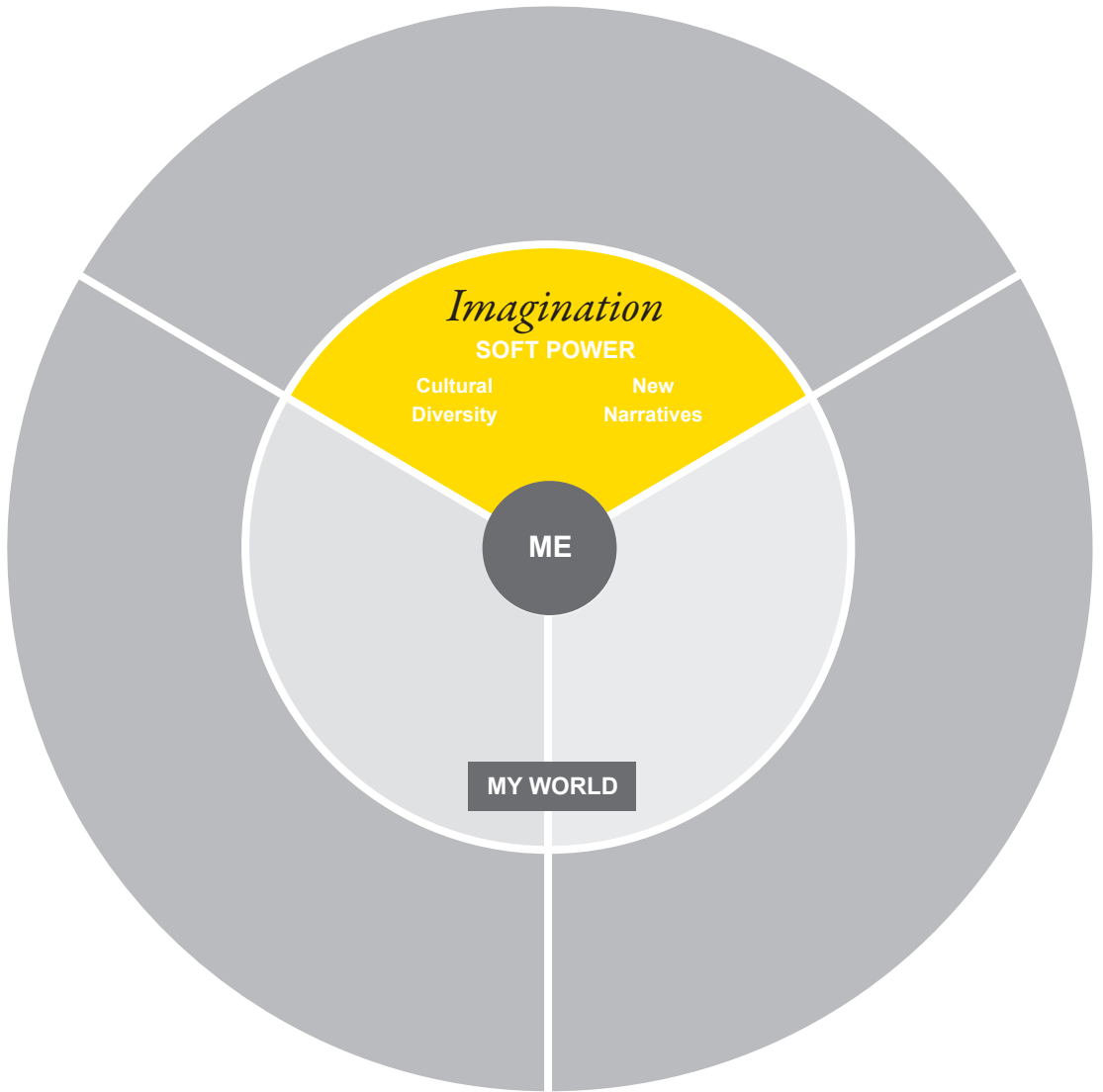


# SOFT POWER



## INDEX

Soft Power	07
Insights	09
Facts & Figures	11
Sub-Trend: Cultural Diversity	13
Sub-Trend: New Narratives	17
Case Studies	21
Inspirational Sources	31
Implications	35
Opportunities	45





*“Imagination is more important  
than knowledge”*

*Albert Einstein*

*Photo: shuma.rani*



## EMOTIONAL DRIVER: IMAGINATION

In the creative society **Imagination** and an innovative mindset is a valued currency. Inspiration is sought out to invigorate routine or to strengthen cultural heritage through diversity.

## DEFINITION: SOFT POWER

In the wake of recession we reinvigorate our national spirits and are realising the potential of Soft Power. Embracing, nurturing and using cultural capital as a driving force for progress is key to success in the creative society.

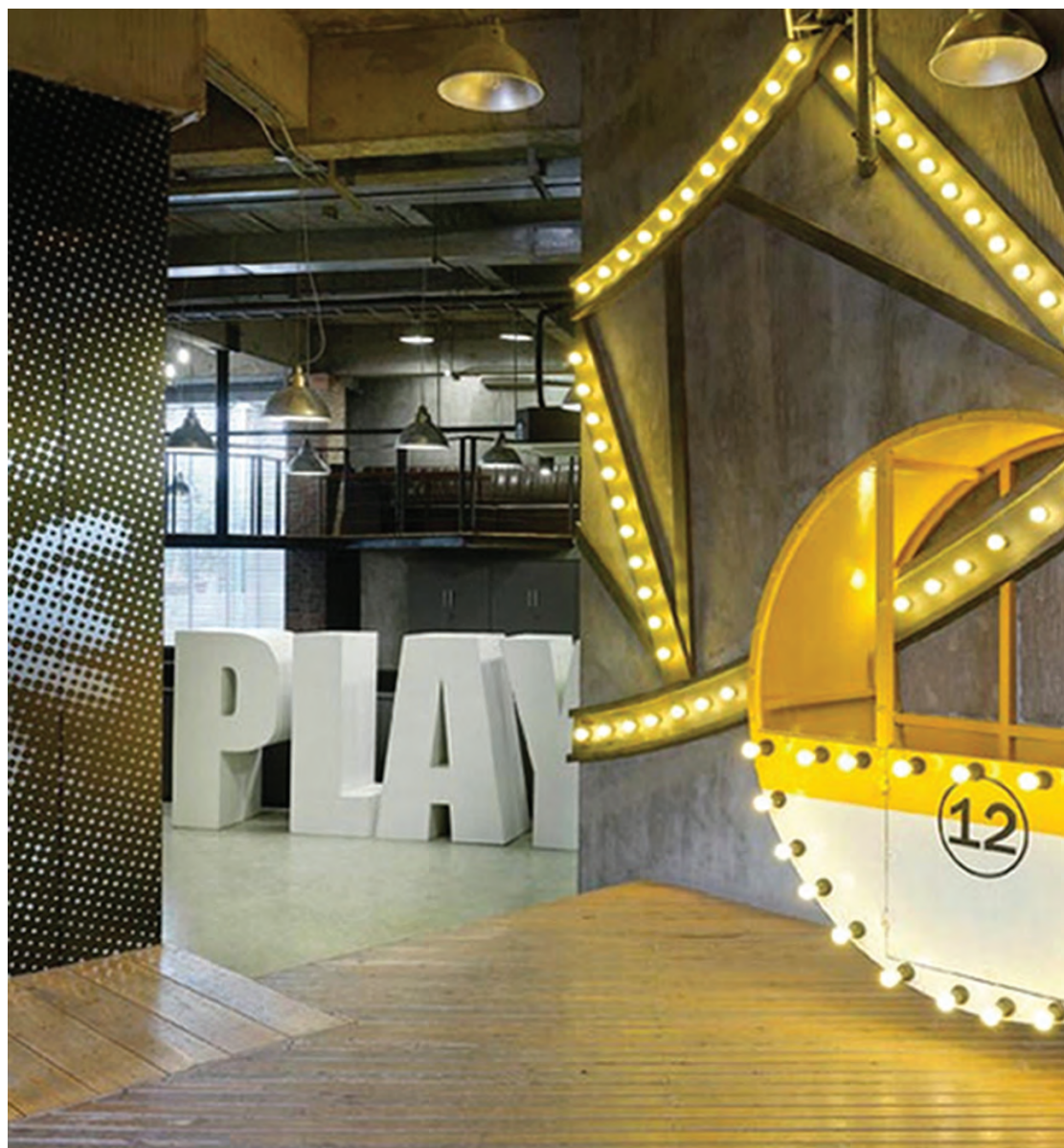
People become more concerned about their micro-environments - rejecting pastiches and proudly celebrating and protecting their cultural roots and community. Knowing that culture is what distinguishes us in a globalised world and that our unique cultural make-up cannot be authentically replicated, it becomes our currency. However, technology and multi-cultural societies expose us to other cultures and ways of life. We get inspired and integrate elements to nurture and evolve our own personal **Cultural Capital**.

