

# SPOTLIGHT

Observations, insights & analysis from around the world on a medley of topics.

**I**N 1935, AFTER LEAVING OXFORD University prematurely, and following a failed apprenticeship as a chef in Paris, a young Englishman returned to his schoolboy city of Edinburgh and found a job as an Aga salesman.

An Aga is a Swedish-designed cooker combining hot plates and ovens in a single unit.

The young man was very good at selling them. So good in fact, that within a year this 24-year-old novice was the leading salesman in the company, and he was asked to write down the secrets of his salesmanship.

His resulting document, “The Theory and Practice of Selling the Aga Cooker,” was described by *Fortune* magazine 36 years later as “probably the best sales manual ever written.”

The man’s brother was so impressed with the manual that he sent it to an ad agency in London, called Mather & Crowther. They were similarly impressed, and offered the man a job on the spot.

The man’s name was David Ogilvy.

He quickly realized that the key to good communications was insight about the product, and as importantly, insight about your audience. Knowledge was what enabled success.

*The Unpublished David Ogilvy* tells the story of how he persuaded his agency to send him to New York to work for George Gallup’s research agency based in New Jersey. His time there would prove invaluable as he learnt the methodology by which to understand consumers and their motivations.

The outbreak of World War II saw Ogilvy seconded to the British Embassy in Washington, DC. He used his knowledge of human behavior in consumerism to the benefit of nationalism



“Don’t be a bore,” begins one of David Ogilvy’s many memorable aphorisms. “You can’t bore people into buying your product, only interest them.”

## The WIZARD of ADS

**How deep insight into products and consumers transformed one man into “The Father of Advertising.”**  
By Matt Shepherd-Smith.

in a report which suggested “applying the Gallup technique to fields of secret intelligence.” Eisenhower’s Psychological Warfare Board picked up the report and successfully put Ogilvy’s suggestions to work in Europe during the last year of the war.

Needing serenity after the war, Ogilvy bought a farm in Pennsylvania, but soon admitted to his

limitations as a farmer, and he moved to Manhattan to pursue his previous career: advertising.

In 1949, aged 38, an age at which many people are leaving “the young man’s game,” he set up his own agency, Ogilvy & Mather (O&M).

He built his agency on the principle that the function of advertising is to sell, and that

successful advertising for any product is based on information about its customer. The power of insight.

He once remarked that “a lot of people use research like a drunk uses a lamppost. For support, not for illumination.”

An illuminating insight invariably proved irresistible.

His most famous campaigns all used information that he knew his audiences would be persuaded by. Rolls-Royce, Shell, Schweppes among numerous others all succeeded because of his obsession with insight and information, not loud patronizing noise.

He also believed in respecting the intellect of the customer, famously reminding his colleagues: “The customer is not a moron. She is your wife.”

He obsessed about being interesting. “Don’t be a bore.

**His most famous campaigns ... all succeeded because of his obsession with insight and information, not loud patronizing noise.**

You can’t bore people into buying your product, only interest them”.

The power of insight-based communications proved to be a successful ingredient for O&M. The growth was unprecedented, expanding to become a global communications agency network by the time of his retirement only 25 years later in 1973.

He was widely regarded as “The Father of Advertising,” and in 1962 *Time* magazine called him “The most sought-after wizard in today’s advertising industry.”

So if you want to be a sought-after wizard, believe in the importance of insight and interest. ♦

*Matt Shepherd-Smith is a Partner and Global Lead of Brunswick Creative Campaigns & Content based in London.*

## WORLDS Apart

**There is an acceleration of the West from the rest, and it should concern us all.**

**T**HE GREAT CONVERGENCE THAT was globalization seems genuinely behind us. Increasingly, the West appears to be accelerating away from the rest of the world. We should be concerned.

Francis Fukuyama, author of *The End of History*, asserted there is “only one competitor standing in the ring as an ideology of potentially universal validity: liberal democracy, the doctrine of individual freedom and popular sovereignty.” Though Fukuyama’s thesis of post-Cold War evolution no longer holds—there is no “end of history”—his geopolitical order still demands attention.

Fukuyama depicts liberal democracies, on the one hand, defined by the primacy of “property rights and free economic

exchange,” versus non-liberal regimes on the other that potentially offer “the recognition of various second- and third-generation economic rights, such as the right to employment, housing or health care.” The implications of these distinctions—between what we may call free-market fundamentalist and social interventionist societies—were evident in the world’s handling of COVID.

