# **Karls**magazine

## ≫ Rethinking Management

**Karlshochschule**
International University

# » Editorial Board Members

In collaboration with: //////// K III zkm karlsruhe    GRAPHICS and web design

# » Editorial

by Melodena Stephens Balakrishnan

Dear Readers,

This online magazine is a tribute to our faculty, staff and students who work with us to co-create content, and in the process a better future.

The world is changing more rapidly than many people, organizations and governments can adapt to. What will the future hold? Definitely many dilemmas. For example, man and machine – the article "Artificial Intelligence (AI) is on the rise. So, what's the point of a university degree?" looks at this aspect.

With increasing internationalization comes great challenges. Large corporations need to manage their equity in a globalized world. We see how BASF, a chemical company has managed this brand complexity with the article, 'BASF – a company as a brand'.

As a university dedicated to getting our future leaders to "ReThink Management and Society", it is time to showcase some of the fields we are working on. The article "ReThinking Management" highlights The Karls philosophy to teaching.

We also explore the future of brands in the digital age with the article "Rethinking ubiquitous digitalization: Do we still need brands in the future?".

The teaching case study, "Gavi, the Vaccine Alliance: Reshaping markets" explores how this intergovernmental organization based in Switzerland, used public-private partnerships, market shaping, innovative funding and data management to change the vaccine landscape. These strategies ensured that the world's most vulnerable could afford the latest cutting-edge vaccines. There are great lessons for social entrepreneurs working in the developmental aid sector.

Last, we profile some of our students' research. Every year our Bachelor and Master students spend time exploring their passion areas through their theses. Some of the results they have successfully defended are presented here.

This magazine was a team effort. A big thank you to Angie Habermann, our Editorial Board and our amazing Marketing/Admissions Team. Most of all thank you Matteo Bertelli and Marco Bertelli, MB Graphics, without your help, this would not be possible!

*Regards*
Melodena

Prof. Dr. Melodena
Stephans Balakrishnan

Editor, Karls Magazine

# I can imagine, here I would learn to be amazed.

## Karlshochschule International University

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> BA International Business
> MA Management

   and others

### CULTURE & CREATIVE INDUSTRIES
> BA International Tourism Management t
> BA International Marketing Management

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# » Content

# Student Research

| Legend | |
|---|---|
| ■ | Viewpoint |
| ■ | Management in action |
| ■ | Teaching case study |
| ■ | Student research |

# Artificial Intelligence (AI) is on the rise

**What can management do?**

by Dirk Nicolas Wagner

> **The career perspectives of today's university graduates appear to be more uncertain than ever before. The job markets for knowledge workers are booming in most places.**

**But for how long?**

Prof. Dr. Dirk Nicolas Wagner

Professor of Strategic Management

Dean of the Faculty for Business Economics & Management, Karlshochschule International University, Germany

Managing Director Karlshochschule Management Institut GmbH, Germany

In a much-debated study on the future of employment, Carl Frey and Michael Osborne from Oxford University claim that almost fifty percent of the jobs we currently see around us will be automated within the next ten to fifteen years.[1] Globalization at an unprecedented pace along with an unmatched drive for efficiency has led many industries to focus on automation. We have got used to factories with almost empty shop-floors. Meanwhile offices are still busy places. This is where we waste our time these days. Compared to machines it is incredible how little work most of us get done in a day.

Many industries struggle to push the hands-on-tool time above 4-6 hours per day. When it comes to brain on the task time it might be even worse. We fail to concentrate, tend to get carried away, wait for the next interruption and find it difficult to learn.[2] Most of the time, we sleep, eat, socialize, have leisure screen time or whatever. In comparison, it took Google's artificial intelligence software AlphaZero merely four hours from learning about the basic rules of chess, to beat the world's best chess computer, Stockfish.[3] And thanks to a self-learning algorithm, it didn't even require any teacher for that.

But chess is simple and in the real world we cannot entirely rely on machines (yet). Take the following example: In June 2009, a Washington Metro train operated by Jeanice McMillan rear-ended a stationary subway train killing McMillan and eight others and injuring 80. It appears that a safety-signal system design anomaly was at fault, in which a spurious signal generated by a track circuit module

transmitter mimicked a valid signal and bypassed the rails via an unintended signal path. The spurious signal was sensed by the module receiver, which resulted in the train not being detected when it stopped in the track circuit where the accident occurred. So, the safety system thought the track was clear when it was not. When she saw the other train in her path, a surprised McMillan hit the emergency brake in an attempt to slow her train, which may have been traveling nearly 95 kilometers per hour, but it was too late.

The Washington Metro accident shows that in complex systems errors are unavoidable which is why we still have conductors on trains, pilots on airplanes and so on and so forth. The irony of automation is that whilst automation is all about more efficiency, better quality and less errors, we humans are considered to be the weakest link in the chain. And ultimately, the weak-spot human being is expected to monitor automation and to intervene in case of problems. Again, another train accident proves to be a suitable example for this: In February 2016, two regional trains collided in Bad Aibling, Bavaria (Germany), killing 11 passengers and injuring 80. The authorities came to the conclusion that the accident was due to human error. The dispatcher who should have monitored the track was distracted by his smartphone and was later sentenced to 3 ½ years of jail.

Another interesting case is the Air France flight 447 in the year 2009 from Rio de Janeiro to Paris. In bad weather conditions the plane's autopilot did not receive signals anymore from certain sensors. It was intelligent enough to hand over control to the crew. If the pilot had simply held the course, nothing would have happened. Surprised by the situation and with lack of manual flying practice outside take-off and landing, the crew committed a series of errors, resulting in the plane crashing into the Atlantic Ocean, killing all 228 people on board.

Chess, trains, planes and traffic networks appear to be simple systems, compared to the global

1   Frey., C.B. and Osborne, M.A. (2013). The future of employment: How susceptible are jobs to computerisation. *White Paper*. Available: https://www.fhi.ox.ac.uk/wp-content/uploads/The-Future-of-Employment-How-Susceptible-Are-Jobs-to-Computerization.pdf
2   Wagner, D. (2015). The tragedy of the attentional commons – In search of social rules for an increasingly fragmented space. *Journal of New Frontiers in Spatial Concepts*, 7, 31 – 41.
3   Silver, D., Hubert, T., Schrittwieser, J., *et al.,* (2017). Mastering chess and Shogi by self-play with a general reinforcement learning algorithm. Available: https://arxiv.org/abs/1712.01815

economic system, which is among other things a network of billions of artificial processors and actors (i.e. the Internet of things). Our organizations, our value chains and processes keep striving for efficiency and perfection. More and more often, intelligent machines replace us and we create new spheres for them, of which we have little control. But if the machine fails, if it does not solve the problem posed, then the less-than-perfect weak-spot that was supposed to be eliminated is suddenly in demand: us. We remain on-call. But ironically, as these tasks are taken away from us, the less we are prepared for these emergency situations. How do we cope with this dilemma?

It is the last human grandmaster in chess, before the discipline was conquered by Deep Blue and other computers in the 1990s, who proposes an answer: Garry Kasparov claims that we should develop our teamwork skills.[4] On the first sight, this is nothing new. But he refers to teamwork between man and machine. The insight stems from the introduction of a new discipline for the game of chess: In freestyle chess or advanced chess human players team-up with chess-computers to engage in competitions with other players or teams. It turned out that man-machine teams play better than supercomputers or human grandmasters on their own.[5] What's more, successful teams do not necessarily consist of outstanding team members. Reasonably good players using off-the-shelf chess computers have been able to beat teams with individually much stronger players. The secret to success: they used a better process. Or, in other words, they organized their teams better.

Whilst it remains to be seen whether or not freestyle chess teams will be able to cope with AlphaZero, the game-playing AI, the idea of good cooperation between man and machine seems to be the only way out of the described dilemma. But what does this mean for the work environments of the early 21st century? Only very few amongst us are computer or data scientists. And if we were, would it be of any use? Computer technology progresses at a breathtaking speed, with even in the short term unpredictable and unplannable effects for work, the economy and society.[6] AI technologies are about to become black-boxes, even for the most advanced software-engineers. This dramatically accelerates a phenomenon described by philosopher Hermann Lübbe as "Gegenwartsschrumpfung", the shrinking of present time.[7] In

the light of these developments, two proposals may help individual knowledge workers as well as companies to move on without being checkmated. The first is to begin treating the machine as a colleague rather than as a mere tool.[8] This is a paradigm shift which allows for the introduction of new perspectives. How to cooperate becomes more important than how to substitute. It also means that machines can be thought of as economic and social actors. Such an interpretation makes it easier to understand what is going on: for example, to recognize that machines, just like humans, can be biased when they make decisions.



The second proposal is to focus on adaptation rather than on long term strategy. This is a lesson learned from complexity economics.[9] In contrast to traditional economics which is focused on static equilibrium systems, complexity economics perceives the economy as a buzzing beehive of economic activity, and so is called complex adaptive system. Since we are less and less able to predict, or direct the evolution of our economies, we may be well advised to design our organizations, institutions and societies to be good co-evolvers that successfully adapt to changing circumstances rather than following pre-determined long-term strategies. Artificial evolution is faster than we are evolving, so the advice is to harness the power of its evolution to serve us and co-create together. From now on, we do so in teams which consist of both, human and machine actors.

> **Recognize that machines, just like humans, can be biased when they make decisions**

4  Kasparov, G. (2008). *How life imitates chess*. London: Random House.

5  Cowen, T. (2013). *Average is over. powering America beyond the age of the great stagnation*. New York: Dutton.

6  McAfee, M. and Brynjolfsson, E. (2014). *The second machine age*. Kulmbach: Borsenmedien, AG.

7  Lübbe, H. (2000). Gegenwartsschrumpfung und zivilisatorische Selbsthistorisierung. in: Frithjof Hager / Werner Schenkel (Hg.): *Schrumpfungen. Chancen für ein anderes Wachstum. Ein*

*Diskurs der Natur- und Sozialwissenschaften.* Berlin/Heidelberg, 11-20.

8  Kolbjørnsrud, V., Amico, R. and Thomas, R. J. (2016). How artificial intelligence will redefine management. *Harvard Business Review*, Available: https://hbr.org/2016/11/how-artificial-intelligence-will-redefine-management

9  Beinhocker, E. (2006). *The origin of wealth. Evolution, complexity, and the radical remaking of economics.* Boston: Harvard Business School Press.

The proposal to interpret machines as colleagues and to focus on adaptation rather than big plans or holistic designs is rather abstract and high level. More guidance is required. And here, it is not surprising that agility and agile management has recently become popular in the world of management.[10] Indeed, agile approaches to work and the organization appears to be highly compatible with the leitmotifs of man-machine team-play and adaptability. However, as management trends come and go, it still remains to be seen what the half-time period of these approaches will ultimately be.

Further guidance may come from an industry that, due to the high risks involved, has for a long time been under considerable pressure to successfully integrate high technology with highly skilled human labor and to adapt to unforeseen circumstances: Aviation. For almost forty years, airlines have been training their crews to cope with challenging situations and to avoid plane crashes. Over the years, a clear pattern of skills that need to be trained has emerged. These include situational awareness, communication and coordination, cooperation, vigilance, stress and fatigue, and decision making. The so called  Crew Resource Management (CRM) training, which is largely based on human-factors and behavioral sciences[11]. Individual aspects of it are not at all new to students of management or senior managers who have had the privilege of going through executive programs, but it is the particular integration of topics and learning objectives as well as the fact that CRM-trainings go hand-in-hand with the technology involved (flight simulator) that provide guidance for skill development in other industries.  And it is this aspect of the continuity of training that is special to CRM. All crew members have to regularly attend trainings on all topics, which systematically turn them into life-long-learners.

To sum up, for years to come, it will be of increasing importance to come to grips with the irony of automation. This requires developing effective team-play between man and machine as well as individual and organizational competencies to stay adaptive to rapidly changing circumstances. The systematic learning and practicing management with man and machine, like that in use in the aviation industry with CRM, may be a first guidance point. But outside the cockpit, there are at least two more aspects that should be taken into consideration. First,  as Hannah Arendt and others have pointed out, we are endowed with the ability to make new beginnings.[12] We are creative and we innovate. This capacity also wants to be nourished and developed. But this requires the freedom to do so. Such freedom disappears, if people turn out to be slaves of the machine. Second, sufficient attention needs to be given to questions of ethics and social order. When orchestrating not only men but also machines, individuals require orientation knowledge to decide what is right and what is wrong. Organizations and institutions do not only need to be good evolvers. They also need to be reliable protectors of human values and rights.

Artificial intelligence is here. And all of the above is, at least for now, why we more than ever still need to study for university degrees. These, in turn, forms the  nucleus of a process of lifelong learning.

> **Developing effective team-play between man and machine as well as individual and organizational competencies to stay adaptive to rapidly changing circumstances.**

10 Sutherland, J. (2014). Scrum: *The art of doing twice the work in half the time*. London: Random House.
11 Badke-Schaub, P., Hofinger, G., and Lauche, K. (2011). *Human factors: Psychologie sicheren Handelns in Risikobranchen*, Germany: Springer.

