Kassan
Chairman & CEO, MediaLink

MEDIALINK



INTRO

The advertising business has arrived at an inflection point.

Blurred lines between content and advertising, ad blocking, and the ANA report are just some of the challenges confronting the industry this year. And as it tilts further toward digital each day, Facebook and Google are still capturing 64% of the \$59.6 billion of annual digital ad revenue.

Much has changed since the industry celebrated in 1954, when the first Lion trophy went to Chlorodont toothpaste for its three-minute cinema spot. Today the Cannes Lions ecosystem has spread its reach — even this year to include a new entertainment stage.

“First it was the creatives, then media execs, then digital advertisers, then the clients, then tech companies,” said MediaLink Chairman and CEO Michael E. Kassan, who partnered with us to tell the Cannes Lions 2016 story. “Now entertainment is completing the loop.”

The Cannes Lions International Festival of Creativity was a perfect event to connect that circuit, to explore the convergence of content, technology, and branding. “Cannes presents a chance to explore where our industry needs to be headed. We bring all these creative forces together, spot the issues, ignite discussions, and bring clarity to them — and then we can start to solve them together.” One thing was clear after a week at Cannes Lions: any lasting solutions depend on returning to the premise that the festival started with 62 years ago: Creativity.

Creativity, long the antidote to stagnation, is now what will propel us through disruption.

It isn't simply about a beautiful print ad or emotional commercial any more. It's about crafting new solutions for the whole industry, about pioneering content for new devices and platforms and directly to the right consumer.

This second edition of MediaLink's The Circuit, powered by ZEITGUIDE, distills several key themes from across the festival, the zeitgeist of the industry, if you will. With this digest, complete with suggestions on concepts to take back to your colleagues and associates, we hope to inspire you to keep the Cannes conversations going.

Enjoy. And as we always say at ZEITGUIDE...

Keep Learning,

Brad Grossman
Founder/CEO, ZEITGUIDE

ZEITGUIDE

AUTHENTICITY RULES ALL

“Authenticity” went from buzzword to point of debate at Cannes Lions this year. What exactly does it mean — especially in the context of advertising? We caught a lot of definitions flying around, each offering a unique insight.

Marc Mathieu, CMO of Samsung, found authenticity in truth. “Marketing used to be creating a myth and telling it. Now it is about finding a truth and sharing it. In product truth, in brand truth, in corporate truth.”

For Linda Yaccarino, chairman of advertising sales and client partnerships at NBCUniversal, authenticity grows out of emotion and “the knowledge and activa-

tion of what that emotional connection means to the consumer.” Likewise, Vogue editor-in-chief Anna Wintour sees authenticity closely tied to humanity, citing as an example the “raw, unfiltered, and very human” comedy of Amy Schumer, whom she put on the cover of her July issue.

iHeartRadio CMO Gayle Troberman, suggested radio is the “most authentic content,” which has helped its growth. “It’s live, it’s messy, it’s real, it’s human,” she said.

Ryan Seacrest noted what can easily come across as inauthentic — namely, celebrity-brand relationships. He said it’s hard to pitch things on the radio if he doesn’t have a connection to the product. It has to be natural, he said. Or as MediaLink COO Wenda Harris Millard said in another session about

today’s consumers, “They can smell a rat.”

Much of the authenticity conversation was also about delivery — that is, not beating people over the head with a message. Consumers are savvy. Subtlety is key. As Mike McAvoy, CEO of satiric news site The Onion, explained in a Univision panel at MediaLink headquarters, “If you try to shove a message down someone’s throat, they won’t read it, they won’t share, and you won’t achieve your results.”

But perhaps CMO Dee Salomon of MediaLink connected the conversation to one big picture insight. Marketing is at its most authentic, she said, when it’s not a sales pitch at all, but a product or experience with the brand: “Much of the so-called advertising at the festival was actually a product that served

the brand message — as opposed to message that served the brand product.”