Early on, interventionism in China, South Korea, Vietnam and the Indian state of Kerala provided shining examples of the non-pharmacological prevention that threw some Western countries into chaos. Private enterprise, with some state support, saved those Western societies and has given them an edge in their recovery.

Economic historian Branko Milanović argues that, post-Cold War, most people wanted “a convergence” of the two warring ideological systems, “with mild social-democracy in both, dissolution

of war-mongering alliances, and end of militarism.” He suggests that instead, the West has rejected social democracy. “Progressiveness in their new reading of history meant unbridled market economics at home, ‘liberal international order’ of unequal power abroad, and *pensée unique* in ideology.” This was certainly evident, some might say, in how the West dealt with COVID. Despite the obvious scientific argument for recognizing and treating the pandemic as a global threat oblivious to national borders, the West was hardly wildly magnanimous in sharing vaccines and vaccine technology.

The Western approach is a concern as we face the even bigger natural threat of climate change-induced ecological change. An effective response to climate mitigation and adaptation requires significant structural social and economic interventions worldwide. For instance, mitigating private vehicle emissions requires both technology and urban policy and infrastructure interventions. China’s political system, less vulnerable to competitive, political short-termism, may be uniquely suited to the kind of aggressive intervention that country, and others, may need.

As Henry M. Paulson, former US Treasury Secretary under President George W. Bush, told McKinsey in 2015, “Continuing to work closely with China may be our only real hope for solving the climate crisis. This is one of the areas where our countries’ private sectors, governments and nonprofit institutions have a strong shared interest to work in complementary ways to push for action.”

We need to find a way to embrace the reality of a multipolar world. Not just to accept it, but also to appreciate the advantages and benefits of various systems and to promote cooperation over competition.

It is likely a naïve ask. The danger is that instead of an “end of history” there could be an end of civilization. ♦

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ILLUSTRATION: ANTHONY RUSSO



# Close to the MADDING CROWD

Retail investors now own roughly 14% of the S&P 500—up from 11% two years ago. With a surge of new shareholders, recent research from Brunswick shows how companies can connect with their evolving ownership base.

**R**ETAIL INVESTORS ARE EASIER to caricature than categorize. It was retail investors who famously powered GameStop’s stratospheric rise—at the start of January 2021, the company’s share price was \$19; it ended the month at \$325—just as they fueled the share-price spikes of other “meme stocks.” These sensational stories of extreme profit, and more recently extreme loss, paint a picture of retail investors that is dramatic—and according to research from Brunswick Group, misleading.

Our analysis finds this stereotype-defying group growing in importance: Retail investors average 13.9% of ownership in

S&P 500 companies in Q1 2022, compared with only 11.7% two years earlier. What does this mean for US companies? How does a company think about, let alone engage with, retail investors—what strategy speaks to both a young professional new to the market and a retiree managing a multimillion-dollar portfolio?

To find out, Brunswick surveyed 1,000 retail investors across the US; the youngest was 18 years old, the oldest was 85, but all held a minimum of \$10,000 in invested assets (excluding their homes). The research probed to understand where retail investors stash their cash, how they consume relevant information, and ultimately what influences their decision to buy or sell.

Our research highlights three areas in which retail investors are in broad agreement, and offers tangible steps that companies can begin to take:

### 1. Provide simple, accessible and frequently updated information

While over 90% of US retail investors are somewhat satisfied with how companies communicate, that satisfaction is lukewarm—67% reported being “somewhat” satisfied, while only 23% were “very” satisfied.

To stand out, companies should, according to a strong majority of investors, focus on

two areas in particular: show simplified financial information (86%), and frequently update their corporate website (71%). Integrating social media into IR websites can also pay dividends. Brunswick’s analysis of S&P 500 companies shows that IR websites with at least one linked social media platform maintain

an ownership structure with an additional 2% of retail investors. You can debate causation or correlation, but it appears retail investor communication efforts are aligned with ownership interest.