12 Arendt, H. (2002). *Vita activa oder vom tätigen Leben*, Germany: Claussen & Bosse, Leck

# » BASF – a company as a brand

by Anja Herb

> **BASF is a global company. As a German company, it has a high trust around the world. As a B2B company, its products, which involve 1000s of brands, are normally invisible to the final consumer.**

**This article documents how BASF used its new corporate branding strategy to show their contribution to chemistry, leads to a sustainable future.**

**Anja Herb**
Director Corporate Brand Strategy and Implementation, BASF

» **BASF: we do not just make chemicals, but we create chemistry for a sustainable future.**

Many of BASF's products are not known to end consumers as you cannot buy them directly at the supermarket. But BASF has customers in almost all industries and in many products of everyday life one will find "BASK inside". To give some examples: our electro chemicals make tablets and smartphones more efficient. Every second car produced in the world has at least one coating layer from BASF. Our high-performance materials can be found in rotor blades of wind turbines as well as in the soles of running shoes. Furthermore, we offer crop protection solutions to farmers and are also active in the Oil and Gas business.

BASF was founded more than 150 years ago and is headquartered in Ludwigshafen, Germany. The company operates 352 sites worldwide, thereof 6 major Verbund production sites. In 2016, our 114,000 employees generated sales of about €58 billion and an EBIT of €6.3 billion. This already shows also some of our brand challenges: operating in various industries across the globe with a long heritage.

In Germany, the brand BASF is very well known, because it is an important economic player, part of DAX 30 in the stock market and therefore also our economic news are interesting for the broader population in the country.

Since our products are mostly invisible, the understanding how BASF contributes to society, to the challenges of our society and to our everyday life, remains for many people quite abstract or unknown.

Our regular brand surveys show, that especially in countries for example in Asia, where we have not been in the market as long as in Europe, the awareness of BASF is not as high. The trust into the company as being perceived as a German company is at the same time quite high.

BASF aims to bring its strategy to life by proofing every day that we do not just make chemicals, but we create chemistry for a sustainable future. This is globally brought to life in brand management via our corporate campaign, that communicates proof point stories on this claim. These proof point stories show, how we contribute with our innovations and sustainable solutions in all different aspects to peoples' life and the challenges of our society.

In our current campaign activities, we speak for example about the benefits of cleaner air to peoples' sleep, energy and power, which is supported by the contribution of our catalysts, that can absorb 99% of the emissions in polluted air. We do not only communicate this via classic digital and offline channels but this is a topic,
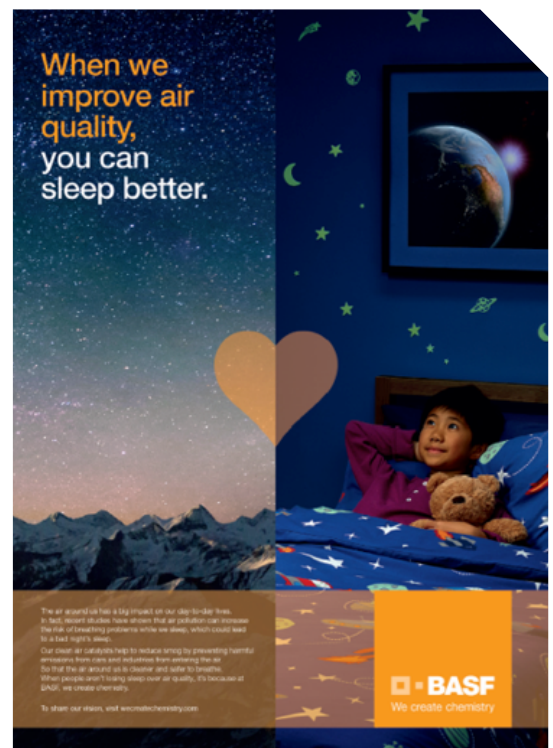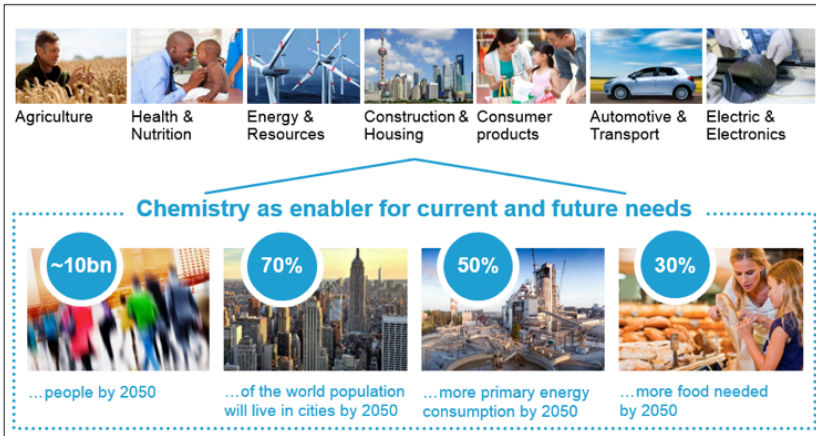


Corporate Campaign: Print Ad on the topic of Cleaner Air

Chemicals remains a growth industry

**» The alignment between the positioning of the umbrella brand and the many products and service brands BASF has to offer is another key for a successful brand management in the company.**

where we invite our colleagues and the broader public to take part in a user generated content campaign. Everybody is asked to provide pictures of situations where they profited from clean air in outdoor activities they joined. This is promoted via our internal digital channels and of course via social media channels like Instagram or Facebook. As incentive, participants can win a Fitbit blaze.

The whole campaign and the specific digital activities are measured continuously via online surveys and digital tracking. So, we can exactly see which channels and topics resonate best in which countries and therefore adapt our media buying for the following flights. It's a continuous learning process for everybody involved in the global team.

This campaign is only one measure that brings the brand BASF to life. The alignment
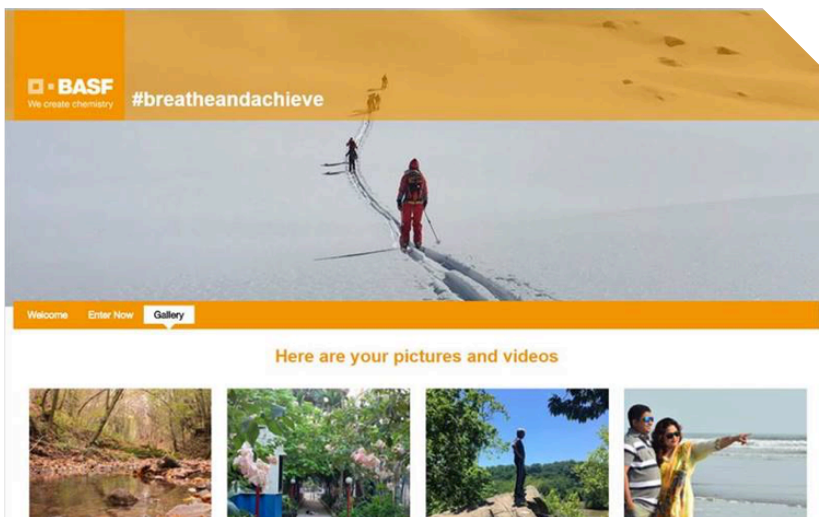


Chemicals remains a growth industry

between the positioning of the umbrella brand and the many products and service brands BASF has to offer is another key for a successful brand management in the company. BASF as the umbrella brand acts as a global brand. But at the same time, we have thousands of individual product brands, that are part of specific offerings to the many different industries we serve. Almost all our products are available globally, a few of course have been developed for specific local or regional market needs. In some industries, we operate closer to the end-consumer, for example in the agrochemical sector or in the construction chemicals business. Hence also some product brands have a higher awareness in the markets, as for example insulation brands like Styrodur® or Neopor®, or tiling products from our subsidiary brand PCI, specifically in Germany, Austria and Switzerland.

To steer the brand management of the specific product or service brands, we have developed a specific brand architecture system, which highlights individual peak performance under the umbrella of BASF. At the same time, individual peak performances shall sharpen the image of BASF. The relation of several brands in a portfolio can be described by two independent parameters: the credibility and the relevance. The brand architecture system evaluates the credibility of the individual brand towards under the umbrella brand BASF and how relevant the brand is for the whole system and the specific market. In the evaluation steps the individual brands are analyzed regarding their development, history, market situation and growth potential. This is all collected in a so-called Brand-ID card. Then the credibility to the umbrella brand BASF is evaluated in different parameters, e.g. brand fit, value chain and risk potential. Looking at the parameter of relevance, the position of the product or service compared to competition, the profitability, attractiveness, benefits play an important role in the evaluation.

Based on these criteria every brand can be brought into the brand architecture system. The result in this system then defines how the brand is managed regarding brand strategy and visual appearance.

Visually the importance of an individual brand is represented in the visual dominance towards the umbrella brand. There are different categories that result from the evaluation. In the first category, where the relevance for the individual market is low and credibility under BASF very high, the individual brand can be expressed with a product name which is written in our corporate typography. In the higher categories and with a stronger specific relevance for the market

# 10

the individual brand can be expressed with an own logo. Therefore, higher brand management effort is to be invested into the brand. In the highest category, where relevance for the individual market is high but the credibility under BASF somewhat lower, the individual brand becomes dominant. BASF as the umbrella brand in this case only has an endorsing role.

The so-called BASF Verbund Brand Architecture system also allows to integrate brands in a smooth transition after a merger or acquisition.

The new brands are being evaluated looking at the credibility in context with the BASF brand and the relevance for the individual market. Based on these two main criteria the brand is then strategically and visually included into BASF's brand management.

Analyzing the whole portfolio of course cannot be done overnight. The evaluation of the whole portfolio with all 14 operating divisions lasted about three years. Since the first evaluation and development of brand strategies for the identified stronger individual brands it is a continuous process to review the brands continuously and reevaluate them if necessary.

And of course, there were also some challenges we had to work with. The whole evaluation process was very intense with quite some workshops to go through the whole portfolio. The challenge is not to overengineer these processes, keep them as pragmatic as possible and apply them flexibly according to size and relevance of the brand. And you need to convince the colleagues of the value of proper brand management because at the end of the day it's the people who bring the brand to life.

BASF Verbund Brand Architecture System

Brand Strategy Development: Implementation based on evaluation

# » The Karls as a place for ReThinking management

by Wendelin Küppers / Stephan Sonnenburg / Michael Zerr

**Karlshochschule International University, fondly known as 'The Karls', has a teaching philosophy of "Rethinking Management and Society". This article explains what "Rethinking Management" means and how it is interpreted in the University,**

Prof. Dr. Wendelin Küppers

Professor of Leadership and Organization Studies

Prof. Dr. Stephan Sonneburg

Professor of Branding, Creativity and Performative Management

Prof. Dr. Michael Zerr

Professor of Theory of Science and Interpretive Management

It is time to re-think and re-do management and its education! Facing a challenging crisis situation, our world calls for a radical thinking inside and outside as well as on the margins of the management box.

But what does it mean to think management differently? Traditional management and its teachings follow the logic of business administration and economics that are based on a methodological individualism, competition, aggregation of fixed preferences, equilibrium theory and other assumptions of neoliberalism. This is done to assert the peculiar interpretation of economics trying to emulate natural science, oriented towards quantification and mathematical models and to hold sub-complex discourses of legitimacy. To put it in a nutshell, it is characterized by a rational calculating approach of thinking and acting that is trapped in numbers, values and tools. One could say that conventional management believes in the saving of quantitative logic: What is not measurable, does not exist or has to be made measurable and assessable.

Don't misunderstand us, this logic and regimes can have their qualities and applications, while many economists and practitioners as well as educationists have opened up and expanded the traditional management thinking and doing. However, often they develop new pathways on the foundation of a restrictive management theory and knowledge that is no longer up to date for our time, nor sustainable for a future to come.

ReThinking Management in the sense of The Karls goes another more radical way. We first want to deliberately differentiate ourselves from the old approaches in order to find and invent new alternative ways of making sense. This form of thinking needs to be translated and reconnected to the existing established world of management. Thus, it can serve sometimes as an inspiration, and sometimes more subversively as a "Trojan horse", in order to break with or undermine conventional approaches and practices.

We at The Karls do not regard management as a sub-discipline of business administration or



At the table of possibilities

>> **Our students become heroes of their own journeys.**

economics, but rather as a field of action and a playground that has to be interpreted as an interdisciplinary field. Of course, business administration and economics is an important discipline of knowledge, but also philosophy, anthropology, psychology, cultural studies, sociology, design etc. need to be part of understanding and enacting what it means *to manage*. Generally speaking, management should be regarded as a melting pot for all social sciences and the humanities. We have deliberately excluded the natural sciences, not in the sense of no relevance, but their relevance must first pass through the sieve of the humanities to make an impact on management.

In addition to its multi- and interdisciplinary lens, The Karls perspective on management attaches particular importance to the culturalist and interpretative research approaches, as well as the qualitative research approaches. ReThinking Management can only succeed if we escape the logic of the quantifying phenomena of using only numbers and instrumental tool-orientation. This does not mean that we do not deal with numbers and issues of financial management, but we always see facts and figures in the context of people and cultural turns[1] for sense-making. Because nothing is given, and all is contingent, everything arises in the eye of the beholder or between the eyes of beholders, like the stakeholders.

Accordingly, ReThinking Management means that we do not research for the invariant, fixed essences or universally valid truth, but always looking for the different, the other and the relative in the truth. Therefore, we pursue more the motto of rather being "inaccurately right" than "exactly wrong". Such an orientation is more interested in co-creating and experimenting new pathways than following the more conventional beaten tracks, no matter how secure it appears.

This movement into the unknown implies that we do not believe in the idea of a standard or complete knowledge about management or that it can be used for reaching "control". ReThinking Management is a continuous flow involving reflecting, questioning, and reinterpreting what shapes and influences or impacts actions of managing, as well as its meanings. Re-thinking is realized by not only turning away, breaking away from outmoded *forms* of "business-and-learning-as-usual", but also turning *towards* new practices which open up new and different pathways.