As examples, she pointed to two award-winning campaigns. First, Airbnb’s collaboration with the Art Institute of Chicago, in which they took a famous painting Vincent Van Gogh did of his bedroom in Arles — and re-created it down to the brushstroke to offer as a nightly rental on Airbnb. Another example: REI’s #OptOutside campaign, a push to spend Black Friday outdoors — where their consumers truly want to be — not at the mall. REI shut down all its stores on that day.

“When you can take an action and show people rather than just telling them, it can be really powerful,” said Ben Steele, REI’s chief creative officer. And it’s the real, authentic deal.

“
It’s live,
it’s messy, it’s real,
it’s human.
”

Gayle Troberman
CMO, iHeartRadio



Gayle Troberman

THE TAKEBACK

Authentic Advertising? Perhaps an oxymoron. But fewer and fewer things can be marketed with nothing but flash and sizzle today. Shoppers are far too educated and have access to too many choices to be told what to buy.

What the whole conversation about authenticity suggests is that, stage-by-stage, the gap is closing between product and message. Those things are becoming one of the same. Whether it’s building a better banking app or something fun like

the Cyber Lion short-listed Ritz Cracker Cutter, we express our usefulness by being useful, our party-worthiness by bringing something to the party.

“Authentic Advertising” is creating content that has a utility for the consumer. And that means brands have to work harder to program themselves into consumers’ lives.

But when it works, there’s nothing like it. As Kevin Plank, CEO of Under Armour said, “For anything great, authenticity rules all.”

DARE TO BE DIFFERENT

The executives, entrepreneurs, and celebrities populating the Palais this year all seemed to be singing from the same songbook: Be brave, be bold, take risks.

“Dare to be different,” explained Vogue editor-in-chief and Conde Nast creative director Anna Wintour in her speech.

“Fearlessness is really a choice — it’s a practice that you need to work on,” noted Gwyneth Paltrow later.

Granted, exactly no one has ever suggested that timidity is a smart move in advertising. But newly available tools enable us to take much bolder steps as we amass data, evidence,

and analysis that show the impact of daring creative work.

Examples cited by celebrities and entrepreneurs also should reassure creatives that being bold is worth the risk — and can really pay off.

Amy Emmerich, Refinery 29’s chief content officer, insisted on staging its 10th anniversary installation during Fashion Week — in Brooklyn. That is to say, five miles from the central Fashion Week venues in Manhattan. It was such a success that people waited in line for three and a half hours to see it.

At the Palais, Under Armour CEO Kevin Plank

recounted his company’s first daring advertisement in ESPN magazine. It featured a strange but alluring image of a muscular man sporting a Darth Vader–like helmet. It brought in \$800,000 in sales within three weeks, when the company earned only \$1.3 million the entire year before.

You might strike out now and again, Airbnb co-founder Brian Chesky noted, but you should still swing for the fences.

“You’re going to need to take some big leaps, and oftentimes it’s not going to work,” Chesky said. “But it doesn’t matter how many times you fail. It matters how many times you make



something hugely successful.”

What’s the next big, bold play? One word, says B. Bonin Bough, chief media and e-commerce officer of Mondelez International. Messaging.

“No one is talking about messaging in Cannes,” he explained to us. “But I can guarantee you that it’s going to explode.” His book, which he bravely placed at all corners of Cannes, is about “what creativity is going to look like when brands can send a text direct to consumer.”

Who knows if Bough’s got it right? But as we learned this year at Cannes, brands that tread boldly are the ones that carve new paths to reach consumers. And the reward will almost always outweigh the risk.

“Fearlessness is really a choice — it’s a practice that you need to work on.”

*Gwyneth Paltrow
Founder & CCO, Goop*



THE TAKEBACK

Think like an entrepreneur

with a mindset that is as disruptive as the start-up that wants to put you out of business. That is the only way to stand out today.

Don’t be afraid to loosen your grip.