### 2. Retail investors seek credible information sources but are mixed on whom to trust

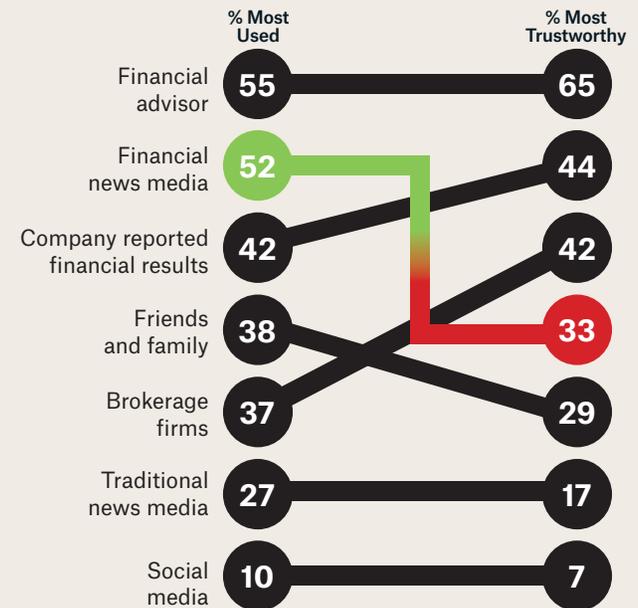
About half (55%) of retail investors rely on financial advisors or planners—about the same percentage (52%) who depend on financial news media. Yet that use doesn’t correlate with trust: Financial news media ranked as investors’ fourth-most trusted source of information, perhaps suggesting that business-page credibility has been a casualty of political rants about “fake news.” Those that trust financial media appear to be the most knowledgeable swaths of retail investors whereas less aware individuals are most likely to distrust what they hear.

### 3. The near- and long-term opportunity: education

Only 20% of US retail investors

## USE VS TRUST

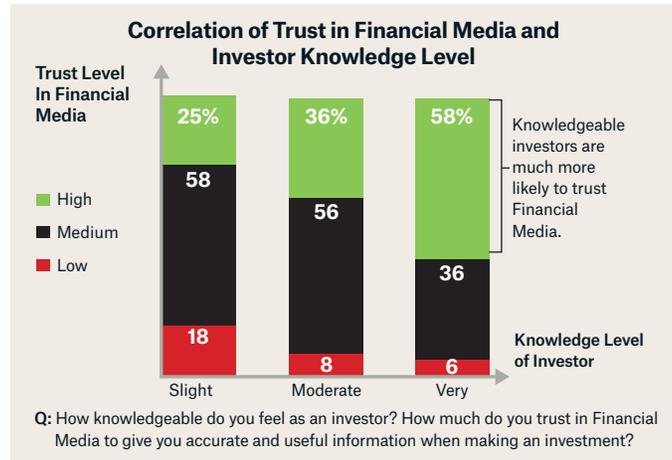
### Information Sources’ Relevance for INVESTMENT DECISIONS



**Q:** Which of the following information sources do you use when making an investment? How much do you trust the following sources to give you accurate and useful information when making an investment?

feel they understand financial markets, and fewer than four in 10 feel confident in their investment decisions. A majority (55%) believe financial education enables investment, and nearly 40% said they would invest more if they had better information.

Education as a fulcrum for investment, or risk-taking at all, is consistently supported throughout our findings. We asked retail investors to build a hypothetical portfolio; knowledge level and appetite for equity



exposure went hand in hand.

It's been easy for retail investors to fall through the cracks in a company's communications, yet their growing footprint means it's time for companies to identify a spokesperson to programmatically engage with these investors, and to determine what messages to deliver, and how. Doing so creates the possibility of widening the base of shareholders who support your long-term vision and strategy. ♦

*Geoff Serednesky is a Director with Brunswick Insight in Chicago.*

# Accelerate RISK

**A blocked Suez shows how rapid progress can ratchet the impact of a mistake.**

**T**HE GROUNDING OF THE Ever Given, one of the largest container ships in existence, in the Suez Canal in 2021 shut down the flow of an estimated \$10 billion a day in goods, further bruising a world economy already suffering from the pandemic's impact. Hundreds of ships traveling in both directions were stalled for the six days it took to free her.

Acceleration, as in actual speed, was a factor: Pushing the throttle in the canal to counteract strong winds produced a chaotic "bank effect" in the flow of water around the vessel that contributed to a loss of control. The size of the ship made everything worse. A generation ago, one disabled cargo ship could hardly have slowed traffic. But the Ever Given is a modern marvel, as long as the Empire State Building is high and capable of carrying 20,000 containers—the result of decades of acceleration in shipping technology.

The disruption to traffic prompted some serious soul-searching and pushes for reforms in the global shipping network. The Suez Canal Authority promised changes that include widening of the channel to accommodate larger ships. Others involved have accepted various degrees of responsibility and vowed to do better. But the larger point remains: Rapid progress—toward greater size, speed, efficiency, iteration—can dramatically increase the risks from a single catastrophe. "You're putting all your eggs in one

basket," as one expert remarked to *The New York Times*.

