

# WHERE'S THE GRAVITY GONE?

Davos 2023

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This year's World Economic Forum brought together 3,000 government, business, and civil society decision-makers to address major global issues and priorities for 2023. The mood was decidedly mixed, even confused. And yet, there were signs of optimism and urgency to adapt to a rapidly changing, complex world.

# The mood was decidedly mixed, **even confused.**

Key topics relevant to IPG clients and agencies navigating uncertain conditions include the following.

- 1 ECONOMIC FEARS MODERATED** due to China's reopening and increased growth projections.
- 2 RISK REMAINS A SIGNIFICANT CONCERN** due to the combination of global crises.
- 3 More CEOs are convinced their COMPANIES MUST TRANSFORM** or risk becoming obsolete.
- 4 The C-suite is contending with a BAFFLING WORLD THAT IS DIFFICULT TO ANALYZE.**
- 5 Artificial intelligence prompts marketing and communications leaders to adapt quickly to a CHANGING MEDIA ORDER.**
- 6 GENERATIVE MEDIA HAS EXTRAORDINARY IMPLICATIONS** for knowledge creation but must be used responsibly.
- 7 The "DAVOS ELITE" WAS HEAVILY CRITICIZED** for privileged positions, double standards, and lack of attention to critical global issues.

## **ECONOMIC FEARS MODERATE.**

The World Economic Forum's final panel delivered a more optimistic assessment than anticipated but highlighted potential threats such as the Ukraine conflict and the possibility of a transatlantic trade war. International Monetary Fund (IMF) Managing Director Kristalina Georgieva cited China's reopening as a major factor in boosting projections. The IMF now forecasts Chinese growth of 4.4% for 2023.

**It will likely prompt the organization to upgrade its current forecast of 2.7% growth for the year ahead.**

Georgieva cautioned against expecting any "dramatic improvement" on that figure. Daniel Pinto, JP Morgan president and chief operating officer, said, "Things are not great, but they are much better than they could have been." More from Bloomberg on this "guarded optimism" [here](#).

**The buzzword of the event was "polycrisis," which refers to the intersection of global calamities, ranging from economic difficulties to environmental catastrophes.**

## **RISK REMAINS FRONT AND CENTER.**

The 18th edition of the WEF Global Risks Report cites simmering geopolitical tensions and the confluence of socioeconomic risks, identifying the most severe perceived concerns we'll face in the next two years. Here, the world's collective focus is channeled into the "survival" of today's crises: cost of living, social and political polarization, food and energy supplies, tepid growth, and geopolitical confrontation, among others. You can read the report in full [here](#).

### **EVOLVE OR DIE.**

What is the best way to survive a recessionary period while also building a solid base for the future? In its latest CEO survey, PwC polled more than 4,000 chief executives on how they plan to address this dilemma.

**When asked if their organization would be viable in another ten years by staying on its current path, 40% said no.**

Companies have no choice but to reinvent themselves or risk becoming obsolete. More on how leaders plan to balance operations and innovation can be found [here](#).

According to the Financial Times, the C-suite is contending with a baffling world that most are ill-equipped to analyze.

### **4 SENSEMAKING DEFICITS.**

The issues facing business leaders can't be understood by the concepts usually taught in business schools, such as economic models or financial statements.

For example, portions of the WEF risk report were apocalyptic, saying, "as an economic era ends, the next will bring more risks of stagnation, divergence, and distress." And yet in financial forecasts, micro-level cheer exists amid the macro malaise. Most notably, a J.P. Morgan report cited 51% of corporate leaders saying that profits would rise – not fall – in 2023, with 88% expecting to keep or add staff. Suzanne Clark, head of America's Chamber of Commerce, dubs this "second-hand pessimism," where corporate reality and public rhetoric diverge. Read the FT's analysis in [full](#).

## COMMUNICATION PRIORITIES.

In closed-door sessions, marketing and communications leaders from Fortune 100 companies emphasized the urgency to adapt more quickly to changing conditions inside their firms and out. The conversations covered the rise of artificial intelligence, more precise use of data analytics, addressing disinformation and “narrative conflict,” new organizational structures, and media fragmentation – topics affecting both communications programming and enterprise-wide business strategy.

The agenda suggests that marketing and communications leaders – and the broader c-suite teams they advise – require specialized intelligence and support to understand the future, upskill teams, and design functions that effectively integrate new technologies.

# 6 Generative media – notably ChatGPT – was the breakout topic.

## A GUTENBERG MOMENT?

Perhaps most surprising, “generative media” – notably ChatGPT – was the breakout topic. OpenAI’s systems mimic human behavior and communication. In response to a user’s

questions, these AI tools offer answers like those from an online search engine, written with the skill of an up-and-coming analyst, journalist, or author.

In a challenge to Google’s \$149 billion search business, Microsoft CEO Satya Nadella announced the Azure OpenAI service will feature several AI models made by OpenAI, including GPT-3.5 and DALL-E. Nadella said these AI capabilities would “completely transform” all of Microsoft’s products.

Simultaneously, Brad Smith, vice chair and president at Microsoft, warned, “What one really needs to start to imagine is the various ways this technology can be used. How can it be used for good, and how can it be used to create challenges?” Generative AI may become a desirable weapon for hackers and other bad actors, such as online disinformation operatives.

## Despite the hype, clients need to take a measured approach.

ChatGPT and other generative media represent a “Gutenberg Moment,” according to The Economist Editor-in-Chief Zanny Minton Beddoes. This implies generative media will have extraordinary near-term and long-term implications for knowledge creation and destabilize how media is created and disseminated.

Despite the hype, clients need to take a measured approach. As an experiment, I asked ChatGPT to summarize key takeaways from Davos. It failed in every way to provide a factual, cogent summary of the proceedings, citing a host of inaccuracies on people, topics and implications summarized in this memo.

While IPG clients and agencies need to become familiar with these tools, applying a test and learn orientation with proper guardrails in place, it’s a cautionary note on fully embracing new applications without fully understanding their deficits, implications, and unintended consequences.

### QUESTION OF CREDIBILITY.

The “Davos Elite” faced intense criticism throughout the week. Semafor, a breakout media presence at Davos, cited how the “Davos class” often missed or misunderstood significant world events including the 2008 financial crisis, Brexit, Trumpism, and COVID-19. Famed investor Glenn Hutchins even went so far as to say, “The Davos consensus is always wrong. 100% of the time. The challenge is to determine why it’s wrong, how it’s wrong, and what can be done to rectify it.”

**Detractors’ biggest concern? WEF’s failure to understand that the changing nature of power and influence, and thus who qualifies for stakeholder status, has changed in the digital age.**

Discussions on outlook must include internet communities of all political affiliations. The Forum’s inability to grasp how the fiefdoms of the online age work will set the tone for its replacement.

The dissonance on 21st century influence led some to ask, is Joe Rogan the new Klaus Schwab?