More often than not, leading with the brand will not play with audiences today. Consumer brands have to trust influencers and celebrities to do what they want to do. If you team up with bold personalities, you can’t always control the message.

It doesn’t cost any more to be bold.

During the MediaLink Daily Dose Panel on Celebrity in the Digital Age, Goop CEO Lisa Gersh noted that in the digital world, distributing content is cheap. If it doesn’t catch fire, so what? Try something else bold at low cost and fast.

HOLY SHIT. IT STILL REALLY EXISTS.

We learn generally two ways: formally, like during a class or panel discussion; and informally, like when stuff hits the fan in the real world.

On women and advertising, Cannes Lions offered both types of lessons. This knotty problem ties up the objectification of women in ads, assumptions about women as a market, and workplace issues — all of which came up one way or another during the festival.

So first, the formal lesson: Madonna Badger, co-founder of the agency Badger & Winters, gave one of the most discussed talks at the Cannes Lions, “Sex, Lies, and Advertising.”

Badger’s three daughters were killed in a house fire in 2011. After that tragedy, she said, she returned to work only to confront another grave danger to young women: toxic, often misogynistic ads. “We Googled

objectification of women, and what came up was advertising,” she said. Her own agency pledged to not create sexist ads, and she launched #WomenNotObjects to encourage others to take the conversation to social media.

She pushed back against the “sex sells” mantra. Her firm conducted a consumer survey of 2,700 people with The Girls Lounge, which had a major presence at Cannes Lions; it found that ads objectifying women were, she said, “disastrous to brand reputation and extremely damaging to purchase intent.”

Meantime, this real-world situation was blowing up: A Brazilian billboard ad for Aspirin reading “Don’t worry babe, I’m not filming this. mov” drew ire in news pages and social media. The ad was called tasteless at best and promoting rape culture at worst — either way, not good for healthcare product

company Bayer. Ad consultant and speaker Cindy Gallop, tweeted, “Don’t use this to sell aspirin, male-dominated ad industry, & don’t award it, male-dominated juries.” Cannes Lion jury did give it a Bronze, but Bayer pulled the ad from use.

Women make up the majority of consumers and of ad viewers — and yet they are scarcely given speaking roles in ads, Kim Getty, president of the Los Angeles office of Deutsch, said during her keynote speech.

She used both Under Armor and Nike as examples of companies that increased business and revenue dramatically by embracing the women’s market. Getty



challenged the audience to purge outdated gender norms: “Let’s ask ourselves when we’re looking at work, does this capture the world as it is today, or are we using dated references?”

The underlying problem, of course, is gender equality across the ad industry. Despite the fact that women make up 46.4% of the advertising industry, only 11% of creative directors are female, according to a recent survey by the 3% Conference. At one talk sponsored by The Girls’ Lounge, NBCUniversal chairman of ad sales Linda Yaccarino said the glass ceiling is still an obvious problem. “In a board room or meeting, I look around the room and say, ‘Holy shit. It still really exists.’”

THE TAKEBACK

Equality is vital for everyone, not just women, and the issue has to be tackled from both the corporate and content angle. Here are five insights we gleaned from all the conversation and action:

1. Diversity — of all kinds — is good for business.

Without it, creative agencies risk creating tone-deaf content that won’t connect with fast-evolving attitudes and values.

2. Archaic racial, cultural, and gender norms don’t sell.

Such worldviews will be overrun in a world that is increasingly becoming more diverse and progressive. Expand your vision of what it means today to be man, women, or trans. We found the Gold winner of Film, “High School Girls,” from Shiseido Japan as an example that strives to illustrate a fluidity between genders.

3. Collaboration, mentorship, and inclusiveness

are essential to equalizing the playing field.

4. Encourage an environment of flexibility.

Gina Hadley and Jenny Galluzzo co-founders of the talent-matching firm The Second Shift, told us that “many talented women leave their professional careers when they become mothers, but they would remain if companies had more flexible policies that would enable more work-life balance.”