The foundation of **Soft Power** is culture, and when this attracts enough people to obtain critical mass it becomes a source of power. This strength can be used to obtain beneficial conditions for the culture and the people that are part of it.

So in a creative society, where the dynamics of power is changing, individuals and groups can be as powerful as organisations since technology facilitates global presence, real time communication and unprecedented access to information. Technology enables the individual to cultivate **New Narratives** fuelled by imagination, satisfying a desire for creativity and self-expression.

Leaders around the world are taking note of the importance of culture and in a spirit of tolerance they promote the richness of **Cultural Diversity**. Individuals embrace diversity as a source of boundless inspiration and new cultural resonance. In micro-environments made up from a multitude of cultures we find affiliations based on mutual recognition of our differences and our shared values.

*“Soft Power reveals the importance of implementing Cultural Diversity and of creating New Narratives to grow an inspired culture of togetherness and community.”*





## INSIGHTS

**COMPLEXITY OF CULTURE:** In its widest sense, culture may now be said to be the whole complex of distinctive spiritual, material, intellectual and emotional features that characterise a society or social group. It includes not only the arts and letters, but also modes of life, the fundamental rights of the human being, value systems, traditions and beliefs. *UNESCO definition of Culture and heritage 1982*

**SOFT POWER COMPANIES:** Soft Power brands like Lego, Google and Apple have created unique narratives and cultural legacies of creativity, fun and positive experiences to structure expectations and attract people to join in and become ambassadors for their brand culture. *The New Soft Cell Survey, Monocle 2010*

**NO RIGHT BRAIN LEFT BEHIND:** The importance of Soft Power has been embraced on a governmental level with schemes like 'No Right Brain Left Behind' seeking to invigorate and foster creativity, risk taking and entrepreneurial skills in children. *rightbrainsare.us*

**SOCIALLY CONSCIOUS BUSINESS MODELS:** Schools are pushing students to think outside the box. E.g. Fay School, Southborough, Mass., whose students last year teamed with peers at South Saigon International School in Vietnam. Using video chats and a specially created online wiki-space, they designed a 'socially conscious business model' that involved both selling products and creating public service announcements to build awareness for disaster relief. *usat.ly/g3AUyX*

**POWER OF CULTURE:** Weinberger, a researcher at Harvard's Berkman Center for Internet & Society, believes that we get interested in one country or another based on what we know - or believe we know - about its culture. *The New Soft Cell Survey, Monocle 2010*

**BRAZIL AND ITS SOFT POWER:** Following the 2002 election of Luiz Inacio Luis da Silva as president, the country has sought to use soft power to gain a greater presence on the global diplomatic stage. *The New Soft Cell Survey, Monocle 2010*

**RELEVANCE OF SOFT POWER:** In today's networked world of instant information and rapidly shifting public opinion, soft power is more relevant than ever, and nations - especially emerging players - are showing an increased awareness of its potential.

*The New Soft Cell Survey, Monocle 2010*



**NO RIGHT BRAIN  
LEFT BEHIND**

## FACTS & FIGURES

- The UK government will offer cultural institutions £80m over as much as 5 years in matched funding for any new money they raise from private sources. *The Economist December 2010*
- Private donors last year gave British cultural institutions £655m; 95 donors made individual gifts of more than £1m each, 27 of them in the English regions outside London where private donations are notoriously hard to raise. *The Economist December 2010*
- In just under 6 years, China has established 320 institutes around the world. And this year alone a further \$8.9bn (€6.4bn) has been invested in “external publicity work” by the Chinese state. *The New Soft Cell Survey, Monocle 2010*
- France has the highest number of cultural mission offices, with 968 around the world. *The New Soft Cell Survey, Monocle 2010*
- China is investing €4.7bn to turn China’s state-run media mouthpieces into global news conglomerations to rival BBC, CNN and Al Jazeera. *The New Soft Cell Survey, Monocle 2010*
- The Nigerian Film Industry is the 2nd largest in the world. Nollywood makes about 2,400 films per year, putting it ahead of the US, but behind India.
- A key element in the Nigerian film success story is multilingualism. About 56% of Nollywood films are produced in Nigeria’s local languages, namely Yoruba (31%), Hausa (24%) and Igbo (1%). English remains a prominent language, accounting for 44%, which may contribute to Nigeria’s success in exporting its films. *Unesco, 2009*
- Internet search giant Google received a staggering 75,000 job applications within just a week of kicking off a massive recruitment drive. *Business Week US bit.ly/h8b2bs*
- Google had just 3,000 staff when it got listed on the New York Stock Exchange in 2004. It now employs 24,400 workers in 63 offices around the world. *Business Week US bit.ly/h8b2bs*



## SUB-TREND: CULTURAL DIVERSITY

Mixing high and low brow by embracing culture in its entirety requires an open mind and a spirit of tolerance. These encounters and immersions into heritage and environment provide us with a sense of fulfilment. For example, Brazilians truly embrace their **Cultural Diversity**, feeling proud of every aspect of their heritage as it bolsters their identity and makes them feel unique.

Participation in cultural consumption is increasing and we take a pick-and-mix approach in order to feed our imaginations. We are not satisfied as observers alone, we want to process and express what we experience and the world, on and off-line, becomes our own cultural playground.

When measuring ‘quality of life’ cities that rank the highest have not only a marked level of cultural diversity but also a high level of tolerance and creative capital. Often they share traits like an embedded cycle culture – a true cultural heritage and something that is hard to create but must grow organically. These kinds of cultural capital and mindsets can only be encouraged through sustained regulation or via government, institutional or corporate incentives if they are not part of a civic spirit already.

Technology allows cultural diversity to flourish across borders in a true spirit of immersion. Cultural communities or nations are created, grow or dissolve again. Brands that understand the value of cultural diversity have unique opportunities to connect and create meaningful relationships.