But let's be specific for The Karls! What does the *re-* of this re-thinking mean concretely for The Karls?

Let's first have a look at the most important asset of The Karls: our students. Young people consciously choose The Karls as they want to make a difference through their studies, in their lives and society. Following the path of German artist Paul Klee, we do not want to go down the mainstream paths, but use the creative and disruptive byways. These ways are challenging and lead into the unknown. However, this education journey follows our mission statement:

We act on the assumption of the educational ideal of an educated young person with multifaceted interests, who is (1) willing to assume responsibility believes that leadership is a meaningful opportunity to inspire others and society, (2) capable of changing his/her point of view and questioning his/her own construction of reality, on the basis of sound know-how and a broad academic education, (3) able to look *behind the scenes* of what seems to be self-evident, (4) willing to cross inner and outer borders and open to new and foreign experiences, and (5) has acquired, in the spirit of life-long learning, the ability of independently developing his/her personality.

We know that this is demanding. But whoever said that the adventure would be easy! The good news is that our students are not alone on this educational adventure. The Karls staff accompanies them on their journeys. The professors play an important role as mentors during their travels. Our teaching is therefore self-regulated, discovery-based and playful. The Karls wants to enable its students to make their own learning experiences to integrate their knowledge and skills from their previous experiences and build their own competence profile. Our students become heroes of their own journeys.[2]

Part of this journey is helping our students to change their perspectives. This objective is supported by our inter- and multidisciplinary orientation. Learning contents are conveyed and explored from the points of view of various disciplines and stakeholders. This orientation to move in and out of the edges of conventional subject disciplines is required for ReThinking Management and Society, and more so in an increasingly international and globalized world.

Through internationalization, we are cultivating inter- and transcultural orientations at The Karls. Our programs are in English and most of our students learn two languages and opt for a semester abroad. Last year, 45% of our students were international, one of the highest ratios in Germany. In

1  Bachmann-Medick, D. (2016). *Cultural turns: New orientations in the study of culture.* Berlin: De Gruyter.

2  Campbell, J. (2008). *The hero with a thousand faces*. Novato: New World Library; Sonnenburg, S., & Runco, M. (2018). The hero's journey: A tribute to Joseph Campbell and his 30th anniversary of death. Special Issue in the *Journal of Genius and Eminence, 3*(1).

**13**

Contemplating the Hero's Journey

this way, we further foster a genuine diversity of cultural perspectives.

Let's have a deeper look on The Karls itself. The Karls is based on the ideal of a university which sees itself as an inspiring service provider to students, the economy and society. The Karls is motivated to approach management and society and to integrate new insight into research and teaching. We want to be a modern "marketplace", a performative arena between the needs of the demanders for education and the needs of the demanders for qualified employees.

We have cultivated spaces to become "play-spaces", where we can co-create and perform and hence learn through new, more embodied and reflective ways of learning. Here somatic and semantic, emotional and reason-oriented dimensions come together. The Karls education is processed alive and provides students with opportunities to experience and reflect critically the messy complexity and poly-causal ambiguities and paradoxes or dilemmas of actual and acute management practices. Integral learning at The Karls helps to prepare students to deal with the challenges and problems of their world, by finding enterprising, innovative and artful ways of processing and responding to them. This performing is always situated in the here and now of the present, which reveals an artful magic that all of us – business, economy and society – need to become a more sustainable one for the future to come.

We encourage the use of various sensory modes, so that students can experience embodied, tacit knowing, the role of intuition and gut feelings, as well as the power of atmospheres. Being *betwixt and between*[3] sensations and being exposed to all this fluid learnings, finds a manifestation in the creation of "thinking through making". Bringing together hands, heart and head in a co-created "we-space",

students grasp and process materialities of various tangible media, including themselves and others, and get a reflective and critical understanding of meanings and implication of what they were doing.

Though at times this teaching method can seem overwhelming, it is experiential and reflective allowing learners to think individually and critically and discuss implications for management and professional practices.

This practical wisdom learning in management education is called an embodied "Aesth-Ethics"[4]. The Karls allows students venturing into unknown territories through their personal and joint but curious expeditions of sensing and making sense. During their journeys, they discover different modes of feeling, thinking and acting in a playful way. All of these inquiring practices mediate the capacity to wonder. "Delight is where we must start" (Robert Frost), thus those who are in wonder are fascinated and moved enchantingly by something that is beyond their understanding. In this state, they open up their vulnerability, longing as well as belonging to what is not appropriated or in control. Being in a wondering mode motivates response patterns that do not fit with standard accounts of functions, opening up for the extra-ordinariness in the ordinary.

Students at The Karls learn to embrace doubt, ignorance, the unknown with its ambiguities, as well as possibilities for the impossible to unlearn and relearn and to realize that this process is an interminable one. Education at The Karls enacts "e-ducere", that is "to lead out", leading out of limiting boundaries and towards other ways of being, thus conjuring up as-yet-unexplored possibilities or opening up for as-yet-unimagined options.

At the same time, students learn to be evaluative, as "tasteful" judging, which is sensible judgement based on the "gustus" or the taste that is part of a co-created style of practice in management functions as a certain way of handling situations. With all this, The Karls is a place for "Bildung", for an educative process of a refined and critical understanding and becoming genuinely educated and implicitly practically wise.

Come and get to know for yourself and become involved in co-creating what The Karls could become …

3  Turner, V. (1969). The ritual process: *Structure and anti-structure*. New Brunswick: Aldine Transaction.

4  Küpers, W. (2017). Embodied aesth-ethics for developing practical wisdom in management education/learning. In W. Küpers, & O. Gunnlaugson (Eds.), *Wisdom learning: Perspectives on wising-up management & business education*, (pp. 272-311). London: Routledge.

# Rethinking ubiquitous digitalization

by Christine Riedmann-Streitz

**Imagine the seemingly impossible: There are no brands in the future. Possible reasons are quickly told: Managers had simply forgotten to transform brands into the digital era in time.**

**Do we still need brands in the future?**

Founder and Managing Director of MarkenFactory GmbH

**» Brand Dilemmas: self-caused internal problems, the problem of "economy of attention", the digital disruption**

Brands were not considered valuable enough to be maintained for our future economy, society and private life. As the current digital progress shows this might not be science fiction.

This viewpoint is a clear plea for strong brands and how to prepare them for future challenges. The article addresses the brand's dilemma, new competitors and how digitalization changes brand perception and influences customer centricity. Finally, it answers the question, why we need brands and provides an outlook on how brands could escape the digital burn-out to not become irrelevant.

### Brands are taken for granted

Humans invented brands, centuries before modern times, because they wished to mark ("brand") tangible goods and intangible assets of importance as powerful and immediately recognizable. Today, organizations, associations, products, services, events, persons or cities are registered as trademark. Strong brands are a robust economic factor, a cornerstone of every business report and corporate balance sheet. According to CEOs, brands are contributing up to 50 percent of a company's value. Brand and innovation are approved as key value-drivers for sustainable profitable growth. Strong brands represent continuity, reliability, grounded in a four-dimensional (economic, ecological, social, cultural) corporate responsibility which is based on relevant values and attitude. They offer relevant brand promises that also hold true for the future. The degree of user identification with a brand grounded in a brand's "perceived value" and "perceived quality" determines the "brand fit" ("this brand suits me best"). This is a fundamental pre-requisite for trust, confidence, decision making in business and private life.

But the existence of brands must not be taken for granted in the future. As we learnt from Clayton M. Christensen [2000, 2003], success does not proceed steadily, especially when economic and social conditions are changing rapidly and disruptively. There are two key questions: Will there still be brands in the future? And do we (consumer, customer, society) really need brands in the digital age when ubiquitous recommendation algorithms, bots and all kinds of digital helpers – employing AI (Artificial Intelligence) - are populating our business and private lives? [Riedmann-Streitz, 2017]

### The brand's dilemma

Brands are confronted with a threefold challenge that weakens their impact: self-caused internal problems, the problem of "economy of attention", the digital disruption.

*Internal problems*: As research shows, many marketers do not trust their own brands and companies barely fulfill self-imposed ethical standards. Companies are fooling the customer, when not delivering what they have promised (e.g., in area of bio products, financial products, exhaust-emissions of vehicles). In contrast, more and more people are looking for orientation and expect companies to shoulder their corporate social responsibilities [Havas, 2013]. But: why should consumers rely on brands if they run into the danger of being bitterly disappointed.

*"Economy of attention"*: "Information overload" is a constant topic. Even in the pre-digital age, only a small percentage of brands were powerful (i.e. relevant) enough to enter a customer's relevant set, the last step before a buying decision is taken. Nowadays, digital devices provide global access to information and offers at any time and any place - resulting in a multi-optional disorientation.

This dramatically intensifies the problem of "economy of attention". Looking e.g. for men's watches at Amazon® people are confronted with more than one hundred thousand products. Helpless with an endless number of alternatives, decision filters are key for an easy and convenient search and purchase. Here, brands are competing with recommendation algorithms.

*Digital disruption*: Little by little new technologies as, e.g., augmented and virtual realities, smart devices, bots, humanoid robots, games and gadgets find their way into the global society. Digital technologies offer new promising perspectives and innovation opportunities in science, education, research and business. At the same time digitalization causes fundamental, far-reaching and often radical changes in business models, product portfolios, services, production methods, logistics or supply chains. It has a substantial impact on our work environments and our social life, too. In the context of marketing and branding customer journeys, communication channels, consumer needs and decision behaviors are subject to change. What seems to be an obvious fact holds more dynamics than it appears at first sight. Especially when it comes to brand leadership.

### Digitalization and its impact on perception, communication and realities

Brand strength is based on the perception by others: internal and external stakeholders. As digitalization has a huge effect on perception this should be considered when evaluating the brands' situation.

*Perception*: Comparing photos of the elections of the pope 2005 and 2013 and of president Obama 2008 and 2012 reveals that live experience is replaced by live recording to share of what happened with hundreds of putative friends and followers. Being emotionally involved, interacting with others on site, is replaced by recording to demonstrate to remote people: I was there too. I call this the "knocking signs of modern digital age". The lack of involvement influences the conscious and unconscious individual and societal recollection and the tradition of contents and values to others. Millions of pictures replace individual stories, recommendations, thoughts based on the personal judgement, feelings, values. The same happens when tourists are visiting places of interest to take selfies instead of engaging with place and people. Brands must ensure live experience to

» **Brand strength is based on the perception by others: internal and external stakeholders**

unfold their impact. Interesting enough, online brands as Amazon® and Zalando® move into the real world with bookshops and fashion stores in top shopping locations.

*Communication*: Technology connects people in one or another way to the outer world. Distances between devices and users are diminishing while perception changes: The radio was a device within earshot, TV within eyeshot, digital technologies allow "information at your fingertips" [Bill Gates, 1995], wearables are worn directly on skin, smart glasses in front of the eyes, smart lenses on the eyeball, smart chips under the skin. Over the decades devices get closer and closer to the human body and finally are implanted so that they disappear. The mobile phone has become our permanent, very personal companion and gateway to the world. Information, services or products are "a fingertip away".

*Merging realities*: Augmented (AR) and virtual (VR) reality constitute new experiences of the world, AR by enhancing, VR by replacing the real world. Both change the way we see the world. A famous example is the AR game Pokémon Go which involves users to an extent that they forget about social conventions and security rules. Real and virtual worlds are merging – technically and emotionally. And the more people are emotionally engaged the more it seems difficult for them to differentiate. Currently, VR is applied in entertainment, product development (design, prototyping), sales support in showrooms ("try before you buy"), medicine (neurology, psychology, rehabilitation) to enhance people's quality of life or in "immersive journalism" [World Economic Forum, 2015] to make people feel part of the world the film shows. Application fields for AR beyond gaming are educational purposes, tourism or business (e.g. maintenance). It is essential for brands to understand the underlying mechanism of AR and VR, precisely evaluate user benefits, ensure transparency to deliver added values.

### Unexpected competition – algorithms versus brands

Brands are competing with recommendation algorithms for the same customers. It becomes even harder for consumers to get into contact with human brand representatives since bots haven taken over the communication. The first robo advisors are implemented in the financial sector for consulting purposes. Bots are becoming the new personal assistants helping throughout life with preprogrammed recommendations

**16**

and "quick & easy shopping"-support. Online shops offer decision filters as price ascending or descending, customer ratings, novelty, reference to what others bought, browser history. Sometimes, looking for a favorite brand, the surprised customer is faced with cheap look alike products side by side "his" brand. While shopping in a virtual dressing room at home, per webcam, digital stylists (algorithms) recommend pre-selected clothes. Once equipped with the Amazon® dash button a product is reordered automatically. Digital services fulfill people's wishes automatically, hyper-personalized and 24/7 - based on big data. Marketing automation has already been implemented on a large scale. As a result, fundamental brand aspects as "brand-fit", loyal community, unique product attributes as haptic, style, design, quality, typical colors, materials, craftmanship are overshadowed by pre-selections based on underlying algorithms. Brands are confronted with fast growing competitors of a new kind: digital platforms and advisors driven by (self-learning) algorithms.