5. We also have to expand the gender

conversation to include masculinity and how men are restricted by societal expectations of economic, physical, and sexual dominance. “Advertisers should represent men as they really are. Not as some construction of what they think they should be,” said sociologist Michael Kimmel on one panel. “It’s not about women versus men; it’s about being human.”

REMASSIFYING MASSES

“We have gone from mass marketing to mass customization,” said Keith Weed, Unilever’s chief marketing and communications officer during a talk titled “The Future of Brands.”

Thanks to ad technology, marketers can now slice and dice nearly any demographic into niches of their liking. As Weed explained, that has made the CMO’s job less global visionary and more about “understanding individuals in each and every place around the world.”

As an example of what’s possible, Weed pointed to Axe’s “Romeo Reboot,” which looked like a movie

trailer for a Shakespeare update. Working with a research firm, Brazilian digital agency CUBOCC segmented viewers into clusters — Artsy, Fresh, Naturals, and Roots — based on musical tastes, brands they identified with, and other consumption habits. Half the video’s scenes were varied for each user group — but further, there were 25,000 iterations of each group. Nearly everyone who watched the video got a different version.

What Weed was also suggesting with this example is that the laser-like precision of ad tech means marketers can no longer get away with treating their market like a homogenous whole. “It’s disingenuous to stereotype audiences,” explained Weed.

Boris Gartner, COO of Fusion Media Group, suggested during a breakfast conversation that millennials often get this generalized treatment. Even the term “millennial” is overly broad. “In reality, [millennials] live in a diaspora of cultural identities, languages, values, attitudes, and behaviors,” he explained.

Gartner also said the same goes for marketing to Latinos. “We can’t put all Hispanics in one bucket. You can’t reach multicultural as one bucket. You need to understand the cultural nuances of their tastes, attitudes, and experiences.”

Divide and connect is a great theory — but of course you need content tailored to reach the growing number of buckets.

That’s one reason why you see media giants scooping up smaller digital players. Univision, which Fusion is a part of, bought comedy site The Onion, the pop culture site The A.V. Club, and the news site The Root, so it has verticals that reach multiple interests and passion points. Vox has eight editorial brands ranging from the sports-fan site SB Nation to foodie blog Eater. VICE Media now has VICE Sports, Noisy, Motherboard, Broadly, MUNCHIES, Thump, and its new cable television channel VICELAND.

The goal here isn’t simply to piece together the equivalent of one big TV audience. It connects context to audiences, allowing brands to target passionate audiences with greater precision in both the message and its delivery.

“
It’s disingenuous
to stereotype
audiences.
”

Keith Weed
Unilever, Chief Marketing
& Communications Officer



THE TAKEBACK

When advertisers go out to media companies, they should no longer say they want to reach millennials or any other general demographic.

MediaLink’s COO Wenda Harris Millard had a great term for what needs to happen:

Re-massification.

The media landscape has shattered. The days of using the same ad on every channel — the “spray and pray” approach, Millard called it — are over.

Get Xers, millennials, Latinos, professional

moms — these are all now sub-niched by the media companies into distant verticals. If a brand wants to reach a broader demographic, they’ll need to create multiple distinct ads that fit on sites or channels dedicated to comedy, food, tech, music, etc.

Think about how to leverage data to identify the nuances in markets that are true differentiators. Not all millennial moms are the same. Recognize what makes your customer an individual, and lean into their diversity.

ART TECH IS THE NEW AD TECH

tive, offering automated placement in front of pinpointed consumers across platforms. But all that hasn't always translated into greater impact. Without creativity and great content, all that data is useless, said David Sable, CEO of Y&R, during the Bloomberg Panel.

Ad technology companies have been the big dogs — or, more accurately, the big yachts — at Cannes Lions or the last three years. But in 2016, even ad tech firms started to concede that the industry might need more art and less algorithm.

“We’ve overcorrected in the area of data and targeting and forgot about creative messaging,” Mike Pallad, chief revenue officer at ad tech company Undertone, said at one of MediaLink’s Daily Dose sessions.