The Titanic, a huge ship for its time and deemed unsinkable, claimed over 1,500 lives when it sank on its maiden voyage in 1912. In 1985, 520 died in the crash of a single Boeing 747, the largest passenger plane in the sky at that time. Recent history is replete with individual pipeline and tanker ruptures that resulted in devastating environmental damage. And today, as artificial intelligence moves closer to achieving its promised goals, it has also raised fears—voiced by

the late genius scientist Stephen Hawking, among others—that an unforeseen AI event could cause irreparable harm, even destroying humanity.

The moral of the story of the Ever Given grounding remains ever present: Acceleration must be accompanied by watchfulness. For any technology promising benefits on such a large scale, failure on the same scale must be anticipated.

It's a lesson that applies wherever progress is acting. ♦

*Carlton Wilkinson is Managing Editor of the Brunswick Review.*



The Ever Given, a container ship as long as the Empire State Building is high, was stuck in the Suez Canal for six days in 2021.

PHOTOGRAPH: SAMUEL MOHSEN/PICTURE ALLIANCE VIA GETTY IMAGES

**A**S A PROFESSOR OF APPLIED mechanics, Ferruccio Resta can explain—and did explain, briefly, in a conversation with Brunswick—acceleration in a way that invokes equations and the Second Law of Thermodynamics.

As the Rector of the Politecnico di Milano, a technical university renowned in Europe, and as President of the Conference of Rectors of Italian Universities, Resta has a unique view on a different sort of acceleration: the rapid pace of change taking place across higher education today, and how universities can help his country rebuild and recover from the economic fallout of COVID-19 and an ongoing war in Europe.

Under Resta's leadership, the Politecnico was one of the first universities in the country to move classes online and digitize curricula—no small feat for a large, public university with more than 5,000 employees and just under 50,000 students. It was also the first Italian university to receive funding from the NextGenerationEU stimulus package, a fund that will see the EU invest more than €800 billion across 27 countries to help them recover from the pandemic.

“The NextGenEU is not a goal, but rather a tool to achieve certain objectives,” says Resta. “It is an accelerator. We are focusing on high performance computing, mobility, agritech, energy, artificial intelligence, space and communication technologies.”

As it focuses on these areas, the Politecnico is exploring how it can contribute to reforms that will help local companies and also bolster the public sector.

“The success of this challenge will depend on how much a research institution and a university will be able to transfer their skills and put them into a system and how much the political decision maker or implementing body will have the courage to choose and not simply to distribute,” says Resta. “If we talk about reforming the justice and trial systems, for instance, we cannot think of introducing it without a management and project management



## Old School is the NEW SCHOOL

**Ferruccio Resta, who leads Milan's oldest university, speaks with Brunswick.**

approach. Healthcare reform cannot be thought of without data technologies and artificial intelligence. We cannot think of infrastructures without thinking about end-of-life monitoring and management technologies of the infrastructures themselves. You cannot think of innovations and startups without thinking in terms of technology transfer.”

Such technology transfer is not new for the Politecnico. The university is already working with the city of Milan on projects ranging from 5G wireless technology to automated driving routes. It has also long partnered with leading companies, though those partnerships have changed “dramatically” over the past decade, says Resta. “Ten years ago, large companies asked us to help solve specific

problems. Today, large companies, especially the most far-sighted ones, ask primarily for human capital—their proposal is to build together innovation and training programs and to integrate our graduates into their work. And this is fundamental as it drives innovation, research and their industrial plans.”

One of Resta's focuses over his six-year tenure has been to help push the Politecnico to become more of an international school. “Internationalization has often been confused with the desire not



to be Italian,” says Resta. “Instead, we think that being international means being included in an international network that enhances our country's many strengths.”

But what does it take, exactly, to compete with the likes of a Harvard, Oxford or MIT?

“It starts with, first of all, having greater self-esteem—a belief in what we can offer and our capabilities. Second, you need patience, knowing that results will take time. Third, you need to have the courage to analyze your strengths and promote them. You can never be competitive in all areas, and this can create problems. You have to play to your strengths, and in particular, recognize your limitations. Those universities you mentioned—we are not on their level yet, but we know that we can continue to grow and improve, and that education models and students' preferences change.”

Resta believes those changes—particularly to the business models of higher education—could be swift and stark. In a recent interview he suggested that companies like Amazon and Netflix might decide to enter the space.

“Digital education is a large, international business that generates billions of dollars. I would not find it surprising if large digital operators decide to enter—and, by the way, where this produces more schooling globally, I think it is absolutely a positive thing.”

Resta believes professional training will continue to evolve, with even medium-sized companies starting their own academies.