### Misunderstanding "customer centricity"

Customer centricity is anchored in corporate strategies; the design thinking hype also contributed to this situation. Today it is widely acknowledged that brand strength is based on the quality of customer relationship. In the digital age, customer centricity is often confused with generating, collecting, using, reselling as many personal data as possible. Companies join with enthusiasm the digital marketing world, investing a huge budget, using marketing automation, hyper-personalization and face recognition to haunt the customer instead of delivering fascination and added values. This leads to counterproductive situations: purchasing a product activates promotions for exactly this product for days and weeks thereafter. In the pre-digital era, no marketer would have offered again products and services like hotel bookings, clothes, expensive household aids that the customer just bought. For the marketer, it would have been waste of time and money and he did not dare

to make himself or his brand look ridiculous or annoying. Focusing on quantity of private data instead on content, wishes, 'jobs to be done' ushers the end of brands: The customer feels upset and annoyed, especially because he entrusted sensitive data to service providers.

Digitalization does not solve the problem of understanding and attracting customers. Technology connects people and people with products, but it does not create the branded experience, content and values which inspire, convince, trigger personal recommendation, acceptance and purchase. More and more people decide to use, e.g., ad blockers to reserve their rights to deny or withdraw invasive promotions. The technological armament of companies as well as consumers ultimately leads to "machine-to-machine confrontation" although brands should be looking for direct contact to consumers and fans. As a matter of fact, customer centricity needs to be elaborated to *Humane Customer Centricity*.

### Do we still need brands in the future?

It is not the question "what is technologically feasible?" but what does our vision of business and life look like? Do we want to build our activities and decision-making on non-transparent algorithms – bearing in mind, that the recommendations are mainly based on correlations? Or do we want digital tools that always be in the role of our assistant for improved efficiency and information management? Especially in today's volatile, uncertain, complex, and ambiguous times - also known as VUCA – strong brands are the indispensable alternative to recommendation algorithm and autonomous systems: they reflect societal trends and values, give long-term quality promises, provide orientation, represent attitudes and defined values, allow identification, create perceived rational and emotional benefits. They are key value-based filters for individual significance and relevance. Strong brands are trustworthy – and trust, as Niklas Luhmann [2010] says, is the "mechanism to reduce social complexity".



Living in a world characterized by VUCA - photo: Christine Riedmann-Streitz

**Brands must escape the digital burn-out**

The digital disruption forces managers to start "brand transformation". To survive, brands must not ignore opportunities and effects of digitalization. But they need to guard themselves against the danger of irrelevance and digital burn-out. The latter is particularly noticeable when a brand looses market share, regular consumers, trust, loyalty – until it disappears.

Brand Leadership in the digital age needs clear attitudes and values, focus and consequent consistency. Brand profiles need to be sharpened or reinvented completely to escape the "trap of indifference, disinterest, irrelevance". In the "war for talents" employers need strong employer brands to hire and keep high potentials and specialists. Employed and self-employed managers recognize the importance of personal branding to be successful.
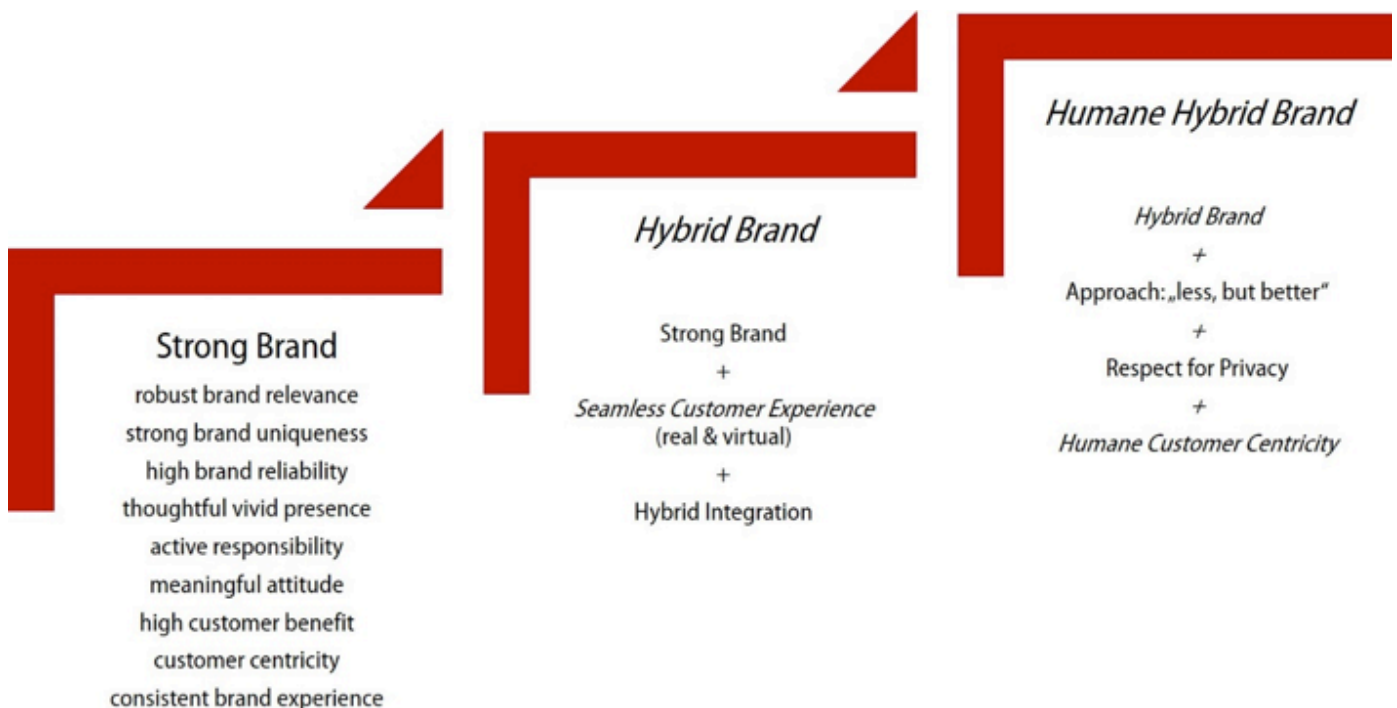
**Will there still be brands in the future?**

My vision is that this can be achieved. We claim that managers need to change their mindset and replace the primacy of technology options with that of human benefit. Technologies should be at any time in control of the responsible people, the user and – at a more general level – society. In the digital age and in disruptively changing environments, the need for strong brands increases. Brands should become the strong, valuable and most attractive alternative to recommendations and information controlled by algorithms. New technologies are used to enhance the relationship between brands and stakeholders. This could result in a win-win-situation for consumers and businesses.

Therefore, brands must be transformed into Hybrid Brands [Riedmann-Streitz, 2017] because the future is "seamless". Analogue and digital worlds are increasingly merging - in technical terms as well as in perception and behavior of people who get information online, go shopping in retail shops (looking for support and experiences far beyond what is available online), pay mobile – goods are delivered on demand to a place at the buyer's option. Hybrid Brands combine the best of both: real and virtual worlds. They ensure seamless transitions and consistent, integrated, holistic brand experiences, since their stakeholders will no longer accept any discontinuities. To fulfill customer centricity, it is not enough to implement an unreflected concept of hybridity: Hybrid Brands must be further developed to Humane Hybrid Brands that consistently fulfill the principles of respect for privacy and the criteria of Human Customer Centricity [Riedmann-Streitz, 2017] with the stakeholder being at the real core of thinking and acting.

The future starts now, time is short, because digitalization is already ubiquitous and in continuous progress.



**Strong Brand**

robust brand relevance
strong brand uniqueness
high brand reliability
thoughtful vivid presence
active responsibility
meaningful attitude
high customer benefit
customer centricity
consistent brand experience

*Hybrid Brand*

**Strong Brand**
+
*Seamless Customer Experience*
*(real & virtual)*
+
**Hybrid Integration**

*Humane Hybrid Brand*

*Hybrid Brand*
+
Approach: „less, but better"
+
**Respect for Privacy**
+
*Humane Customer Centricity*

Brand Transformation towards Humane Hybrid Brands illustration: Christine Riedmann-Streitz

# Gavi, the Vaccine Alliance

**Reshaping the vaccine market[1]**

by Melodena Stephens Balakrishnan

> Before the year 2000, vaccine preventable diseases in low-income countries were not considered profitable enough to be exploited by the pharmaceutical companies. The children who needed them the most could not afford them. There was an urgency to re-shape the market.

**There were still 1.5 million children dying from vaccine-preventable diseases every year, that were currently off the grid.**
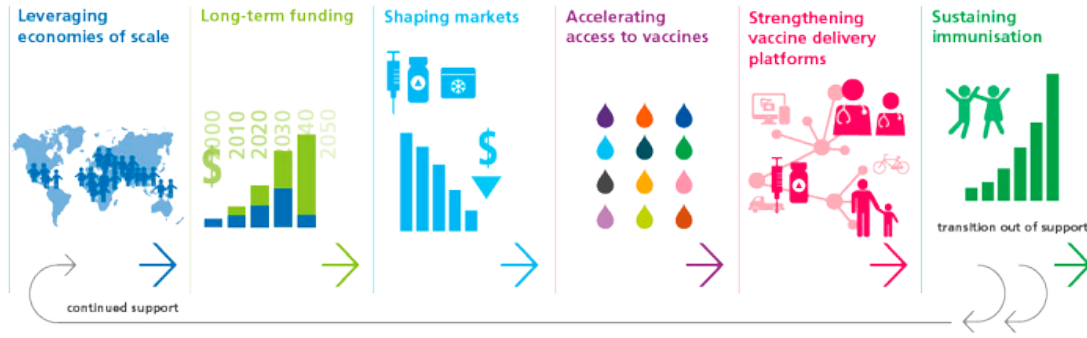
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## How do we start getting vaccines to children who needed them the most?

Vaccines save lives. Before the year 2000, the world faced a unique problem. New vaccines were taking 10 years or more to reach under-developed countries when compared to the more developed countries. Many diseases that a majority of the world's population faced lived in low-income countries. These vaccine-preventable diseases were not considered a profitable enough opportunity to be exploited by the existing pharmaceutical companies as the children who needed them the most could not afford them. There was an urgency to re-shape the market.

Gavi, the Vaccine Alliance (Gavi or the Vaccine Alliance) was launched in the year 2000 at the World Economic Forum in Davos. By successfully bringing together the public and private sector, with the shared goal of creating equal access to new and underused vaccines, Gavi helped to immunize more than 640 million children and helped avert 9 million future deaths as of end-2017.

The impact Gavi has on people, is beyond saving lives. For every US$ 1 spent on immunization, US$ 16 is saved by the prevention of illness-related costs in healthcare, lost wages and lost productivity. However, the absolute return on investment (ROI) is estimated at US$ 44 is saved per US$ 1 invested if you consider the resulting healthier and longer lives.[3]

For Gavi, there was still a long way to go. There were still 1.5 million children dying from vaccine-preventable diseases[4] every year, that were currently off the grid, and 19.5 million children who missed out on a full course of 12 basic vaccines recommended by the World Health Organization (WHO). Gavi's 73 countries represented nearly two thirds of all under-immunized children.[5] Of this number, over half of the under-immunized children lived in five large nations - India, Nigeria, Pakistan, Ethiopia and DR Congo.[6]

Gavi plans to immunize an additional 300 million children during the programme period of 2016–2020 to avert an additional 5–6 million deaths. This would be achieved in less than half of the time needed to avert the first 6 million future deaths. Gavi was using a six-prong strategy to achieve its goals (see Exhibit : The Gavi Model at Work). How does Gavi plan for future unforeseen challenges like epidemics, market shortages and market disruptions?

## Gavi origins

**Gavi's mission is to save children's lives and protect people's health by increasing equitable use of vaccines in lower-income countries**

The genesis of Gavi can be traced to a World Bank vaccine summit held on the 18th of March 1998. A key question asked was, "*How to start getting vaccines to children who needed those most?*" The facts were startling. By the start of the new millennium, children born in industrialized countries were receiving an average of 11-12 vaccines but their counterparts in poor countries were getting around 50% of that number. Nearly 30 million children in developing countries were not fully immunized.

1   Parts of this reproduced from Balakrishnan, M.S. (2016) Gavi: The Vaccine Alliance: Saving lives one vaccine at a time. In: M.S. Balakrishnan, and V. Lindsay, eds. Actions and Insights: Middle East North Africa (Vol. 5): *Social entrepreneurship.* UK: Emerald Group Publishing, 135-191.
2   Ozawa S, *et al.,* (2016). Return on investment from childhood immunizations in low- and middle-income countries, 2011-20. *Health Affairs* 35(2): 199-207.
3   Ibid.
4   Ibid.
5   Report of the CEO. (2015). *Report to the Gavi Board* 10-11 June 2015.
6   Gavi (2016). *Forecasted costs and estimated future deaths averted, By vaccine (2011-2015 and 2016-2020). 2016-2020 Investment opportunity.* Available: http://www.gavi.org/replenishment-launch/investment-opportunity/
7   Gavi (2017). *Highlights of the Vaccine Alliance's 2016 progress.* Available: http://www.gavi.org/progress-report/

The Gavi Model at Work - Source: Gavi

At this time, there seemed to be a paradox where, even if the efficacy of vaccines could be increased, there would be a market-based scale problem. There were not enough vaccine manufacturers. Also, there was the dilemma of encouraging pharmaceutical companies to produce enough expensive vaccines for children who needed them but couldn't afford them. Gavi was formally launched at the World Economic Forum in Davos, Switzerland, as the Global Alliance for Vaccines and Immunization on 31 January 2000. The Vaccine Alliance is a global partnership bringing together public and private sectors with the shared goal of creating equal access to vaccines for all children (Exhibit 2 shows a diagram of the Alliance partners and what they do to help achieve the shared goals).