Data and tech services have been awfully seduc-

Harry Kargman, Founder and CEO of mobile brand ad platform Kargo, obviously appreciates the value of ad tech. But even he agreed that in the practice of targeting consumers “the idea behind the message is often an afterthought — not the core to the solution.” He told us that we need to merge creative and design elements into digital ads, what he calls “art tech.”

Translation: Kill those boring mobile banner ads that you know people scroll right past. Especially if they all look exactly the same.

“If you really want to get the consumer’s attention, you have to come up with something that’s different, unique, and evokes curiosity,” noted Kargman. “If not, you are going to get tuned out.”

Adam Weinberg, director of the Whitney Museum of American Art, speaking with Flipboard CEO Mike McCue in a session on the art of curation, had an interesting spin on what tech is good at — and what it’s not.

“Silicon Valley thinks of algorithms as the big heroes ... but they’re not,” Weinberg continued. “They’re a tool for the curator, but ultimately it’s the person who makes the decision.”

A computer program analyzes the current reality and reduces friction in the system. Artists, on the other hand, deliberately disrupt the current reality.



Leslie Moonves & Michael E. Kassan

Or, as Weinberg put it, they mess up the system.

Artists, unlike algorithms, also make mistakes — and can recognize when that mistake has resulted in something awesome. As he said: “There’s no algorithm for cool. No algorithm for beautiful.”

CBS CEO Leslie Moonves further beat the drum on the value of human insight over data analysis. In the TV business, he said, the numbers get you only so far in choosing what kinds of shows viewers will fall in love with.

“You can’t do an algorithm for content,” said Moonves during the opening session of the two-day Lions Entertainment event. “Without ‘gut’ being part of it, it won’t work. Don’t tell me to just look at data and put that on air. That will put me out of business.”



Mike Pallad



Mike McCue



“
There’s no algorithm for cool.
No algorithm for beautiful.
”

Adam Weinberg
Director, Whitney Museum of Art

“You can’t do an algorithm for content. Without ‘gut’ being part of it, it won’t work.”

Leslie Moonves
CEO, CBS

THE TAKEBACK

Three years ago, WPP CEO Martin Sorrell famously said that “mad men must be math men.”

With ad technology and consumer data widely available, however, that playing field is now leveling out. It may be time to close the calculus book and get back to our creative roots. The theme echoing throughout Cannes this year was ads still need a human touch to gauge the cultural pulse and connect authentically with consumers.

Then, all three things — consumer data, ad tech, and creativity — can work together to deliver targeted, game-changing, attention-grabbing content.

TOY OR TOOL?

Dozens of companies at Cannes made the pitch this year that virtual reality is no longer just fad. But what is it then?

To hear everyone talk, it's simply the future. Of everything.

For storytellers, it's a medium that is incomparably immersive and compelling. When smartly executed, VR has an ability to generate empathy that is beyond other forms of video. The Displaced, for instance, a documentary produced by The New York Times and VRSE.works, captured the lives of children who are refugees from war — through their eyes. The New York Times won the

Grand Prix in both Entertainment and Mobile for the work, the first-time win ever for a publisher. Why? As Lions Entertainment jury president Jae Goodman, chief creative officer and co-head of CAA Marketing, explained “The creation of the NYT VR app—that in and of itself catapults The New York Times, known as the Grey Lady, in our opinion 100 years forward.”

VRSE.works was also behind The Source, about an Ethiopian girl who has to walk miles daily to retrieve drinkable water. Made in collaboration with Samsung, the film was to encourage support for Charity: Water — a nonprofit that brings safe and clean drinking water to developing nations. It worked. Charity: Water surpassed their fundraising goal for the night with one donor committing as much as \$300,000.

“Virtual reality isn't the evolution of cinema, it's

not an evolution of video games — it's a completely new medium and it's about experience,” said Chris Milk, CEO of Within. “We've never told stories like this before.”