*“We are not satisfied as observers alone, we want to process and express what we experience and the world, on and off-line, becomes our own cultural playground.”*



## CULTURAL DIVERSITY: INSIGHTS

**INTERESTINGNESS CURATION:** Maria Popova calls herself an “interestingness curator”. On average 55 times a day, the 35,000 followers of her Twitter account are sent links to “stuff that inspires, revolutionises, or simply makes us think”

**ON MEASURING CULTURAL VALUE:** *“I know of no economic theory that comes remotely close to expressing the ‘intrinsic’ value of a great performance of Bach’s “St Matthew Passion”, or for that matter of Bernstein’s “West Side Story”, or their capacity for enriching, even changing lives.”* *Smith 2009*

**PERSONAL CURATION:** Pinterest is a social catalog service. *“Think of it as a virtual pinboard — a place where you can post collections of things you love, and ‘follow’ collections created by people with great taste.”* *pinterest.com*

**CULTURAL INDUSTRY AS A BRIDGE:** *“Film and video production are shining examples of how cultural industries - as vehicles of identity, values and meanings - can open the door to dialogue and understanding between peoples, but also to economic growth and development.”* *Koichiro Matsuura, Director-General of UNESCO global film industry study, 2009*

**THE ROLE OF IMAGINATION:** In the Dreamtelligence era, we trade in stories and dreams, in the extraordinary and the implausible. Industry can make anything you want, but what it can’t manufacture is fantasy – and that’s where imagination comes in, for both brands and consumers. The blur between fantasy, reality, adulthood and childhood is inspiring brand communications that truly enchant, surprise and engage.

*Playscapes – LS:N Global 2010*

## CULTURAL DIVERSITY: FACTS & FIGURES

- The UK’s creative sector is thought to be the world’s largest relative to the size of the economy - it employs 1.1m people, with a further 800,000 employed in creative jobs in businesses outside these sectors. Only this last year it has doubled the whole economy’s growth rate. *FT Culture and the new economy report 2010*
- Creative industries are growing at an average of 4% a year in the 5 years to 2013, this is double the projected rate for the wider economy. *FT Culture and the new economy report 2010*
- Wikipedia offers more than 17m articles in 270 languages. Every day thousands of people edit entries or add new ones in return for nothing more than the satisfaction of contributing to the stock of human knowledge. *The Economist January 2011*





## SUB-TREND: NEW NARRATIVES

**New Narratives** allow us to relate in a more poetic, intuitive and artistic manner with our immediate environment. On the surface increasing mass consumption, on-line existences and globalisation can make the world appear more homogenous. However, readily available culture and distribution channels create new opportunities for adventures of the mind. As public and private media merge, people are able to satisfy their desire for expressing their imagination and build their own cultural capital and legacy.

With new tools come new modes of expression. People are excited about the opportunities that transmedia storytelling offers. The narrative takes place across multiple media platforms, with each element making a distinctive contribution to understanding the whole story.

We can reminisce about shared experiences or indulge in poetic discourse. Twitter and other short form media have allowed people to muse collectively in real time. Twitter ‘conversations’ continually evolve or develop a spin off narrative in a running commentary on what is happening in society and in people’s lives.

Selling stuff has been transformed from pushing inflated aspirations and ready-made narratives/dreams on to people into a collaborative space where collective daydreaming and the imagination are valid forms of communication. Things themselves provide opportunities for storytelling, enabled by new ideas for QR codes and NFC technologies. The Internet of things provides a fertile ground for people to expand their narrative space.

*“As public and private media merge, people are able to satisfy their desire for expressing their imagination and build their own cultural capital and legacy.”*



## NEW NARRATIVES: INSIGHTS

**THE WHOLE WORLD IS TWEETING:** When something happens today—news of a new iPhone or a Brazilian election runoff - you get a sudden blizzard of status updates. These are short takes, often half-baked or gossipy and they may not even be entirely true. But that's OK; they're not intended to be carefully constructed. Society is just chewing over what happened, forming a quick impression of 'What It All Means'. *Clive Thompson, WIRED Dec 2010*

**SPORADIC CONVERSATION:** Sporadic, banal conversations with no aim behind them are at risk of disappearing, no longer a learned or common behaviour of future generations. *Gerard Rallo, Designer of Devices for Mindless Communication*

**THE ART OF CONVERSATION REVIVED:** People are re-discovering the art of conversation. New micro-salons are hosting debates, discussions and face-to-face talks all round the world. *Conviviality Culture LS:N*

**NARRATIVE BUSES:** 4,000 bus stops that tweet, record stories, and provide the time of the next bus via QR codes. Through tales of things, passengers can leave messages about experiences they have had in the area, anecdotes about places they are going, leave a message for a loved one or maybe leave a treasure trail for your friends. In addition to this, each time a bus stop is scanned, it 'tweets' to the world that a new story, message or memory has been left. *Mobile behaviour, 2011*

## NEW NARRATIVES: FACTS & FIGURES

- Only 14% of young online users published their own blog, down from 28% in 2006. Instead, they prefer the shorter 'status updates' on social networks such as Facebook. 73% of online teens use social networking sites, only 8% use the 'micro-blogging' site Twitter. *Pew Internet Research Report 2010*
- On average, a unique user scans 2-3 barcodes per month and 97% found mobile barcodes useful in some capacity. *ScanLife Trend Report, 2010*
- More than 50 % of consumers said they would not return to a mobile site if they've had a poor experience. And nearly 60% of people anticipate mobile sites will run as smoothly as or better than sites they visit on their computer. *Gomez, Compuware, 2010*
- Barcode scanning through QR-codes went up 700% in 2010, compared to 2009. In fact there were more barcode scans performed in a single month starting in July than in all of 2009. *ScanLife Trend Report, 2010*

1

*Anish Kapoor at Kensington Gardens - Image: Flickr, Zoer photostream*

2

*Image: School of Life*

ARCADE FIRE

# THE WILDERNESS DOWNTOWN

An interactive film by Chris Milk  
Featuring "We Used To Wait"  
Built in HTML5



## CASE STUDY: WILDERNESS DOWNTOWN

A collaboration between Google and the band Arcade Fire has resulted in a highly interactive video. The video incorporates street views of where the viewer grew up and allows you to write advice to your younger self. You can also draw pictures on the screen, before birds fly across it and it all becomes incorporated into the unique video.

All these effects combine to fit the nostalgic mood of the song perfectly, creating an intoxicating mix of interactive elements that genuinely empower the song, rather than distract you from it. The drawings and messages become postcards you can share in the end. [thewildernessdowntown.com](http://thewildernessdowntown.com)

*“An intoxicating mix of interactive elements that genuinely empower rather than distract.”*

1

2

*Image: Screenshot Wilderness Downtown by Google and Arcade Fire*

# COMMUNION



## CASE STUDY: MUMFORD & SONS - COMMUNION

Mumford & Sons believe that the mass marketing and promotion of bands leads to a loss of integrity, that it's better for someone to discover a band for themselves, than be told by a record company.

Four years ago in London, they started a club night called Communion, to share the artists and music they liked. An approach that's led to the creation of a record label and a festival in the Summer.

While all these events serve to benefit the band, they do so in a really indirect way. They use their 'clout' to promote the other artists around them and to build a real live community/collective. In a world, where people need help discovering new stuff, Communion helps as a curator for that process.

What's interesting is that it's a core of respect and generosity at the heart of the idea that makes it successful. It turns the classic model of self-interest and self-promotion on its head by working to provide exposure for other artists. [psfk.com/2011/03/ed-cotton-building-communities-lessons-from-mumford-and-sons.html](http://psfk.com/2011/03/ed-cotton-building-communities-lessons-from-mumford-and-sons.html)

*“It turns the classic model of self-interest and self-promotion on its head by working to provide exposure for other artists.”*

1

*Image: Communion club night logo*

2

*Image: Mumford & Sons*

# Art Project

powered by Google

The State Tretyakov Gallery

The Apparition of Christ to the People

Visitor Guide



Navigate Floor Plan



Google

Sign In

Create an Artwork Collection

## Art Project

powered by Google

Explore museums from around the world, discover and view hundreds of artworks at incredible zoom levels, and even create and share your own collection of masterpieces.