**Market Shaping Strategies**

Vaccine development and research is a complex process. The wicked problem[8] Gavi faced on formation was that the existing vaccine manufacturers were simply not interested in manufacturing new vaccines for low income markets. At that time, the vaccine market was concentrated between five large multinational players, who controlled 85% of global sales in 2008[9], but with emerging market manufacturers controlling 86% of the volume[10]. As a vaccine manufacturer, you were more likely to recover your R&D investment in developed countries where you could price the vaccines high before the patent ran out. While the vaccine industry was a for-profit one, Gavi had a challenging task of finding a win-win situation, where philanthropy and profits could co-exist.
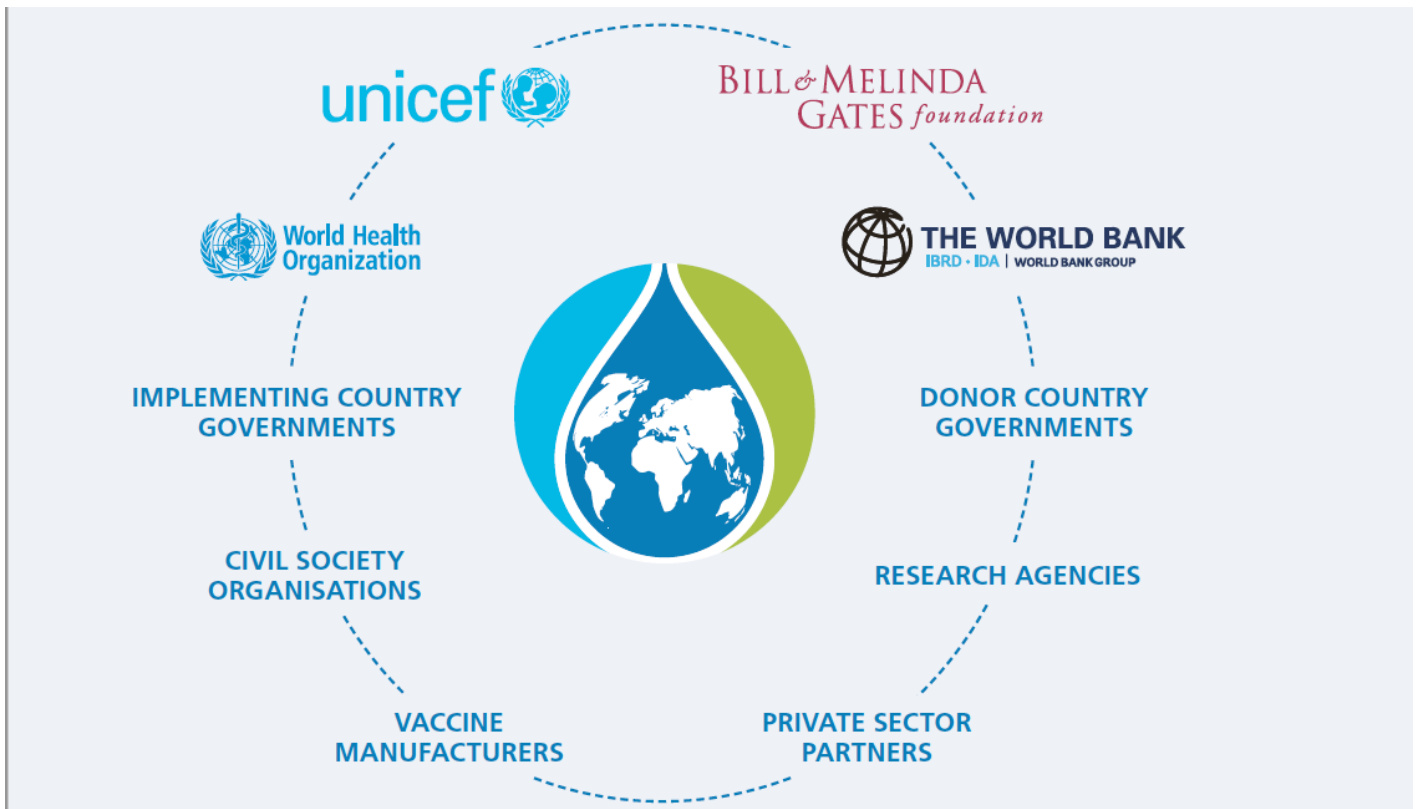


Gavi, the Vaccine Alliance

| Stage | Discovery[40] & Preclinical | Phases 1 & 2 | Phase 3 | Licensure | Total |
|---|---|---|---|---|---|
| Cost | 5 – 15 | 4 - 10 | 50 - 120 | 2 - 3 | 60 - 145 |
| Chance of success | 40% | 33% | 75% | N/A | 10% |
| Risk-adjusted cost | | | | | 135-350 |

Estimated Vaccine R&D Costs and chance of success (US$ million)
Source: Wilson (2010)[16]

### Investing in R&D and innovations

One large gap in the vaccine market was that the R&D funds being allocated to the development of new vaccines for diseases affecting child mortality in low-income countries was not enough. The R&D cost of new vaccines can be anywhere between US$ 50-150 million in emerging markets and up to US$ 200-700 million for multinational firms.[11] Vaccine product development timelines can take 7-20 years depending on the results of large-scale clinical trials. New vaccines could have as many as 500 quality testing steps,[12] and required clinical trials in multiple of 10,000 subjects (see Exhibit above on R&D costs and chance of success). Investment in production facilities can take place as early as 5 years before product licensure.[13] Because the R&D costs are so high, vaccine manufacturers tended to price the vaccines very high to recover product costs. Emerging manufacturers typically lagged 5–15 years behind multinational manufacturers in the production and licensing of new vaccines.

For example, the pentavalent vaccine took 12 years between the first licensed vaccine from a multinational and the first licensed vaccine from an emerging manufacturer.[14] The Meningitis Vaccine Project, which began in 2001, had a project cost of US$ 60 million and the first vaccine for use came out in 2010.[15]

For the poor in emerging markets, vaccine-preventable diseases once caught, were also not treatable simply because their country health care infrastructure was inadequate[17]. These facts indicated that prevention was required through safe and affordable vaccines. The Ebola epidemic is a great recent example of the alarming consequences of the fact there were no vaccines and also that there was insufficient health care facilities.

Gavi began this change process by investing in R&D through grants. They focused on R&D for vaccines like hepatitis B (HepB), haemophilus influenzae Type B (Hib), yellow fever, rotavirus (for diarrheal diseases) and pneumococcal (for pneumonia). Pneumonia and diarrheal diseases are the largest killers of children under the age of 5. The grants were also used to help make vaccines more cost effective. Gavi helped fund the pentavalent vaccine which combined diphtheria-tetanus-pertussis (DTP), Hib and HepB vaccines into one, to reduce the cost of administering three vaccines and increase the efficiency of delivery for patient,

> **For the poor in emerging markets, vaccine preventable diseases once caught, were also not treatable simply because their country health care infrastructure was inadequate**[7]

caregiver and health administrator.[18] From 2010-14, these innovations resulted in a 39% reduction in the total vaccine cost to immunize a child with pentavalent, pneumococcal and rotavirus vaccines.[19]

But giving grants to research institutions was not enough, and Gavi wanted market commitment from the private sector. This required innovative funding. The first of many methods Gavi used was the Advance Market Commitment (AMC), which was piloted in June 2009 to incentivise and create a market for vaccines.[20] The first disease of focus was a pneumococcal vaccine to help prevent pneumonia, the world's leading killer of children. The pneumococcal AMC was expected to prevent an estimated 7 million childhood deaths by 2030. Gavi raised a collective commitment of US$ 1.5 billion through the governments of Italy, the United Kingdom, Canada, the Russian Federation, and Norway, and with the Bill & Melinda Gates Foundation.

WHO recommends that pneumococcal vaccines should be a part of childhood vaccine programmes and for infants, with three primary doses (3p+0 schedule) or, as an alternative, two primary

8  Wicked problem is a term often used in design thinking and refers to by Rittel  "class of social system problems which are ill-formulated, where the information is confusing. Here there are many clients and decision makers with conflicting values, and where the ramifications in the whole system are thoroughly confusing.' Read more here: Buchanan, R. (1992). Wicked problems in design thinking. *Design issues*, 8(2), 5-21; Rittel, H. W., & Webber, M. M. (1973). Planning problems are wicked. *Polity*, 4, 155-169.
9  Sheridan C.  (2009). Vaccine market boosters. *Nature Biotechnology*, 27(6), 499-501.
10 UNICEF (2009). State of the world's vaccines: Childhood immunization at record high, dated 21 October, 2009. Available at: http://www.unicef.org/immunization/index_51482.html
11 As quoted by Wilson, P. (2010). For giving developing countries the best shot: An overview of vaccine access and R&D. *Oxfam-MSF*. Available: https://www.oxfam.org/sites/www.oxfam.org/files/giving-developing-countries-best-shot-vaccines-2010-05.pdf. A useful site that tracks this information is www.pharmaceutical-technology.com .
12 GlaxoSmithKline Biologicals (2009), Addressing developing world vaccine production technology transfer, *Global Vaccines Public Policy Issues*. Available: http://www.gsk.com/policies/Technology-Transfer-Vaccines.pdf.
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15 Wilson, P. (2010). *Op. cit.*
16 Wilson, P. (2010). *Op. cit.*  In the article, Wilson cites that these estimates were developed by Andrew Jones from published sources and consultations with experts and both developed and developing country firms. Published sources included André FE. (2002). How the research-based industry approaches vaccine development and establishes priorities. *Dev Biol* (Basel), 110, 25-39.
17 To get another perspective, look at this story about infrastructure issues: Bryant, A (2015). The Secret of Mali's Ebola response success, and how it could transform child health, *Huffington* Post, dated 28 September. Available: http://www.huffingtonpost.com/andy-bryant/the-secret-of-malis-ebola_b_8208204.html
19 Results (2014). *Actions Sheet*. Results.org. Available http://www.results.org/uploads/files/Global_Action_September_2014-Gavi-Write_a_Letter_to_the_Editor.pdf

doses plus a booster (2p+1 schedule). Gavi aggregated the demand for the vaccine[21] using a 15-year demand forecast that had an 80% accuracy.[22] In 2000, when Gavi was formed, the biggest barriers vaccine manufactures identified for new vaccines was the unpredictable demand forecasts.[23] The demand uncertainty in low income countries, which could vary up to 80% between demand forecasted and vaccines purchased, resulted in vaccine manufacturers suffering losses due to unused inventory[24]. So, while low-income countries accounted for 88% of the volume of the global vaccine market, they were only worth 18% of the value.[25]

Gavi-supported countries represented over 60% of the world's birth cohort. By aggregating and forecasting demand from the Gavi countries, Gavi was able to show vaccine manufacturers that there was a large and viable market for vaccines. By ensuring funding, they reinforced the fact that this was also a profitable market for manufacturers, even though vaccines were priced close to manufacturing cost price. After five years of working with the industry, multilateral partners and global donors[26], the pneumococcal vaccine purchase price was negotiated at US$ 7, with low-income countries paying the maximum price of US$ 3.50/dose per dose, initially through the general Gavi funds and the difference in price being paid through the AMC. At that time, the cost of the vaccine in the USA market was US$ 120/dose.

With the AMC, firms received an upfront payment for R&D. The 10-year commitment was 200 million doses per annum, so firms committing to a portion of the supply for the 200 million doses would get an upfront payment from the AMC Funds of US$ 1.5 billion in proportion to their supply commitment. For instance, if a firm made an offer to supply 50 million doses, it was entitled to receive US$ 375 million upfront, which was 25% of the total US$ 1.5 billion AMC funds. At the time of Gavi launch, there were only two vaccine manufacturers that responded to UNICEF's vaccine calls and that were qualified by WHO, out of a total of five interested parties.

Another market shaping strategy Innovation for Uptake, Scale and Equity in Immunisation (INFUSE) helps countries accelerate the introduction of cutting-edge technology to improve vaccine delivery. Part of the problem was that global immunisation coverage has stalled at around 80% for several years because delivery systems have not been updated. Through crowdsourcing, Gavi gets the INFUSE community to collaborate on ways to improve, align and integrate their innovation into communities by providing new ideas funding and scaling opportunities.[27]

## Efficient Financial Reengineering: International Finance Facility for Immunization (IFFIm) & Gavi Matching Fund

AMC is a success. It allowed Gavi to facilitate the buying of vaccines in large volumes through UNICEF tenders, provided the pharmaceutical companies were willing to sell close to cost price. There was still one drawback: it was still dependent on Gavi funds. Gavi raised funding through its long-term commitments in its 5-year pledging conferences (direct commitment). The first pledging conference was in 2011 in London and then in 2015 in Berlin. A majority of the direct commitment in the period 2000-2015 came from governments (77%), then in smaller amounts – foundations, corporation and organizations (22%), and other private sector actors (1%). For 2015-2020, 79% of the commitments came from governments and 21% from foundations, corporations and organizations. Since the commitments were spread over 3-5 years, Gavi was dependent on the realization of these funds, which affected its 5-year planning cycle. In accordance with the Gavi policy, the Gavi Board cannot approve or endorse new programs unless sufficient resources exist to cover expenditures projected for the year in which they are approved and the following two calendar years.