But where VR might create value for brands and consumers is in its ability to enhance and even reinvent the customer experience.

Home improvement retailer Lowe's, for instance, has a VR “Holoroom,” where remodelers can put on an Oculus Rift headset to design and visualize their ideal kitchen or bathroom. Their VR program allows shoppers to compare specific tile or paint and see how they would look together in a new room.

Audi is using VR as a way for car buyers to customize and view the car of their dreams. With the VR headset, consumers can modify the car, from changing the color on command to adding any options package.

Some dealerships have a VR showroom in which car shoppers can walk around the virtual car, open the trunk, and peek under the hood. Volvo and Lexus are experimenting with virtual test drives.

Still, VR is in public beta mode. Does anyone really want to sit on a sofa and wear a helmet to experience media? It makes plenty of people dizzy. It's also expensive.

Paul Audino of digital ad firm Undertone conceded to us that it'll take some time to know if VR will really be embraced by the masses. “There is something there,” he said. “We just need to wait for the novelty to wear off.”

Charlie Melcher, founder of the Future of Storytelling, believes virtual reality will truly take hold once we can share experiences with others within the same virtual space. Think Facebook or Instagram with VR goggles. At this stage, Melcher told us, it's still like “the beginning of cinema, when we just had cameras recording live plays with no sound.”



Chris Milk

Paul Andino

“
We've never
told stories like
this before.
”

Chris Milk
CEO, Within

THE TAKEBACK

The storytelling potential of virtual reality is unprecedented and could break new ground in how we connect with audiences and consumers alike. But will it be adopted by the general public on a level of Xboxes or mobile phones? The jury is still out. Affordability and accessibility remain major hurdles.

Right now, well-developed VR campaigns are proving to be a potent way to make a statement. But keep your finger on the pulse of VR developments in the coming years and imagine how it might, long term, benefit clients, consumers, and brands after the gee-whiz factor has faded.

AC: ARTIFICIAL “CREATIVITY”

One guest at Cannes Lions seemed to be everywhere. Producing magazine articles. Directing videos. Suggesting cocktails at parties. Predicting award winners.

His name? Watson.

It wasn't entirely clear, however, how popular IBM's ubiquitous guest was. He'd been trotted out, after all, to show how supercomputers aren't just analytical, but can be creative.

We first spotted our AI friend at IBM's Girls' Lounge party, where he was suggesting our drink of choice by synthesizing our social media profiles. As "guest editor" for a special issue of The Drum magazine, Watson answered ad industry questions based on published insights from the late David Ogilvy.

If some creatives at Cannes Lions wondered if the end was nigh, they weren't comforted by the recent news that ad agency McCann Japan had "hired" an AI creative director. Meanwhile, Saatchi & Saatchi showcased a music video that was created by an artificial intelligence crew including IBM's Watson, Microsoft's chatbot Ms. Rinna, Affectiva's facial recognition software, custom neural art technology, and EEG data.

The rise of the creative machines didn't stop there.

ING Bank's project The Next Rembrandt used facial recognition software and a machine learning algorithm to analyze hundreds of Rembrandt portraits and then used a 3D printer to generate a new painting in his style. The convincing result

helped it take home the Grand Prix in the Cyber Lions category and in the Creative Data Lions category. Google DeepMind's AlphaGo won the Grand Prix in Innovation for building a computer that beat the world's best player at Go — a complex game that requires more "human" intuition than chess.

"It shows that where there is creativity in working with data, you can achieve almost anything," noted Tash Whitmey, CEO of data-driven marketing firm Havas Helia.

The rise of artificial intelligence led one panel made up of marketers and tech professionals to ponder whether the job of creative director will soon be automated out of existence. No time soon, seemed to be the conclusion. "AI won't replace the creative

judgment of an individual," Mark Holden, strategy and planning director at PHD Worldwide, assured the audience.