Learn More

Freer Gallery of Art, Smithsonian Washington, DC

Museo Reina Sofia Madrid

Museo Thyssen - Bornemisza Madrid

Museum Kampa Prague

National Gallery London

The Frick Collection New York City

The State Tretyakov Gallery Moscow

Tate Britain London

Rijksmuseum Amsterdam

Palace of Versailles Versailles



View Artwork



Explore the Museum

Terms



Palace of Versailles / Marie-Antoinette de Lorraine-Habsbourg, Queen of France, and her children, Louise Elisabeth Vigée-Lebrun



## CASE STUDY: GOOGLE ART PROJECT

Google brings over a thousand artworks by hundreds of artists to the screens of anyone with an internet connection. The new program, which permits artworks to be viewed at incredibly high levels of detail, adapts the company's 'street view' technology to indoor environments, allowing you to virtually tour seventeen renowned art museums. Visitors can also create, comment on, and share their own virtual art collections compiled from the project's works. [googleartproject.com](http://googleartproject.com)

*Video: [youtube.com/watch?v=GThNZH5Q1yY&feature=player\\_embedded](http://youtube.com/watch?v=GThNZH5Q1yY&feature=player_embedded)*

*“Google brings over a thousand artworks by hundreds of artists to the screens of anyone with an internet connection.”*

1

*Image: Screenshot Google Art Project 2011*

2



## CASE STUDY: HISTORYPIN A DIGITAL TIME MACHINE

This provides a new way for the world to see and share history. The site allows users to share images from their personal photo albums, as well as the stories behind them. Developed in partnership with Google, the site finds a unique use for Google Maps and Street View, meaning pictures can be dated as well as geo-tagged and then ‘pinned’ into place on top of modern Street View photography. [historypin.com](http://historypin.com)

*“Historypin aims to be the world’s largest communal archive of historical images and stories.”*  
Nick Stanhope, managing director of We Are What We Do.

*Video: [youtube.com/watch?v=FdT3eKdt04w](https://www.youtube.com/watch?v=FdT3eKdt04w)*

*“A new way for the world to see and share history. The site allows users to share images from their personal photo albums, as well as the stories behind them.”*

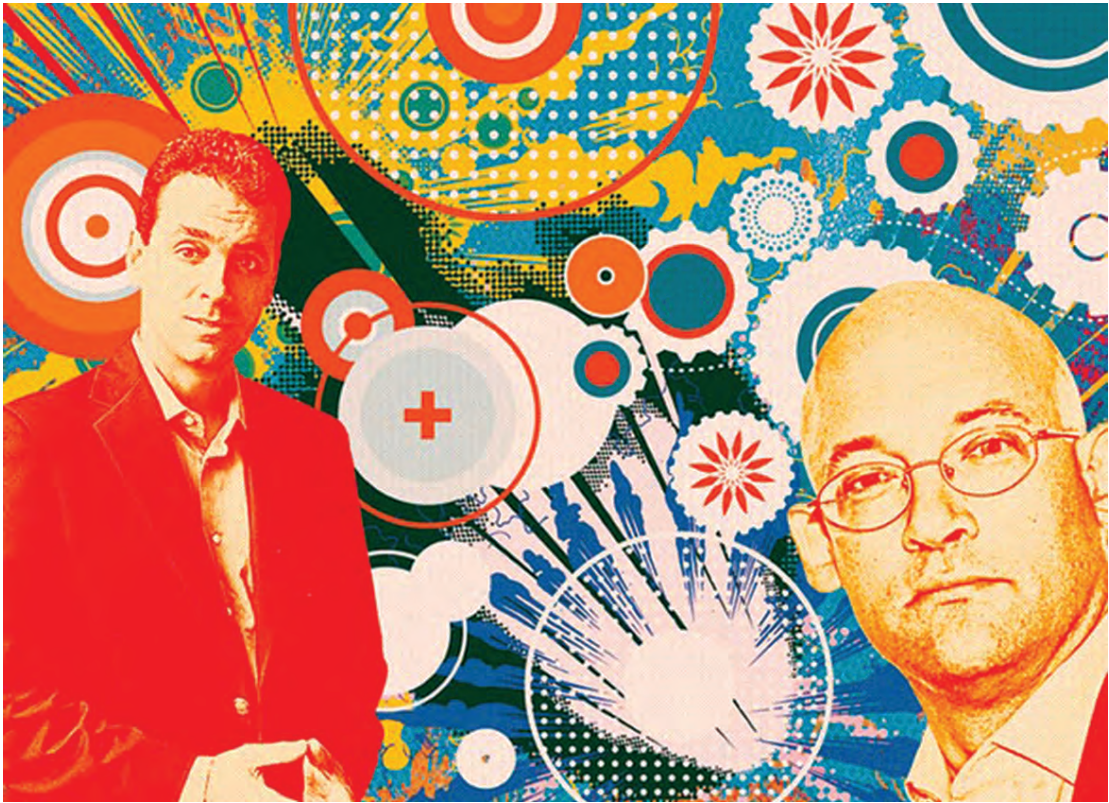
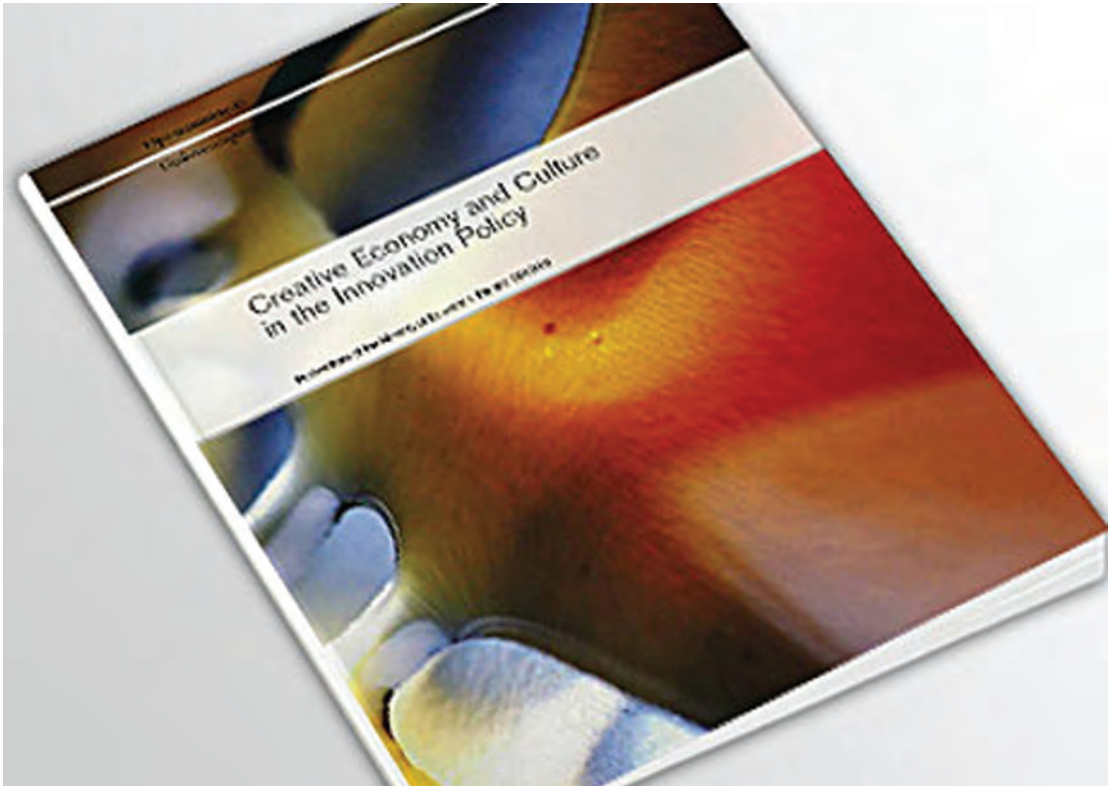


## CASE STUDY: PRADA - 'MADE IN' COLLECTION

'Made in' is a series of local products with special labeling declaring the origin of each piece. Prada collaborates with many different artisans to produce its designs utilizing the traditional craftsmanship, materials, and manufacturing techniques of a specific region.