One of the challenges AMC faced in the beginning was the fact that the uptake on the vaccine was faster than the supply and the donor fund realization. The humanitarian aid and development space often suffers with short-term grants, which does not allow long-term commitments and plans, or long-term donor commitments. To better manage its fiscal responsibility and commitments to Gavi countries, Gavi used the International Finance Facility for Immunization (IFFIm) "*to help avert such [vaccine preventable] deaths by accelerating the availability and increasing the predictability of funds for immunisation, vaccine procurement and health systems strengthening programmes*".[28]

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25 *Ibid*.
26 .Gilchrist and Nanni (2013), Op. cit.
27 For more information on INFUSE: http://www.gavi.org/infuse/

IFFIm is a multilateral development public benefit entity, registered as a private company in the United Kingdom and independent from Gavi. It was launched in 2004 and was the first aid-financing entity in history to attract legally-binding commitments of up to 20 years from donors. IFFIm issues bonds or notes in the global debt market, which then converts long-term government pledges into immediate available cash resources. IFFm was supported initially by six European nations: The United Kingdom, France, Italy, Norway, Spain and Sweden.[29] Later other countries like South Africa, Australia and Netherlands committed to IFFm. Donor funds for IFFm were valued at US$ 6.5 billion committed over 25 years.

The inaugural bonds in November 2006 raised close to US$ 1 billion in the financial markets.[30] These vaccine bonds proved very popular with institutional and individual investors who wanted a market-based return and an ethical investment opportunity. The proceeds from these bond issuances were then distributed to the eligible developing countries in support of their vaccine and inoculation programs. This "*front-loading*" approach, allowed Gavi, through the World Bank to raise a huge amount of capital. IFFm repaid the principal and interest on its bonds using the payments from the government long-term pledges. In 2014, Gavi diversified its IFFIm investor base by entering the *Sukuk* market for the first time on 27 November. They raised US$ 500 million with a 3-year socially responsible Islamic law compliant investment bond. In September 2015, IIFIm entered the Sukuk market for the second time, and raised US$ 200 million. By early January 2016, IFFIm had raised more than US$ 5.7 billion with the World Bank as its treasury manager from the debt markets,[31] and received US$ 2.2 billion from the Grantors from inception through 31 December 2016.[32]

As of 2016, IFFm funds have been used for New and Underused Vaccine Support ("NVS") programmes to support vaccines for the following diseases: pneumococcal disease (resulting in the death of 500 thousand young children p.a.), hepatitis B (600 thousand lives p.a.), Haemophilus influenzae Type B ("Hib") (200 thousand child deaths every year), measles (kills 145 thousand people each year), diphtheria, tetanus, pertussis, yellow fever and rota-virus.[33] In addition to this IFFm is used for strengthening the health system, providing immunization support services, injection safety and to incentivize countries to introduce new vaccines through grants.

To ensure healthy competition, Gavi encouraged pharmaceutical companies, even from developing nations like China and India, to bid on contracts. This ensured that, over the long run, vaccines were being provided at an optimal cost to disadvantaged nations. Gavi was able to change the competitive landscape and attract more vaccine manufacturers. By mid-2015, they were able to source from 15 suppliers (8 of which were from emerging markets with manufacturers based in Asia, Latin America and Africa).[34, 35]

Prices dropped by 40%. The cost of a HepB vaccine reduced by 68% over a similar period, allowing millions of children to be vaccinated. GlaxoSmithKline's Rotarix (to prevent diarrheal diseases), reduced from US$ 102 a dose to US$ 2.50, and Indian companies, like Bharat Biotech, were bidding to drive that cost down as low as US$ 1.00.[36] Since 2006, US$ 1.29 billion in IFFIm funding has used to introduce the pentavalent vaccine in all Gavi countries.[37] It was first introduced in Kenya in 2001. With Gavi's help, in 2016 for the first time

28 IFFM (2016). *Trustees report and financial statements*.
29 IFFM (2006). *International Finance Facility for Immunisation issues inaugural bonds*. Dated 7 November. Available: http://www.iffim.org/library/news/press-releases/2006/international-finance-facility-for-immunisation-issues-inaugural-bonds/
30 IFFm (2017). *Origins of IFFm*. Available: http://www.iffim.org/about/origins-of-iffim/
For more information on the topic read: http://Gavi.GAVI.org/results/evaluations/pneumococcal-amc-process---design-evaluation/
31 IFFIm (2017). *Overview*. Available: http://www.iffim.org/about/overview/
32 IFFM (2017) *Trustee report and financial statement.* Available: http://www.iffim.org/library/documents/trustees-reports/trustees-report-and-financial-statements--for-the-period-ended-31-december-2016/
33 Ibid.
34 Gavi (2015), *CEO Board Report*, dated 10 June, Available: https://www.slideshare.net/Gavi-Vaccine-Alliance/gavi-ceo-board-report-10-june-2015
35 *Ibid*.
36 Herper, M. (2011). With vaccines, Bill Gates changes the world again. *Forbes*, dated 2 November. Available: http://www.forbes.com/sites/matthewherper/2011/11/02/the-second-coming-of-bill-gates/#b3cf24a8e5d5

Close to 640 million children immunised through Gavi support, saving more than 9 million lives in the long term

Vaccines available to developing countries at a fraction of the price paid in rich countries

Billions of dollars saved through the economic benefits of preventing diseases

Immunisation rates in the world's poorest countries at unprecedented high levels

New vaccines reaching developing countries at almost the same time as rich countries

Nine countries already fully self-financing all vaccines introduced with Gavi funding

**Less than one-third of the world was prepared for an outbreak**

ever, the average price of pneumococcal, rotavirus and pentavalent vaccines fell below US$ 20, an extremely positive milestone.

In addition to all of this, the Gavi Matching Fund gives the business world a way to support immunisation by providing expertise, funding and technology. Established in 2011, in partnership with the Bill & Melinda Gates Foundation (BMGF) and the UK Department for International Development (DFID), contributions from corporations and their employees, foundations, and other organisations were 'matched' by the funds committed by BMGF and DFID to the tune of US$ 111 million for the 2011-2015 period. This was concept was extended

for the period 2016-2020 period with the support of BMGF (US$75 million) and the Government of the Netherlands (EUR 10 million).

**Gavi Impact**

*Gavi is a successful example of private public partnership. The UK's Department for International Development (DFID) has given Gavi the highest possible rating in its latest Multilateral Development Review which ranked the diverse organization DFID partnered with on the global stage with like Multilateral development banks, UN agencies, global funds, organizations that work with the private sector, inter-government organization and other humanitarian organizations.*[38]

*The Multilateral Organisation Performance Assessment Network (MOPAN), a network of 18 donor countries reviewed Gavi for the period from 2014 to mid-2016, and said that Gavi is "both 'strategic and nimble in meeting new vaccine challenges and countries' evolving needs, while keeping a clear focus on its mission goals." Gavi is also recognised as being a "strong model for sustainability".*[39] *Some future areas for development were also identified in this report. They were a need for clarification of Gavi's role and function at the country level; a clearer results framework for health system strengthening interventions; development of more systematic processes for recording and using evidence; and development of quality standards, follow-up and use of evaluations.*

*Gavi began to publish results to help educate the public on the benefits of immunization at both micro and macro levels*[40] *(see Exhibit 7 on a snapshot of the work Gavi has done till date). Between 2016-2020, through vaccines, Gavi plans to immunise 300 million children, avert 5-6million future deaths, increase under-five mortality to 58/1000 live births, avert 250 million future disability-adjusted life years (DALYs) and ensure that 100% of those countries that transition out of Gavi support continue to provide recommended routine vaccines.*

*There are still challenges ahead. In spite of an 80% reliability in forecasting, of the planned 72 introductions expected in 2016, only 45 were achieved. Between 2016-2020, Gavi has planned*
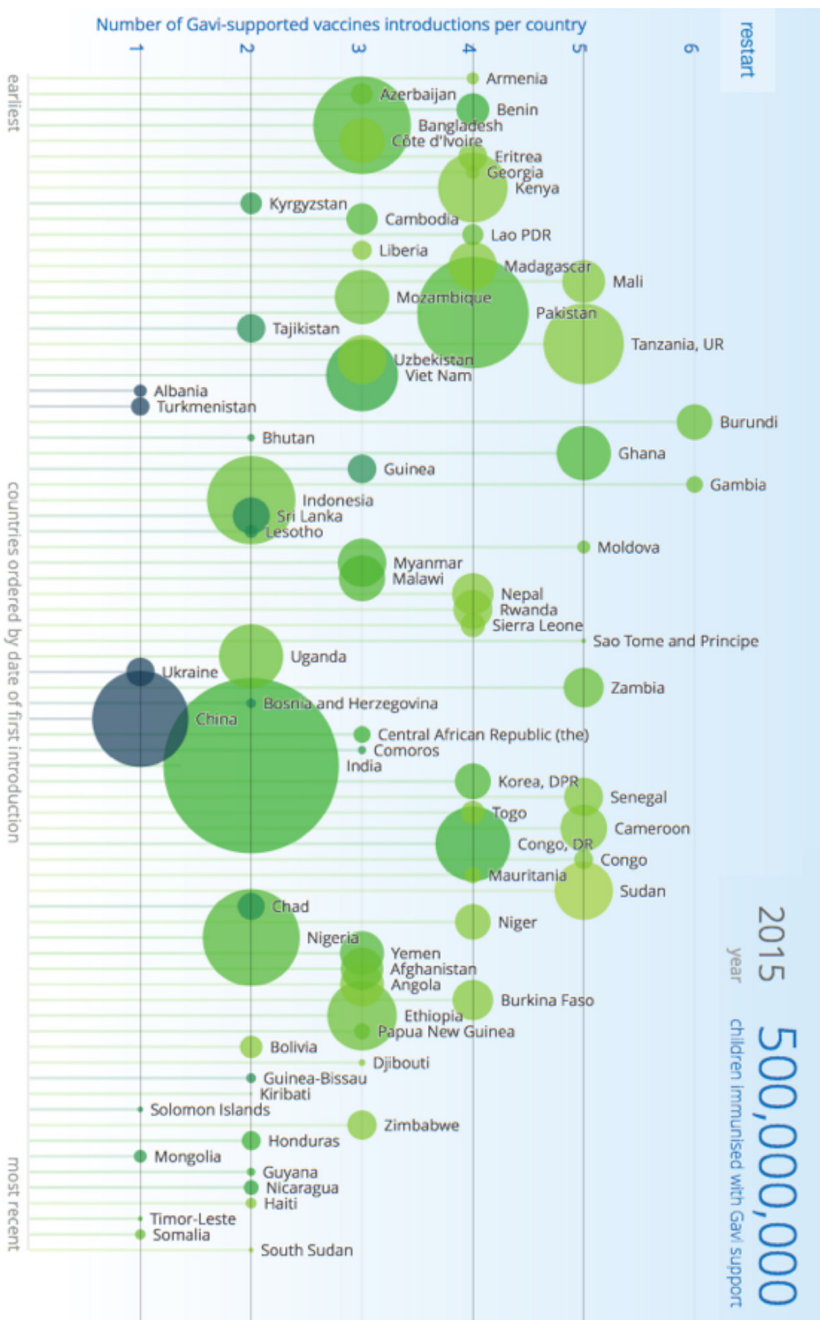
Gavi, The Vaccine Alliance - Half a Billion Children immunized (2000-2015)
Source: GAVI

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37 IFFm Update 10 (2015). *With IFFm support, 5-in-1vaccine in all 73 Gavi countries.*
38 Department for International Development (2017). Raising the standard. *The Multilateral Development Review 2016.* Available: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/573884/Multilateral-Development-Review-Dec2016.pdf.
39 MOPAN (2016). *MOPAN 2015-16 Assessments. Gavi the Vaccine Alliance.* Available: http://www.mopanonline.org/assessments/gavi2015-16/Mopan%20GAVI%20[Executive%20Summary]%20[final].pdf.
40 For more information see: Gavi (2016). *Gavi Facts and Figures.* Available: http://www.Gavi.org/advocacy-statistics/

*over 190 vaccine introductions.*[41] *The short-falls were for a variety of reasons. Ebola set-back the existing immunization program and country uptakes were higher than predicted. There were supply shortfalls for the Pentavalent vaccine, Pneumococcal vaccine and rotavirus vaccine.*[42]

*There was also a need to focus on new vaccines. Gavi works with WHO to develop a vaccine priority list. For Gavi, 2016 was a particularly challenging year with outbreaks like Ebola and Zika Virus, where there were no vaccines. How does Gavi increase impact and create the capacity to handle outbreaks like Ebola? New epidemics were constantly evolving. The mass refugee migration crisis also increased fear about global health security as less than one-third of the world was prepared for an outbreak.*[43]

*Dr Seth Berkley, CEO of Gavi said, "...global forces, such as climate change, human migration, conflict and urbanisation, continue to impact and challenge our mission and threaten global health security in the process."*[44]

*How does Gavi plan for the future?*

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41 Gavi (2015). *CEO Board Report*, dated 10 June, Available: https://www.slideshare.net/Gavi-Vaccine-Alliance/gavi-ceo-board-report-10-june-2015.
42 Nguyen, A. (2016). *Gavi Vaccine Supply and Procurement Strategy 2016-20* https://www.unicef.org/supply/files/VIC_2016_-_Day_1_-_Session_2_-_Gavi_SUPPRS_2016-20_final.pdf.
43 Gavi (2015). *CEO Board Report December 2015*. Available: http://www.gavi.org/Library/Audio-visual/Presentations/CEO-Board-Report-December-2015/.
44 Gavi (2017). *Highlights of the Vaccine Alliance's 2016 Progress Report*, Available: http://www.gavi.org/progress-report/.