Alphabet CEO Eric Schmidt and Wired magazine founder Kevin Kelly also downplayed general fears of AI. Yes, AI will revolutionize the advertising industry, they said, but in good ways that create new jobs.

That said, AI-driven entries at Cannes Lions are expected to multiply. "I'm sure we will be seeing more and more machine learning projects over the next few years," noted Innovations Lions jury President Emad Tahtouh. "This is the future of what we are going to be seeing."

"It shows that where there is creativity in working with data, you can achieve almost anything."

*Tash Whitmey
CEO, Havas Helia*

THE TAKEBACK

These are the early days of artificial intelligence — or what Watson's boss, IBM CEO Ginni Rometty, calls "cognitive computing." It's hard to imagine, or accept, that the human creative touch could be processed on a silicon chip.

But as Rometty famously said at the Code Conference in May, "If it's digital, it will be cognitive." And advertising and creativity are already digital.

AI shouldn't be feared, but rather embraced and used to inform decisions and enhance creativity. Any transformative technology will remake the job landscape, but fear doesn't stop the revolution.

Eric Schmidt

Kevin Kelly



THE BREXIT BUZZKILL

“The resulting uncertainty, which will be considerable, will obviously slow decision making and deter activity,” said Sir Martin Sorrell, CEO of WPP. “This is not good news, to say the least.”

What can agencies do in the face of such uncertainty? Prepare for the next disruption, because it’s inevitable.

A black swan landed in Cannes this year. Its name was Brexit.

Advertisers awoke June 24 to the shocking news that Britain, Europe’s largest advertising market, had voted to exit the European Union, leaving agencies wondering what’s going to happen to their clients, revenue, employees, and investments. Stock prices for Europe’s advertising companies fell. UK-based WPP’s share price dropped 4.1% Friday, while France-based Publicis Groupe and Havas fell 5% and 2.8%, respectively.

In an interview from Cannes, Sorrell pointed out that Britain-based WPP has a huge amount at stake in any UK-EU split: four of their top 10 markets are western Europe. WPP will have to expand its presence on the continent to stay effective there. At the



same time, he said, Brexit “underlines the importance of implementing WPP’s strategy of fast-growth markets [BRICs and Next 11 countries], digital, data, and horizontality.”

When major political and economic shifts like Brexit occur, companies need to be nimble — but stay on course. They’ll have a lot to deal with internally, but they also need to view the situation through the eyes of their clients.

Omnicom CEO John Wren emphasized that aspect after the Brexit vote. “Our focus during this initial period of uncertainty will be on working closely with

our agencies in the UK and Europe as they help our clients to navigate the changes in the marketplace.”

Interpublic Group CEO Michael Roth kept a confident outlook, noting the importance of changing with the times.

“The decision will lead to market volatility in the short term, no question,” said Roth. “But the UK is a key market to our clients and our own company, and together we’ll find footing in this new world.”



THE TAKEBACK

Brexit was an undeniable buzzkill. Europeans worried about their jobs in London. British firms fretted about losing out in key markets. The stock markets were roiling.

As business leaders and marketers, what can we learn from this?

For one, Brexit was a big fat reminder that we live in a VUCA world these days. VUCA, you may know, is a military acronym for volatile, uncertain,

complex, and ambiguous. Disruptions keep arriving, it seems, faster and faster.

Unexpected events will shake up all our best-laid plans and sometimes even rattle our well-considered strategies. There is no VUCA operating template, save building resilience and adaptability into your people, structure, and workflow.

Brexit also revealed just how sizable a group regards globalization as

a source of discontent, not economic prosperity. Marketers would be wise to pay attention to how they communicate with consumers in such a divisive environment. Boris Johnson’s “Take Back Control” campaign clearly resonated with this audience, as Donald Trump’s tagline, “Make America Great Again,” does in the US.

CREATIVITY & THE BOTTOM LINE

The central idea rooting all of Cannes Lions is that creativity is essential to all aspects of business, but just how much do business people care about creativity?