[coolhunting.com/style/prada-made-in.php](http://coolhunting.com/style/prada-made-in.php)

*“Prada ‘Made in’ is a series of local products with special labeling declaring the origin of each piece.”*



## INSPIRATIONAL SOURCES

**A WHOLE NEW MIND:** Why Right-Brainers Will Rule the Future by Daniel Pink, Gone is the age of left-brain dominance. A Whole New Mind offers a fresh way of thinking about a future that has already arrived. [danpink.com](http://danpink.com)

**MEASURING THE VALUE OF CULTURE:** A Department for Culture Media and Sport report by Dr David O'Brien, explores the debates around cultural value and considers several solutions to the problem of how to value culture through extensive research and recent studies on subjective wellbeing. [culture.gov.uk/publications/7660.aspx](http://culture.gov.uk/publications/7660.aspx)

**CREATIVE ECONOMY AND CULTURE IN INNOVATION POLICY:** The production of intangible services constitutes a significant part of the activities in the cultural industries. There is a particular need to strengthen service production and innovation because they can meet the challenges posed by the decline in consumption. [innovationmanagement.se/2011/02/25/the-creative-culture](http://innovationmanagement.se/2011/02/25/the-creative-culture)

**THE CREATIVE CITY:** A Toolkit for Urban Innovators by Charles Landry. If cities are to flourish, there has to be a paradigm shift in the way they are managed, to draw fully on the talents and creativity of their own residents - businesses, city authorities and the citizens themselves. [charleslandry.com](http://charleslandry.com)

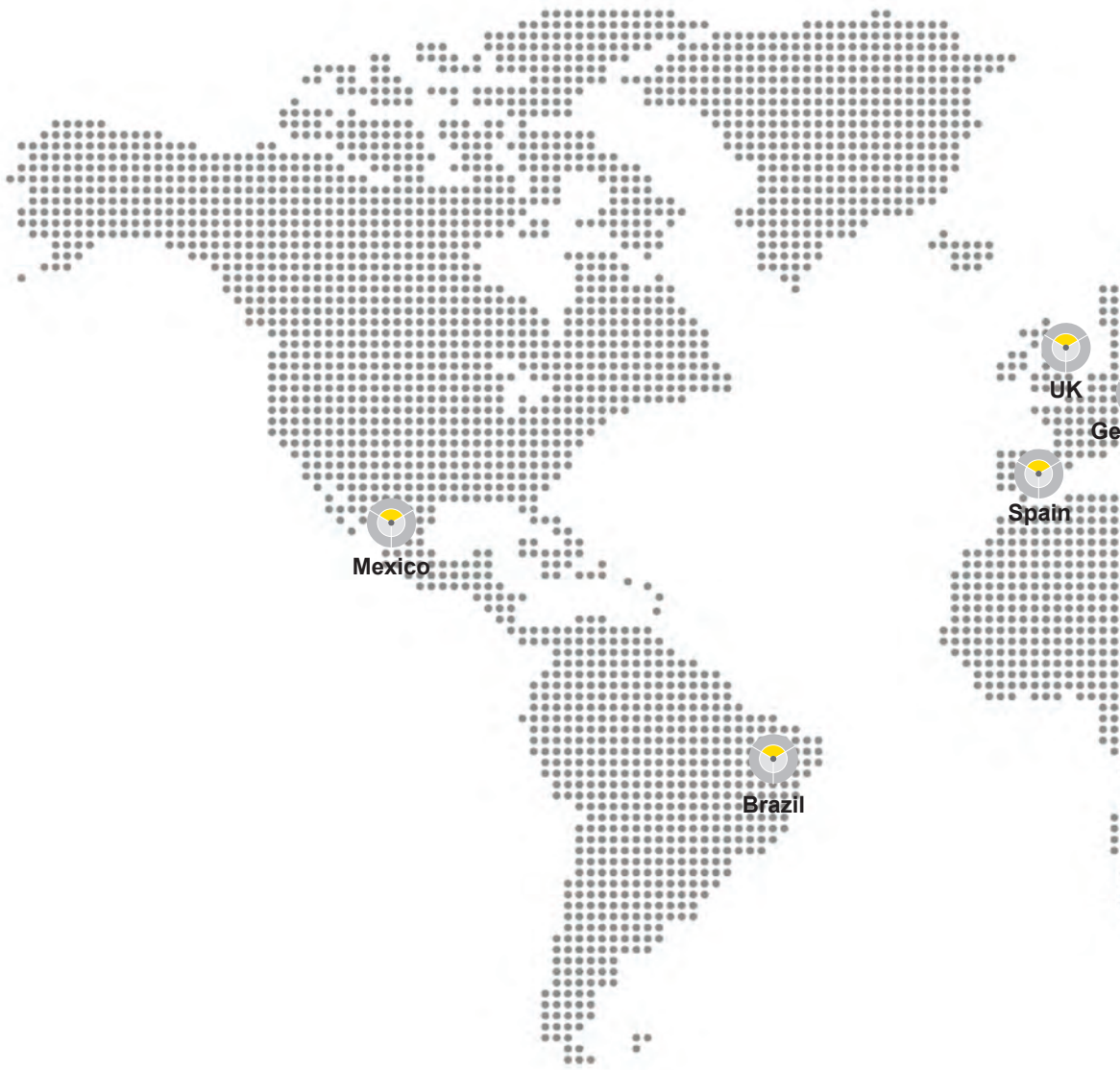
**ART CAN CHANGE THE WORLD:** JR, French street artist and TED Prize Winner 2011, talks about how giving a voice or face to people who have none and celebrating cultural diversity can change the world. *Video:* [ted.com](http://ted.com)

1

*Clay Shirky and Daniel Pink - Illustration: Sean McCabe, Jerry Bauer & Oscar Espiritusanto Nicolas*

2

*Image: Creative Economy and Culture in the Innovation Policy*



## LATAM: (Brazil and Mexico)



# SOFT POWER: KEY MARKETS



EUROPE: (UK, Spain and Germany)



## **IMPLICATIONS**

*'Brands aren't defined by campaigns anymore, but by the consumer ecosystems we nurture to support them.'* Mike Mendenhall, CMO, Hewlett-Packard

In the list of the world's top 500 brands in 2010, the US ranks the first with 237 brands. The second is France with 47 brands. What is interesting about these two countries is that for years they have exerted their power on the international scene by using **Soft Power**, whereby they develop the ability to shape the preferences of others by celebrating their culture through powerful narratives. In the US, for instance, the Hollywood film industry, as well as commercial brands like Coca-Cola and Nike, have served the overall national objective of gaining influence and legitimacy.

Recently, Japan seems to have re-emerged with a different sort of influence, with **Soft Power** growing in a variety of cultural areas - a trend referred to by some as 'Cool Japan.' The sources of Japan's newfound cultural aura are varied: cuisine, animation, video games, hybrid cars and other green technologies in which Japan excels. Polls show that Japan has consistently ranked high in terms of its international influence in recent years. A 2009 survey by the BBC found that out of 21 countries, Japan ranked 4th for its public image, while the US was in 10th place. This shows the importance to our organisation of nurturing Soft Power in order to engage with people's evolving cultural aspirations.