Credit: GAVI

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# Encouraging organizational ethic

## Revisiting Aristotle's' Virtue Theory

by Tom Green

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recently graduated from the Masters in Management at Karlshochschule International University

**Finding Moral Exemplars can help transform organisational culture**

The development of our market society has changed how organizations handle and conduct business. The scale and internationality of the entire business concept has come under rapid transformation as a consequence of globalisation and mass consumption. Whilst we have witnessed this on a global level, economic rationale has, to an extent, remained traditional to the ideals of modernism - a direction inherently towards maintaining growth and advancements through profitability and financial gain. This amplifies the importance that leaders must approach management and ethical rationality. This research investigates how to utilise a chronologically ancient theory, into modern and cutting-edge ethical practice.

Whilst the long stretching debate on the most suited ethical approach for business conduct has populated the realms of academia for many years, it is only recently that virtue ethics has gained concrete grounds in comparison to its practical and commonly adopted rivals. The traditional approaches of Utilitarian and Deontological ethics are practical and applicable within strategic decision making, however, as we have seen in recent decades with the uncovering of business scandals like the case of Ford 1980 and ENRON 2001; such reasoning and rigid thinking can enable justification of directly harmful consequences by rationally outbalancing *pain* with *pleasure*, objectification of resources and people as means which in essence is rationalising unethical behaviour and structuring economic priorities over values of society. This is one of the main reasons virtue ethics has an advantage.

Aristotle's virtue theory has been highlighted as the direct encouragement towards a common, collective community in which the highest level of good practice can be attained; good in this context means for the highest benefit of society, within the environment and ultimately, one's existence. For Aristotle [1], ethics is the inquiry into the human good, it concerns how one is inclined or disposed to feel and act in any given circumstance, having an inherent impact on how one's reason and rationale determines a choice of action. Developing such ethical character can only be done so over a period of time with practice and repetition in the right circumstances, and it is this learning by doing, or by looking to those who already practice virtuous behaviour, that it can be fully embodied. In the context of an organisation, such behaviours are projected and habituated by *organisational heroes*, individuals or groups, with a level of influence within their surroundings. Aristotle labelled such figures as *Moral Exemplars*, acting in accordance to virtue, and amplifying these traits as role models for others to see, and want.

If achieved, it has the potential to transform organisational culture into a practicing, single entity, striving for an inherent good towards stimulating "quality of life" and positive deviance. In other words, organizational practice is sustained to a level where normative behaviour exceeds the conventional, socially accepted behaviours on a voluntary basis within a specific environment, market or industry.

### Reviving the ancient Journey

My thesis is an investigation into how a construction as volatile as organizational culture can be influenced into something singular, through reform and management that takes place as a living, breathing journey. This transformative process for shifting cultural values and beliefs can very much be conceptualised as a quest within itself. Unlike traditional change management methodologies, The Hero's Journey represents a common foundation, considered by many to be the universal structure in designing a story or myth. It is a methodology which is lived,

1  Aristotle (2009), The Nicomachean Ethics. 2nd ed. New York: Oxford University Press.

repeated and eventually, habituated on a personal and conscious basis used to represent the process in overcoming a specific task at hand. The journey for virtue must be imagined to be achieved as an activity in accordance to practice and then later, embodiment.

**The Hero's Journey for Aristotle's organizational ethics**
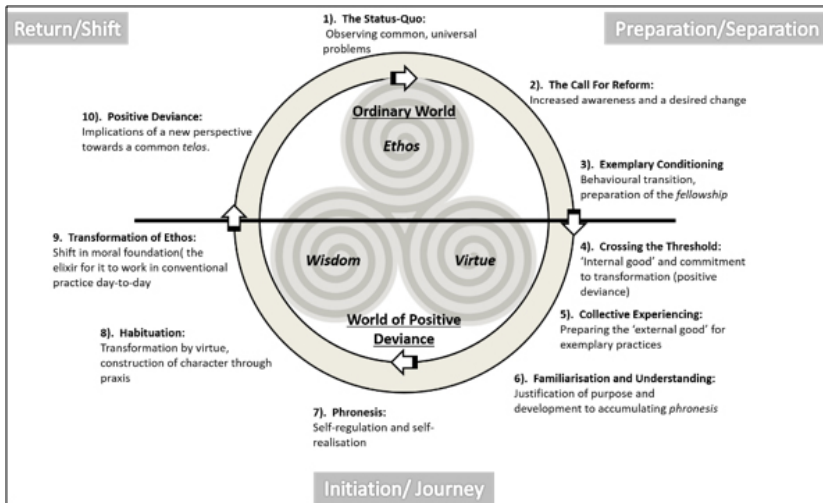


Author's design, adapted from Vogler, 2007[2]

**The role of a virtuous organizational culture in practice**
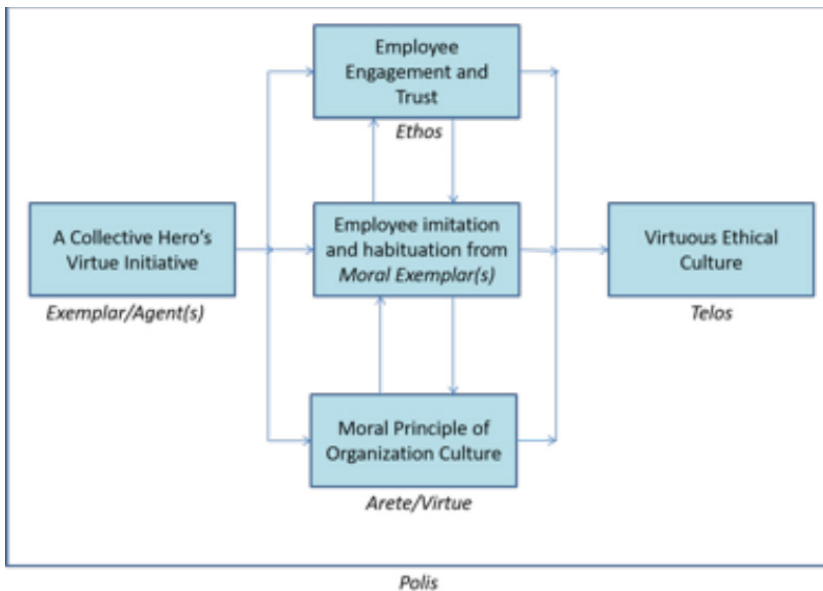


Author's design, adapted from Vogler, 2007[3]

It can be a tool manifested for purpose, inspiration or reflection as each phase in the journey represents a new foundation that can be performed or experienced in order to reach a common goal, to stimulate virtuous behaviour within organizational culture.

**Reflection**

Observing this hypothetical scenario, it brings positive implications as it can be the answer to bringing corporate social responsibility into an authentic lens, from the perspective of the consumer and from an organisational perspective. It would also imply that business practice would be ambitioned to creating conscious products and services towards bettering society and quality of life on a level which is done so, for the strife of sustaining the upmost good. This application would generate business value on a much more humane level, but one of the main findings from my thesis, is that this in practice is incredibly complex and problematic for several reasons. It is difficult for businesses to venture outside the boundaries of convention in such a way that they remain competitive, cutting-edge or stay afloat in a market constructed by Darwinist volatility (survival of the fittest tendencies). This can also be described as "*victims of circumstance*"; that companies are operating within an environment that is constructed upon neo-classical economic rationality. On this basis, diverting to an ideologically different rational perspective is in a sense not compatible. To change normative behaviour then, we can forward the notion that there must be a shift in rationale.

Furthermore, the definition of *good & bad; success & failure; virtue & vice* are all relative within themselves, they exist, construct and adapt in relation to their context. It can be concluded, for these concepts to be applicable they must be concrete and most importantly measureable. This proves difficult for a construction and methodology so perpetually fluid in nature. You can change the perspective of an organisation through the influences of its culture, power structures and leadership; as it has been already witnessed in conventional business practices; but then does that make the transformative process authentic or genuine? This is something which I think requires further research into how it can be facilitated and then maintained to have influence on a broader scale.

2   Vogler, C., 2007, The writer's journey: mythic structure for writers, Studio City, California: Wise.  P.9
3   Ferrell, O., Fraedrich, J. and Ferrell, L (2015), Business Ethics: Ethical Decision Making and Cases, 10th ed. Stanford: Cengage Learning, p. 8.

# Communicating during terrorism

by Laura Domschat

> **Terrorism is becoming a common phenomenon. Brand owners need to prepare for the worst case scenarios.**

**The aim of this research is to provide guidance on crisis communication to protect brand image**

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The frequent terrorist attacks hitting Europe make it essential for brand owners to be aware of the impacts a terrorism crisis can have on the brand's image. Preparation for the worst case scenario consequently becomes an important issue. This research aimed to provide some guidance for crisis communication.

Various communication strategies as suggested by William Timothy Coombs were tested using a German transportation sector brand. The types of communication were: apology, justification, denial, victimage, scapegoat, ingratiation, compensation and excuse. Two scenarios were tested: One scenario described a brand's employee being responsible for the attack, whereas in the other one, an independent person, external to the organization, was responsible. The scenarios described a bomb attack, which resulted in numerous deaths and injuries. These scenarios aimed to provoke different levels of attributed responsibility. The responses were tested with the scenarios using a survey. The terrorist attack's impact on brand image was calculated. By means of example communication statements, the influence of crisis communication on brand image was examined afterwards.

Rather unsurprising were the findings that
1. terrorism has a negative influence on a brand's image, even if the company is not held responsible for the incidents, and
2. crisis communication, which is inappropriate to the situation, can additionally damage the image.

In contrast, it was also found, that crisis communication, which was chosen appropriately, not only compensates for some of the damage occurred through the attack, but it also enables the image to rise to a level higher than the image was before the attack.

Obviously, it is still better to prevent a terrorist attack. However, my research finds that it might be possible to even benefit as a brand from a crisis like a terrorist attack in terms of increasing the image. The factor that decides the increase or damage to the brand image is the appropriateness of the crisis communication.

In the specific example of the given scenarios, statements based on the strategies "Apology" and "Compensation" had the most positive effects on image, whereas "Justification" and "Excuse" were identified as the most inappropriate communication strategies, assumably because of the rather low attributed responsibility to the brand.

The limitations of this research include various restrictions bound to the scope of a Bachelor's thesis. Findings are based on a comparably small amount of research conducted on one specific example. The transferability to the whole sector or even beyond may therefore be limited.

Nevertheless, as a take-away of this study, it should be realized that although being a threat to human lifes and equally the brand, crises like a terrorist attack can encompass chances for image improvement. These opportunities are scarce and require wisely chosen actions. The unique situation must be examined carefully and reflected comprehensively, before appropriate crisis communication can be developed and performed and possible chances for improvement can be leveraged.
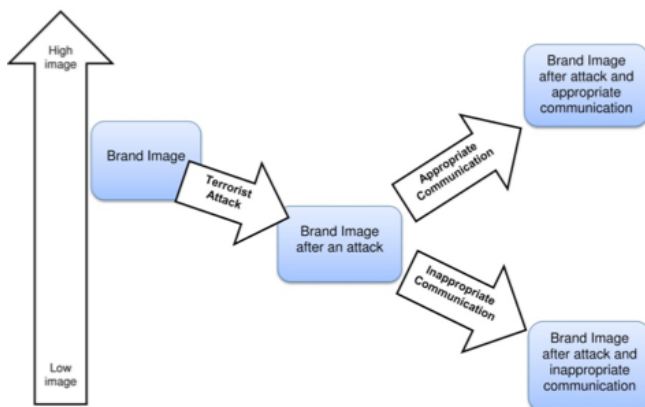
# Advertising: The right type of humor

by Nick-Maximilian Binder

> **You are exposed to more than 5000–6000 different advertisements every day, so for marketers it is very challenging to get the consumer's attention. One way of sticking out of the crowd is by using emotional appeals, especially humor.**

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Work place: egf Manufaktur, Pforzheim (www.egf.biz)

In fact, humor can be found in every third advertisement. However, the interpretation of humor can vary substancially and thus lead to different perceptions of an ad. Generally speaking, a humorous message can be classified into two categories: tendentious (aggressive) or non-tendentious (harmless). Whereas some people perceive tendentious humor as funny, others might perceive it as too offensive. Marketers need to know about those perceptions, as this has an influence on purchase intention and word-of-mouth. Below is an example of a tendentious ad. In order to measure the effect of those two different humor types in advertising, 316 people in Germany were asked to take a look at one of three different ads: One showing tendentious humor, one harmless humor and one had no humor at all. The participants then responded to items measuring Word-of-Mouth (WOM) and Purchase Intention (PI).

The overall findings show that offensive advertisements (tendentious humor) lead to a higher WOM compared to harmless-humorous or non-humorous ads. This means that although the respondents had classified the tendentious ad as offensive, they were still more inclined to talk positively about it to friends. However, purchase intention for tendentious and harmless ads were the same, but higher than for the non-humorous ad.

Therefore humor in an advertisement does have a strong positive effect on Word-of-Mouth, especially when it is tendentious. Using tendentious ads hence helps marketers in terms of branding and in enhancing popularity.

This leads to the following implications on a practical level: Although using tendentious humor in ads can bear a risk that it might not be accepted by the people, it does have some advantages, when correctly executed. Tendentious-humorous ads are more polarizing than harmless-humorous ads, and therefore there is a higher chance of it being passed on to friends or relatives. Looking at the campaign by True Fruits in 2016, where some ads were officially declared to be too offensive to be shown in public, the brand still profited from it. Even though, until today, their communication remains often sexually/politically offensive, and they are under criticism of the media, their revenues continue to grow.