To help answer that question, Bloomberg Media debuted its Creativity Index, which applied some old-fashioned number crunching to figure out if creativity has dollars-and-cents value to a company.

Paul Sweeney, director of research at Bloomberg Intelligence, and Jacki Kelley, COO of Bloomberg Media, crafted a list of criteria for “creative companies” that included such things

as patents awarded, R&D investment, CEO mentions of creativity, and media attention and awards. Then, they examined the financials (revenue growth, profit growth, return on equity, and stock price) of 46 companies that scored high on this creativity index, comparing their performance to overall market and industry averages.

Good news. “Creativity is recognized by the marketplace and rewarded by the marketplace,” Sweeney announced.

Here are three interesting high scorers and what they’ve done to stay innovative.

MasterCard

In five years, MasterCard’s stock rose an average of 27%, while revenue, net income, and ROE investment have all outpaced the overall market. In a crowded field of financial

services firms, investors picked MasterCard out as the winner. Why? Its transaction growth rate is three times that of global consumer spending. MasterCard also has invested heavily in the future of electronic payments and holds 25 patents in that area. But Kelley and Sweeney also noted MasterCard’s 30-year relationship with ad agency McCann and its core “priceless” ad campaign. “In a world where you see [clients changing] agencies ... all too frequently is a relationship of longevity, which we think has contributed to the creative success of that organization.”

Under Armour

On their creative company scores, Under Armour came in second only to Facebook, which is saying something. CEO Kevin Plank has infused the soul of a rapid-iteration tech

company in an apparel company — and indeed has spent \$710 million buying companies that make tech gadgets, apps, and fitness wearables. Likewise, UA has an unconventional approach to choosing brand ambassadors, looking for attitude first and knowing name recognition would follow. Think Steph Curry and Bryce Harper. The result of these out-of-the-box moves? A staggering 57% compounded annual growth rate over the last five years.

Taco Bell

Taco Bell churns out some new product every five days: Chicken Quesaritos. Dorito taco shells. Quesalupa. Cheesy Gordita Crunch. Since taking over as CMO five years ago, now-CEO Brian Niccol took a \$1 million digital marketing budget and made it \$70 million. He implemented an innovation hub for external entrepreneurs called Sandbox. And the company has invested heavily in growth markets in Asia. So even though fast food is a brutal business, Yum! Brands — Taco Bell’s parent company — is seeing a 107% return on equity.

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”

*Paul Sweeney
Director of Research,
Bloomberg Intelligence*

THE TAKEBACK

Creativity has a purpose beyond ads that win Cannes Lions.

Creativity is essential for every function of a businesses to win today. As Crispin Porter and Bogusky’s UK and Interntaional CEO Richard Pindar wrote in a piece distributed at the Festival, ‘Creativity is the Cure.’

“Creativity is elusive. So how can creativity be nurtured within a company? A leader with a vision and the ability to communicate it. A culture that values risk taking and champions ideas from all corners. It must spot new relationships and preserve ones that still have value. It must make bold decisions and investments. It must be organized in such a way that it can respond quickly to change. It must inspire.”

In other words, today, every business needs to be as creative as a creative agency.

IN CLOSING

Right now — at this moment, in this industry — the questions we heard at Cannes Lions were about how to create authentic work and how to unearth the authenticity of consumers; about how to be fearless when the industry is untethering from its past; how to learn to love machines that learn; and finally, how we should remake our partnerships with clients, customers, and coworkers.

One thing we might add to that list: what business are we really in?

The terms “advertising” and “marketing” seem to be irrelevant today. With media executives, tech start-ups, and luminaries from Hollywood, sports, and fashion joining the festivities, perhaps Cannes Lions should represent a new type of business.

Perhaps we should call it the “consumer attention” or “consumer experience” business. That feels closer to what we must accomplish: create a meaningful connection with consumers who have little time and much to choose from.

How will we do it? As the signs posted all over the Palais reminded us: Thank you, Creativity.

Until we “Cannes” again next year ...