The concept of Soft Power when translated to the corporate world becomes interesting because it taps into the mindset of digital natives, who demand more self-governance, quality, and accountability in their interactions with brands, no matter what the cultural and regulatory parameters are. They want to engage with brands that have cultural principles and behaviours. They expect these brands to provide them with the mechanisms of sharing and they want to collaborate to celebrate Cultural Diversity and create **New Narratives**. Technology enables people to embrace their imagination and to re-invent a culture that is relevant to them - and to build new narratives to celebrate it.

For us, developing our **Soft Power** entails providing quality products and services to our customers, as well as a strong sense of culture. In the UK we have already introduced the notion of Cultural Ecosystem within which we engage with our customers. This is crucial because our measure of success is Fandom, and to turn customers into fans we need to create a high level of attraction for our brand. Engaging with diverse cultural mindsets, from 'high' to 'street' culture, will enable us to remain relevant to people's everyday lives. The Cultural Ecosystem should be carried through the whole organisation and provide a framework from which we engage with consumers on their own terms. This, in turn, would create rich exchanges through shared values and more emotional engagement.



## SOFT POWER: UK

The O2 brand was created using the principles of **Soft Power**. The sponsorship of the former Millennium Dome, rebranded as ‘The O2’ ensured high-levels of attraction through shared experiences. The O2 - now the most popular music venue in the world - is a testament to the importance of soft power in branding. Alain de Botton, in a recent talk on the architecture of happiness, described The O2 as the ‘new Notre Dame’ - the beacon of the O2 brand and of cultural places around the world.

The UK has a long tradition of supporting the arts and culture as a whole. The government, as well as national and local organisations, celebrate every aspect of culture, trying to make it accessible to all. London alone has a creative economy that currently generates £18bn a year. On the worldwide stage, London is one of the most significant centres of cultural, artistic and intellectual life, with unrivalled collections of art, books and manuscripts, historical artefacts and architecture. At the same time, the city sets cutting-edge trends in contemporary culture, attracting the best and brightest in the arts, fashion, film, publishing, design, music and theatre industries. Their work goes a huge way to attracting 15m visitors a year to London – almost as much as New York and Paris combined.

As an ‘aggregator of experiences’, Telefónica O2 UK has the potential to connect people to culture beyond London, using its network of O2 academies to match consumers to entertainment they are passionate about. Our consumers have varied cultural mindsets. It’s important that we reach out to engage with their interests, and initiatives such as Think BIG are a key gateway to ensuring participation from all kinds of communities. They are also an opportunity for us to showcase the **Culture** of O2: fun, open and bold. We are in a unique position in the UK, to get people involved in helping us build a strong and diverse cultural capital. To achieve this, **Priority** is a key property to leverage. We need to ensure it exists on a platform that enables people to create new narratives around it. Our **Priority** app could aggregate social media to ensure we are part of people’s ongoing conversations. In a creative society, where **Culture is Capital**, it is important that Telefónica O2 UK retains its leadership position, nurturing its cultural ecosystem to create deep engagement with consumers.

The 4 pillars of the O2 **Cultural Ecosystem: Entertainment, Music, Community & Environment** and **Partner Brands**, enabled by mobile technology, are key to ensuring we both celebrate **Cultural Diversity** and become part of people’s **New Narratives**. Fans converse about subjects they are passionate about - O2 can be the brand that connects them and enriches their cultural lives.



## **SOFT POWER: SPAIN**

Over the past 20 years, Spain has successfully transformed itself into a strong democracy, with a robust economy, and used **Soft Power** to re-introduce itself to the world by orchestrating a branding campaign that has played on multiple facets of cultural activity to appeal to a wide global audience.

Through a coordinated national campaign combining culture and architecture (Gaudi and the Guggenheim museum) and arts (Dali, Miro), sports (Real Madrid, Barca, Nadal, Contador, Alonso), business and tourism Spain's image has been revitalised. It managed to bring together public and private stakeholders with actors, directors and fashion designers (Zara, Mango) in a concerted effort to showcase this new image. The Iberian nation has sought to refashion its image to that of a progressive and thoroughly modern nation – a hub for tourism, art and culture and a destination that is chic and fun. More importantly, it used major international events like the Barcelona Olympics to maximise its branding campaign. Today Spain ranks as the second most popular tourist destination in the world in terms of visitor numbers.

Telefónica has been a patron of the arts for many years, most notably through the Telefónica Fundacion and more recently with its partnership with Michelin-star chef Ferran Adria. In order to create more emotional engagement with customers, Telefónica could start building a more formalised **Cultural Ecosystem**, which would clearly highlight the areas within which Telefónica creates, encourages and embraces **Cultural Capital**. In a country where local relevance and self-expression are particularly important, Telefónica could become the organisation that connects to consumers through culture.

This is especially important as challenging economic times are forcing consumers to reconsider purchasing habits. **Soft Power** enables us to connect consumers to attractive properties that they might not be able to have access to on their own. We have the opportunity to democratise and make available different aspects of culture. The popularity of festivals like SONAR represents an opportunity for Telefónica to connect to local **Cultural Capital** and to embed our organisation in people's **New Narratives**. This is also a great way to reward customers' loyalty and achieve fandom. Spain could, like the UK, create **Cultural Playgrounds** for our customers.





## SOFT POWER: GERMANY

Few countries understand the importance of **Soft Power** better than Germany. For the past 60 years, it has looked to culture and sport as a way to sell its international image. Germany allocates a budget of more than €300 million to the 144 Goethe-Institutes worldwide. Their mission, beyond teaching German, is to build the nation's arts and cultural profile abroad. It's also interesting to note that Germany is led by a female chancellor: Angela Merkel, who oozes **Soft Power**.

O2 Germany has been developing **Cultural Capital** around the O2 brand with the O2 arena in Berlin. To differentiate ourselves in a market dominated by value, we need to embrace the principles of **Soft Power**, ensuring that we create **Cultural Capital** and enable people to build meaningful **New Narratives** around the O2 brand. This is key to creating emotional engagement with our customers and achieving **Fandom**.

In order to build our **Cultural Capital** in Germany we can look at the structure of the **O2 Cultural Ecosystem** and identify the elements that can be repurposed for this market. **Entertainment, Music, Partner Brands** and **Community & Environment** could be applicable to this market too, but there are some specific local conditions that should be considered. For instance, as concerts are not often sold out in Germany, the idea of priority ticketing is less relevant. However, building **Cultural Playgrounds** around our brand by organising concerts, events, etc would still be relevant. This is also a good way to make properties available to all consumers, regardless of their location or economic situation.

To create emotional engagement with our customers, we need to understand what is of value to them. Understanding the specificities of different socio-demographic groups will ensure that we create real impact and develop more emotional engagement with our entire consumer base. Because rich value creates social capital and will ensure that our customers include our brand in their **New Narratives**, this approach of getting to know more about our customers' passions is also crucial. It will enable us to bring to life our brand promise 'We're better, connected'.



## **SOFT POWER: LATAM**

Brazil has been building its success through **Soft Power**. With the 2014 World Cup and 2016 Olympic Games looming, Rio officials have embarked on an ambitious plan to promote the cultural diversity and creativity of carioca culture. Brazilians celebrate the diversity of their rich and diverse heritage, and in doing so build new narratives around their **Cultural Capital**.

**New Narratives** are increasingly being created via social media. Brazil has the highest Twitter penetration in the world, 23% of its population as compared to 11.9% in the US (comScore, 2010). According to a study by Synthesio (2011), this is largely down to the Hispanic version of Twitter – because LATAM nations are more likely to buy from a platform offering Spanish or Portuguese. Telefónica needs to connect within Latin America, by listening to and identifying unique wants and needs. We see new online platforms emerging to promote cultural projects. For instance, Brazilian website movere.me, showcases cultural projects that can be sponsored by anyone who wants to support them. This demonstrates that Brazilians are keen to develop their own cultural capital and the idea of a **Cultural Ecosystem** would seem relevant for this market.