This research contributes to the understanding that tendentious humor does indeed, as Sigmund Freud suspected, reach the listener on a different level than harmless humor. But although the respondents of the questionnaire were more inclined to use WOM, this study cannot conclude that this also leads to a higher purchase intention. In short, it is not a guarantee for higher sales.

All in all, marketers have to be aware of what message the humor in their advertisements is sending. It is shown that offensive ads can be successful. However, the study did not take into account the damage of shit storms and reputational risks a company might undergo in a worst-case scenario.

Of course the study is subject to several limitations. First of all the results depended on only one ad per group and only showed one product. Then the mood of the participants might have had an influence on the results. Also there are many different kinds of tendentious humor types (sexually, politically, culturally), which might be perceived differently. Lastly, it has to be considered that WOM and PI are bound to much more than just looking at an ad for a few seconds. Future studies will have to test with different ads, products and types of tendentious humor.



Oralverzehr

– schneller kommst Du nicht zum Samengenuss.

Chia #samensaft

chia
yellow

chi
red

# Terrorism's impact on place reputition

by Nina Kunzmann

**This qualitative study looks at the impact of the terrorist attack in Munich in July 2016 and its subsequent impact on place and tourism.**

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With the tourism industry growing due to the possibility of access to new places around the world, countries are competing with each other in order to attract visitors. Places are asked to manage and control their branding for attracting tourists, companies, and people, what can be entitled as place reputation. Even if academics hardly seem to agree on the term, a reputation consists of perceptions, opinions and expectations of the stakeholder towards the past and future aspects of a company (Wartick, 1992; Fombrun et al., 2000; Schanz, 2006; Morgan et al., 2011; Males, 2013).

Destinations with a positive reputation have an advantage in getting attention. But what if the reputation of those touristic places will be impacted by a terrorism crisis? Between the years 2016 and 2017, more than 150 terrorism attacks were registered. While this is a frequent occurrence, it is incorrect to think that terrorism has became a part of our daily life. But for the tourism industry this is an issue to deal with.

The tourism industry is an economically valuable industry and therefore worthwhile to investigate. As expressed by Reynolds et al. (2002): "The right message at the right time from the right person can save lives…" This shows that in times of crisis managers will benefit from understanding how crisis management and communication can be used in order to protect their reputational assets. This study looks beyond the strategies implemented by city officials to protect their place's reputation. It tries to understand, how visitors perceive those actions taken. The context of this thesis was the Munich shooting attack of 22nd of July 2016. The research question was: "How does crisis communication during a terrorism crisis affect the reputation of a touristic place?"

City officials like the police or politicians used a variety of communication strategies. Just to mention a few, they communicated with a skilled communication team, whereby they tried to ensure an ongoing information flow, showing understanding and condolence, expressing self-consciousness and moreover they tried to avoid panic-mongering and speculations.



In order to see how the attack impacted the tourism industry in Munich, the table below gives the monthly arrivals of tourists in Munich in the years 2013 till May 2017. By analyzing the data it can be said that Munich gained almost steadily a rise in visitors, compared to the previous year per month. By having a closer look during the time the attack happened on the 22nd of July 2016, it is not surprising that the months of July, and especially August, experienced less visitors, compared to the year before in the same months. This loss of visitors didn't hold on for a long time. Already in September and October the amount of people went up again. One of the key reasons why Munich welcomes many tourists during September and October is the annual famous beer festival 'Oktoberfest'.

| Arrivals Munich | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| January | 410 269 | 420 366 | 439 130 | 433 818 | 477 945 |
| February | 413 630 | 418 070 | 451 747 | 458 988 | 502 345 |
| March | 480 442 | 491 468 | 528 879 | 557 074 | 557 585 |
| April | 507 633 | 519 816 | 530 457 | 603 468 | 593 870 |
| May | 542 289 | 582 306 | 598 958 | 589 060 | 654 727 |
| June | 554 634 | 549 709 | 604 074 | 627 766 | 644 577 |
| July | 617 203 | 645 648 | 705 136 | 697 965 | 773 188 |
| August | 583 940 | 629 926 | 683 899 | 606 250 | 705 343 |
| September | 608 261 | 622 043 | 653 888 | 678 220 | No data yet |
| October | 610 826 | 636 682 | 660 940 | 665 852 | No data yet |
| November | 479 389 | 514 519 | 539 902 | 551 198 | No data yet |
| December | 502 258 | 553 783 | 554 974 | 575 341 | No data yet |

Source adapted from: muenchen.de (2017c) and muenchen.de (2017d)

Through detailed interviews it was found that after a terrorist attack tourists do not change their mind towards a cities local people, the entertainment and leisure service, or traditions in art and culture

There are limitations to the study as this was a specific event and data was collected more than 11 months after the event, which may mean memories fade over time. Clearly closer to the event a tourist's priority will be their own safety and security. Ideally it would have been better to do a pre and post even comparison, which was not possible due to the unpredictable nature of this type of crisis.

This study not only adds to the crisis management and communication studies but gives a preferable understanding of reputational risks places must manage.

# Using Augmented Reality for consumer engagement

by Jessie Hauser

> **Marketers are increasingly using Augmented Reality to interact with consumers. Does the technology have the potential to increase purchase intention?**



Jessie Hauser
Dr. Ing. h.c. F. Porsche AG, IMA (International Marketing Management)

Augmented Reality (AR) is currently causing a sensation as a technology that is proclaimed to constitute the next big thing in computing.Together with Virtual and Mixed Reality, AR is radically changing the way consumers communicate, share information, entertain and interact with brands. While VR fully immerses the user in the virtual world, AR rather supplements reality than completely replacing it.

In particular, the discipline of marketing communications is making use of AR in order to open up new opportunities for companies to engage consumers with brands, products and services. This technology, which has been existing for over 30 years to-date, layers computer-generated information onto the real world and merges the physical with the virtual world, creating enhanced experiences for consumers. Hence, it is no wonder that several global brands such as Lego, BMW, Nike, Sephora, and Mercedes-Benz have adopted forms of AR in their marketing-mix. The launch of the AR-app "Pokémon Go" in 2016, showed the impact that AR can have on consumer behavior and engagement with the Pokémon brand. The app globally mobilized millions of users to hunt for Pokémons in public and enabled a localized experience, transforming these public places, restaurants and stores into viable PokéStops.

In theory, the collective body of academic work on AR has remained largely technical by nature. AR in the context of social sciences and marketing has only been limitedly researched. Hence, my research dealt with the question of whether AR can affect consumer-brand engagement. It was my research objective to firstly bridge the existing gap between the strong technical and weak social science context of AR and to secondly prove the effect of AR on the dimensions of consumer-brand engagement.

Drawing on experimental research design, my thesis compared the use of a mobile AR application by the Mercedes-Benz brand with a non-AR mobile application by Mercedes-Benz and their effect on the three dimensions of consumer-brand engagement. These dimensions included consumers' brand interest (cognitive), feelings and emotions towards the brand (emotional) and consumers' intention to take action towards the brand (behavioral).

The findings of the study showed that the use of the mobile AR application affected the subjects' cognitive, emotional and behavioral engagement with the Mercedes-Benz brand. However, the effect of AR on the purchase intention could not be proven. Furthermore, it was found that subjects using the AR app showed higher engagement with the brand compared to subjects using the non-AR app. Moreover, subjects using the AR-app had more positively valenced thoughts toward the app and brand than subjects using the non-AR app.

For companies and brands, this research presents valuable findings and practical implications for the use of AR in marketing and related fields. The study revealed that the novelty effects of AR technology need to be considered especially when first evaluating its effect on consumer-brand engagement and secondly when developing such apps. Further, AR was found to have no effect on consumers' purchase intention and hence appears to not directly affect sales. While this study was confined to the automobile sector, it raises interesting questions in the development, impact and usage of AR. Further research is needed to examine different kinds of AR applications of other brands in multiple industries other than in the premium automotive industry.

# Destructive project funding?

by Emily Knoll

> **Project funding (PF) is beneficial and essential. It has a temporary nature, encourages new projects and provides many options for participation. Besides the advantages there are also disadvantages.**

**When it comes to project funding in the arts, this is what you should know.**

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While a few experts have addressed the problem of negative effects of PF in the general arts and cultural scene in Germany, no grounded scientific research has been carried out yet. My own practical experience with PF during my internship at a music management and consulting agency lead to my research topic. I selected Berlin: It is the German capital and it has a high concentration of artists, and therefore a national responsibility to support many important and outstanding institutions and initiatives. Major funding institutions and programmes operating for the music sector are: "Die Beauftragte der Bundesregierung für Kultur und Medien", "Initiative Musik" and "Hauptstadtkulturfonds".

The theoretical research suggests that PF is rather destructive and favours e.g. short-term financing, unsustainability, precarity and overload and stress.

In my thesis I investigated how artists and arts and cultural managers in Berlin working in cross-over settings of classical and electro-acoustic music perceive negative steering effects of PF. The research involved semi-structured interviews of six experts and a combination of two evaluation methods: Grounded theory by Charmaz and content analysis by Mayring. The qualitative research method was used to obtain details about e.g. persons' behaviour and lived experiences.

### Key findings

Three key findings have been identified. All three are equally important to improve the situation. However, they can still be put in an order of importance. The effects on:

*1. The cultural players*
As PF is provided on a temporary basis, it can be acquired very easily and by almost everybody. The higher the accessibility, the higher the competition. Thus, a project must stand out and prove that it is worth being funded. Like a "machinery" the cultural players continuously create projects where each one overtrumps the next. The efforts put into process to obtain PF by far surmount the yields. This gives rise to uncertainty and leads to a volatile life, which can change the behaviour of a person in the worst ways possible.

*2. The creative work*
PF is said to be innovative. My findings show that this is not the case in the domain of music. Due to a clearly defined objective, the obvious is more likely to be well received and leaves no leeway for experimental, adventurous and creative ideas. It rather inhibits and rounds off the artistic work, which leads to a decline of quality. Often the projects even are discontinued. Culture and the arts are rather seen as means to an end, where artists tend to not feel valued. The reaction is frustration and rejection.

*3. The funding system*
The funding system is a personal setting. I found out that artists and arts and cultural managers are exposed to personal entanglements. Subjective opinions are important and even influence the decision making between the different parties, judges and applicants. The emotional setting which is perceived as unfair, gives rise to hypocritical behaviour and biased promises.

### Improvement & limitations

Not only in the area of music, but the arts and cultural sector in general must become aware of the detrimental effects that project funding can have. It is necessary to create and develop a staggered funding system with focus on different funding phases. This system could then select artists from different development stages. The results could be a more objective selection process, whereby every applicant is treated equally, and artists are strengthened. More transparency in the selection criteria can have a positive impact on how we perceive the arts and cultural scene.

What is vital is a better understanding of the interpersonal relationships, actions taken, and reaction of the cultural players. Negative steering effects of PF will never vanish completely. The overall problem is the cultural funding system itself. To boost change it is essential to renew the funding structures. A basic challenge remains: Can targets by the arts and culture and its funding be operationalised und thus enable evaluation?

# Megaevents – Are they useful for destinations?

by Laura Peschke

> **Hosting a megaevent is a costly endeavor, from bidding, infrastructure development, and hosting a megaevent. But is this process all worth it?**

**People with a high event image (Olympics) are even more likely to travel to the destination (Japan) when the event takes place**

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A tremendous amount of money is spent on hosting megaevents. Interested cities spend up to $100 million just to prepare their bids to host the Olympics. The Beijing Summer Olympic Games cost about $40 billion, including facility and infrastructure expenditures such as expansion of the Beijing subway system (*Sports Business Daily, 2009*). Moreover, the 2014 Winter Games in Sochi, Russia, were initially budgeted at about $12 billion; the actual costs reached about $51 billion (Bloomberg BusinessWeek, 2014). Hosting a megaevent is a costly endeavor, from bidding, infrastructure development, and hosting a megaevent. But is this process all worth it? Are there any benefits concerning tourism for the destination?

This study looks at the German perception of the image of the Olympics, the image of Japan and tourist's intentions to travel to Japan. Japan is a widely acknowledged travel destination, combining a rich traditional culture with modern technological advancements. As one of the most dynamic countries, Japan has become a popular travel destination – unfortunately not among western tourists. Most of Japan's tourists are from other Asian countries. Will this change with Japan hosting the Tokyo 2020 Olympic Games?

A survey was conducted to find out the German tourist perception of Japan's image, their interest and perceptions of the Olympics, and their intention to travel to Japan and the Olympics. Based on the findings of the respondents, the study finds that Germans in general have a quite positive destination image of Japan, although most of the respondents answered that they do not want to visit or do not plan to visit Japan at all. Most of the respondents have a neutral attitude towards the Olympics.

Here are some interesting findings. The first, having a positive destination image encourages people to travel to that destination but not necessarily during an event. Respondents with both a positive destination image (Japan) and a positive event image (Olympics) would be more likely to travel to Japan during the Olympic Games. Furthermore, people with a high event image (Olympics) are even more likely to travel to the destination (Japan) when the event takes place. This major finding of the study indicates that the event image can have a significant impact on destination by positively affecting the intention to travel to the destination.

Why is this relevant? Tourism marketers are dependent on destination image research as internationalization drives the competition between destination. Tourism marketers can use megaevents to influence the decision-making process of tourists to encourage them to visit a destination. For destination marketing organizations, the more likely target group will be those who already have a positive image of the event.

The more effectively the event is integrated into the marketing strategies of the host destination, the more the event can influence tourism.

To answer the question is the process worth it, it depends.

# ❯❯ Colophon