And what about universities themselves? “What characterizes a university course is that it takes students out of the comfort zones we're so familiar with. Central for universities is being clear about the value they offer: the experiences, the connections, the research and innovation. That has to continue. Universities can't rest on their laurels—we all saw what happened to Kodak; their analog film was a great product, until it wasn't.” ♦

*Alessandro Iozzia is a Partner and Cesare Calabrese is an Associate. Both are based in Milan.*



The November congressional elections in the US will likely set back Biden's goals—or not.

IT'S CALLED A MIDTERM BECAUSE it falls halfway through the four-year term of the sitting US president. Historically, no matter what kind of job he's done during the first two years, this election delivers a spanking to the Commander in Chief, as measured by his party's loss of seats in the US House of Representatives, and sometimes the Senate. "In the 19 midterm elections between 1946 and 2018, the president's party has improved upon its share of the House popular vote just once," writes the analytics site FiveThirtyEight.

Given that history, President Joseph Biden might be expected to undergo a shellacking on November 8. Since the early summer of 2021, when Biden seemed poised to carve out an FDR-style legacy of socially magnanimous governing, little has gone right for him. Barely a month after his summer of '21 declaration of victory in the war against COVID, the Delta variant emerged, followed by Omicron and its offshoots. His sudden military pullout from Afghanistan ended a 20-year war in a way that looked a lot like defeat, effectively handing control of that country—and the fate of Afghans who had helped the US—to the Taliban. Inflation reached 40-year highs, crime spiked in cities across America, and the president's

## Midterm Counter

own party became embroiled in skirmishes between centrists and progressives. A Gallop poll in July of this year saw President Biden's approval ratings drop to 38%, the lowest of any president dating back to Dwight Eisenhower.

All of that suggests that the president's Democratic Party could lose control of both House and Senate. But since COVID struck, or maybe since the 2016 election, there's a vague sense that the old rules don't apply anymore. Employees long accustomed to arriving at the office at a certain hour—or else—now find they don't have to arrive at all. Economists, debating whether the economy has fallen into recession, are scratching their heads about how unemployment could remain low as prices soar and output shrinks. Conflicting signs also leave political pundits confused. "The Midterm Guessing Game Just Keeps Getting Weirder," said a *Bloomberg* headline in late July.

Most pollsters believe Republicans will do well on November 8, in part because they don't need many seats to win control of either chamber. Among the 435

House representatives with voting powers, Democrats hold only a five-seat advantage. In the Senate, Republicans already hold half of 100 seats. Here Democrats wield a tenuous advantage since tiebreakers fall to the vice president, and since 2021 Kamala Harris has broken a lot of ties.

That Republicans will gain the few seats needed to grab control of Congress might seem certain if today's American voter weren't so unpredictable. To call the 2016 triumph of Donald Trump over Hillary Clinton a surprise would be a massive understatement. Biden's victory in 2020 was narrow, allowing Trump and many of his supporters to continue pushing the false narrative that that election was stolen. Primary elections have sent mixed messages from locale to locale about the persistent power of Trump.

Just now, the only certainty in American politics seems to center on a supposedly non-partisan institution—the Supreme Court. With conservatives now a dominant majority among the nine justices—thanks to three appointed by Trump—the court

has delivered one Republican-friendly ruling after another, this June overturning *Roe v Wade*, the landmark 1973 decision that conferred a constitutional right to an abortion.

In that stunning defeat for pro-choice Americans, some Democrats saw a glimmer of hope. Polls, after all, have long shown that a majority of Americans favored some form of legalized abortion, while many on the right, and in particular the religious right, have argued against abortion even in cases of rape and incest. Has the pro-life movement, through its legislative and legal maneuverings, gone too far for even conservative voters?

That question was put to the test on August 2 in Kansas, where Republicans had placed on the ballot an amendment to strike down a constitutional right to abortion in the state. No liberal bastion, Kansas hasn't sent a Democrat to the US Senate since the 1930s. Its state legislature consists of 115 Republicans to 50 Democrats. Yet across the state, in rural as well as urban districts, the pro-choice camp prevailed in the August 2 vote—by a whopping 18 points.

Afterwards, some Democrats professed to see a powerful right-to-abortion-related awakening, one that could broadly strengthen Democratic causes and candidates come November 8. Their optimism was heightened by the Senate's passage in early August of the Inflation Reduction Act, a huge Biden legislative victory that addresses climate change, inflation, deficit reduction, drug prices and more.

But as Red States go, Kansas isn't typical. Its governor, not unusually, is a Democrat, and historically its red streak is less prominent than its independent streak.

On November 8, Republicans will win both the House and Senate, or they'll win the House, or American voters will pull off another surprise. ♦

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