The Brazilian government is pushing for the penetration of mobile TV, which currently has 1m viewers for a population of 200m. With the penetration of smartphones currently at 12.6%, and expected to grow to 20.1% according to ScreenDigest, we can expect more Brazilians to use their mobiles to create new narratives. Brazil is the 5th largest mobile phone market in the world, with a penetration of 105.74% (Anatel 2011). We can provide them with engaging mobile platforms – for instance via technology such as AR and QR codes to create more interaction between online and offline worlds.

Mexico too, has huge **Cultural Capital** to exploit – its cultural industries already contribute 6.5% of GDP - as opposed to the average of just over 3% in Latin America and 4% in Spain (WIPO, 2010). Mexico is also ranked 6th out of 148 countries in the UNESCO World Heritage List 2010 – ahead of the UK and India.

Like Brazil, Mexico is using technology to weave new narratives. It has a high penetration of 3G, with games and TV content forecast to grow according to ScreenDigest. It also ranks number one in Latin America for use of Facebook, with 21.6 million accounts (Facebook 2011). The number of cellphones per 100 people has soared from 14 to 77 (Guardian 2011).

Soft Power has a valuable role to play in LATAM markets and – with a hungry market for new technology - Telefónica is well positioned to build a **Cultural Ecosystem**, providing **Playgrounds** from which people can connect to their passions and celebrate their cultures.



## OPPORTUNITIES: COMMUNITY

Think BIG community programme and Proniño are our opportunities to enable young people to fully embrace their imagination and nurture their **Soft Power** for the greater good of the community. Our role with these initiatives is to support young people in creating **Cultural Capital** and **New Narratives** that are meaningful for themselves and their community.

We need to ensure we provide the tools for Think BIG and Proniño volunteers to build **New Narratives** around their projects.

At the moment, neither of these programmes has a mobile app or platform. We could develop a presence for Think BIG and Proniño that is location based and has a social media component to ensure that people can easily access and update their project. This would help drive momentum for the different projects, as it would make it easier for people to volunteer. Based on their location and time of day, they could identify projects they can contribute to. Additionally, people could provide feedback, collaborate and share ideas through these online platforms – all on an ongoing and real-time basis.

We shouldn't be afraid to be playful to promote these initiatives and to harness the power of social media to get momentum behind Think BIG and Proniño. An interesting example to create engagement using social media, was Melbourne Treasure Hunt. The project was designed to reinforce Melbourne's credentials as a lifestyle and cultural hub, while unpacking the hidden assets of the city. Clues were released through the press, on the GMT Hunt Facebook page and the GMT Hunt Twitter feed. Each clue, once uncovered, would direct people to different parts of the city, highlighting places that people might have not discovered on their own. Prize draws included dinners, drinks or free hair appointments.

This campaign showed that people have an appetite for discovering cultural capital for themselves and will engage with social media to enrich their offline experience. We could create similar outreach initiatives to promote our community projects and ensure that by being relevant – and enabling people to have fun – we attract support from everyone in the community.

Think BIG and Proniño are huge testaments to Telefónica's commitment to bettering society through **Soft Power**. We should ensure we take an imaginative approach that encourages maximum momentum for these projects. This would give them the exposure they deserve - and the mobile support they require - so that cultural capital is shared and great stories are told for the good of society and community.



## OPPORTUNITIES: RETAIL

To create emotional engagement, we should leverage our retail estate to engage with consumers. This means adopting a less standardised approach, as each community will have a specific cultural mindset. It also means empowering our people on the ground, to implement retail strategies that are dynamic and personalised.

In the **O2 Trends 2010+ report**, we mentioned the example of Umpqua bank – which practises ‘slow banking’ and creates cultural capital by becoming the centre and connector of the community ecosystem. People visit Umpqua bank for more than just financial services: it is a café, a networking place, an exhibition space. Umpqua bank is included in people’s **New Narrative** in a way that is natural and meaningful. It brings much-needed credibility to the bank, in a sector that has the lowest level of consumers’ trust in the world. It is a great way to provide tangible value for consumers at a time when they think twice about which brand to purchase a product or service from.

As mobile is central to people’s lives, we could use our retail spaces to ensure there is a link between the online and offline experience of our brand. The elements of our **Cultural Ecosystem: Entertainment, Music, Community & Environment and Partner Brands** should have a place in our retail environment. Concerts, streaming of live sport matches, video reports of our community initiatives, as well as brand partnerships (with Xbox Kinect for instance), would create more emotional engagement with our customers. This would demonstrate that we contribute to building **Cultural Capital** and also ensure we are included in people’s **New Narratives**.

There are many inspiring examples of this approach. Oxfam in the UK uses its retail estate for the Oxjam gigs. At the luxury end of the spectrum, Louis Vuitton’s newly opened ‘Maison’ in London’s Bond Street, showcases the whole **Cultural Capital** of the brand, by including an art library, exhibition space and art collection in the retail mix. Another LV initiative Amble uses your iPhone GPS to track your movements – allowing you to upload comments and recommendations about what to see and do in a city from other users, including celebrity users.

In the same way, we can use our retail spaces to celebrate our community projects that build meaningful cultural capital for our consumers. The retail spaces are an opportunity to create rich narratives around Think BIG projects and to demonstrate our **Soft Power**. Such initiatives create a broader cultural context, enhancing brands while adding value to customers’ experiences of retail. We have the opportunity through retail to showcase the breadth and diversity of our organisation as well as our innovative and open-minded spirit.





## OPPORTUNITIES: SOCIAL MEDIA

Social Media, enabled by mobile technology, is changing the way people consume media. They are moving from passive to active participation. With global events happening in some of our key markets, such as the London 2012 Olympics and the Rio 2014 Football World Cup, we need to ensure that our mobile platform provides the right ecosystem from which people engage in real-time. Brands such as AMEX have been successful at building **Soft Power** with their social media campaign ‘realise the potential’, which creates lively and topical content consumers can engage with.

We must recognise also that we engage with consumers on their own terms, through the platforms they choose to use. In some instances they will come to us, in others it might be more convenient for them to use alternatives. We harness **Soft Power** to become relevant to their world. Some of the most successful online communities are built by fans of brands and this is because the brands have created rich **Cultural Capital** from which people want to create **New Narratives**. For instance, Microsoft is harnessing the powers of fandom – engaging with enthusiast-run communities of Xbox players in Brazil (which has one of the largest independent forums of players) and inviting them to events where they can preview new products and contribute their expertise as gamers.

Successful **Soft Power** brands create **Cultural Playgrounds** for fans. An example is the ‘Marmarati Secret Society’ by Marmite, inviting a selected few ‘influencers’ to try a new Marmite product and engage through events and competitions to create brand ambassadors spreading the word through social media. (We are Social, 2010)

To succeed in the social media space, it is important to integrate platforms like Twitter as they have become ubiquitous in people’s ongoing conversations. We can learn a lot from Twitter’s mission statement: ‘instantly connect people, everywhere, to what is meaningful to them’. According to Twitter’s CEO: *“When you create value for your users, that value will be given back ten fold to the brand by your users.”*

This then is the challenge: build enough **Soft Power** around our organisation for consumers to see real value in interacting with us during their free time, so that we become embedded in their new narratives. In order to achieve this, we must fully seed the properties of our **Cultural Ecosystem** through social media and ensure we provide consumers with the ingredients from which to create meaningful and engaging conversations.

- 1 *Marmite, Marmarati limited edition logo by Core Design*
- 2 *Marmite, Marmarati limited edition jar*

Red Bull

## STREET ART VIEW

A COLLABORATIVE COLLECTION OF GOOGLE'S STREET VIEW LOCATIONS  
SHOWCASING STREET ART ALL OVER THE GLOBE.  
TAG YOUR FAVORITE SPOT, SHARE IT WITH FRIENDS AND  
HELP BUILD THE BIGGEST ART COLLECTION IN THE WORLD.

ADD A LOCATION [>](#)

[SEARCH](#)

ARTISTS  [v](#)

LATEST ADDITIONS | [VIEW MORE](#) [^](#)



MOST VIEWED | [VIEW MORE](#) [^](#)



Banksy

POWERED BY

## OPPORTUNITIES: MEDIA

There is an opportunity with our Media businesses to create more surprise and delight through personalised and targeted advertising. We can enable partner brands to become part of people's **New Narratives** if they offer mobile advertising that builds **Cultural Capital**.

Indeed, mobile advertising can go beyond high churn content delivered through SMS and MMS. With growing smartphone penetration across our markets, people are increasingly using their mobile to engage in slow media content such as videos and games. It's up to us to make sure we engage within this sphere of the mobile ecosystem, by partnering with brands that can provide highly engaging content to our customers.

This represents a great opportunity for brands to be part of people's ongoing conversations by providing users with content from which they can create new narratives. The Nike True City app is an example of this as it promotes the Nike brand while also creating **Cultural Capital** through curated content. Another interesting example of this approach is the Red Bull Street Art View, where people find and tag their favourite street art, 'and help build the world's largest art collection' ([streetartview.com](http://streetartview.com)).

Such concepts can be developed by us for other brands and we could ensure content is targeted to the right audience. Additionally, mobile media enables brands and content providers to create active participation across media. We are seeing a growth in tweeting while viewing TV – creating a real-time community of watchers, critics and commentators. We could ensure that this type of active participation is monetised through our media business. For example, we could remind consumers that their favourite show is on via SMS or MMS and encourage them to tweet about the show, through their Twitter app. We could include prize draws, competitions, and offers – on behalf of partner brands - for the consumers who engage the most.

Such propositions would ensure we demonstrate to both consumers and partner brands that we understand the **Culture** they relate to and the mediums they choose to build their **New Narratives**. The opportunity for us is to create the most seamless and convenient experience for customers and higher brand engagement and measurement for brands.



## OPPORTUNITIES: CONTENT

**Soft Power** shows the importance of becoming part of people's cultural dialogue to enable connection to their passions. Our content strategy should enable people to get access to **Cultural Capital** they are passionate about. Here the focus goes beyond creating our own content – it is about learning how to distribute relevant material to targeted consumers and then providing them with platforms from which they can discuss and share stories about this content.

Microsoft Windows 7 already offers such opportunities by aggregating through a single platform content that comes from PC, mobile and gaming consoles. In addition to this, people can collaborate, share, and experience this content from their mobile device or PC, as all the information is stored in the cloud. Music, video and gaming are rich content properties that we know consumers are passionate about and want to engage with. We should ensure that we provide the devices with the best OS to enable consumers to access content seamlessly.

We can learn our customers' preferences through our CRM and ensure that we offer them dynamic platforms from which to consume content, in a seamless manner. We have the ability to tailor content to them, based on their past behaviour, time and location, to ensure we are part of their **New Narratives**.

Additionally, we can ensure that the content they consume is delivered in the best format, depending on network/data availability. Providing the best content experience - dynamically and smoothly - through mobile could be our competitive advantage, as people begin to rely more and more on their smartphones to access content. We need to consider all our customers when we think about our content strategy because everyone will aspire in one way or another to have access to cultural capital that is relevant to them in order to build **New Narratives**. This means that we need to think about tariffs that are affordable for people to be able to consume this content.

We could also consider partnering with brands that 'offer' content to our customers, using our CRM to ensure that the material and delivery is relevant for the consumer. For instance, a busy mother could be rewarded at the end of the day with a free episode of *Desperate Housewives*, sponsored by Pampers. As an organisation, we have to embrace our imagination to ensure that all our consumers can experience the power of mobile, feel connected to the culture they relate to and are able to build **New Narratives** around it.

**GWYL FECHAN FACH**

**Outside**

**nyth gwddihw**

**THE MINI MICRO FESTIVAL**

**Ty Allan**

**COWBOIS RHOS** / JOHN GEDRU / DJ'S

**MR HUW TEXAS**

**BOTWNNOG** / OSH TAL / MEIC P / MASHLI

**THEM LOVELY BOYS**

**JOHN LAWRENCE** / HUW M

**PLYCI**

**TOKIN4WA** / BWYD / GEMAU / CREFFTAU

**GWDIHW CAFE BAR** / YMLAEN 'TILL LATE 2PM

**GUILD FORD CRESCENT, CAERDYDD**

**55**

**FOOD**

**GAMES**

**CRAFTS**

[www.facebook.com/groups/nythgwddihw](http://www.facebook.com/groups/nythgwddihw)

[www.myspace.com/nythgwddihw](http://www.myspace.com/nythgwddihw)

[www.twitter.com/nythgwddihw](http://www.twitter.com/nythgwddihw)

**@nythgwddihw**

**FFY**

## OPPORTUNITIES: MUSIC

**Soft Power** reveals the importance of building our **Cultural Ecosystem** and developing our cultural properties so that people participate in our brand experiences.

As music is a big part of the O2 brand, we have the opportunity to create more convivial and accessible music experiences by adopting a micro approach to our music strategy. People are becoming more interested in small and local events, with a rise in mini-events based around single neighbourhoods. In Dalston, London, the Land of Kings takes over local bars and clubs to create a single, neighbourhood festival.

Indeed, Micro-festivals are setting up successful stages all round the world. In Germany, the Melt! festival, which started in 2004 with just 8,000 attendees, now hosts 20,000. In Norway, the by:Larm festival in 2009 hosted 1,800 'speed meetings', 50 lectures and 500 concerts, attracting 1,900 attendees. In Sweden, arts festival Skankaloss maintains its boutique appeal by limiting the number of tickets to 999. And in the UK, the Oxjam, Oxfam music festival, which we have supported, has been incredibly popular with the music industry and consumers alike.

The reason for this is that people yearn for interaction and experiences that happen on a micro level. *"Big festivals are flopping while boutique festivals are increasingly desirable and successful. Now even mainstream audiences no longer want to see themselves as part of a 'big thing,'"* says Barrie Barton, founder of Melbourne based Right Angle Studios. With the help of new technologies, we can ensure that these events are interactive and engaging for our consumers. Cities that have been used as stages recently include New York, São Paulo, Toronto and Castricum in the Netherlands.

New technology is enriching the experience in creative and impromptu ways. Visitors to the FILE Digital Festival in São Paulo used the SMSling Shot by interactive street artists VR/Urban to catapult text messages onto walls around the city. To write on the wall, users simply input a text message into the handheld, electronic slingshot. Then they physically pull it back and fire an invisible, digital signal on to giant projection screens, where the text message is displayed. VR/Urban plans to tour the project next in Liverpool and Berlin.

Music is a key part of building our **Soft Power**. To have a strong **Cultural Ecosystem**, we need to use our Imagination to ensure we become a true aggregator of events, providing music experiences that are accessible to most people.





---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---







## CREDITS

Ariane van de Ven  
Head of Future & Trend Insights  
ariane.vandeven@o2.com

---

Design & Content Development  
Kjaer Global  
www.kjaer-global.com

---



This document has been produced as an internal research document and is not intended for public distribution or use. Every effort has been made to ensure accuracy of copy and to secure approval and accreditation for all images used. © 2011

