

Is it better to maintain one global brand or many different local brands?

### **Brand Architecture**

How an organization structures and names brands within its portfolio. There are three main types of brand architecture systems: **monolithic**, where the corporate name is used on all products and services offered by the company; **endorsed**, where all sub-brands are linked to the corporate brand by means of either a verbal or visual endorsement; and **freestanding**, where the corporate brand operates mainly as a holding company, and each product or service is individually branded for its target market.

In favor of the single brand, tremendous economies of scale.

Against the single brand, difficulty in creating personal connection with the consumer.

B2B products seem more susceptible to global branding

Regional brand equity often trumps consistency, particularly if the product serves a very traditionally-minded market segment.

How far a brand can scale depends largely on how much the brand touches *a particular culture's values*

Consistent branding around the world seemed a desirable but not essential goal

Of course a global brand would be ideal

The reality is, you cannot write off the equity in your market

While global brand consistency may create more value for the company, it also generates greater risks. For example, it threatens effectiveness of local market recognition.

All public relations challenges are potentially global. A problem anywhere can very quickly turn into problems everywhere. It is important to *react immediately*.

Quality control is a key source of risk for the global company.

Silence is seldom golden, especially in the information world.

"For firms that are second or third in a market, taking risks is a way to get ahead."

Peter Singer, Brookings Institution, July 2004

**Sustainability**- people of all kinds gain productively from a loyal relationship over time

Volatility- most people lose, and a small number profit by opportunistic behaviors

**UN-accepted definition of Sustainable Development** - development that meets the needs of people today without compromising the ability of future generations to meet their needs.

Source: Brundtland, former Norwegian PM

## **Valuation of Marketing**

Chris Macrae

1. Biggest customers and exit customers – the strengths of your context's segmentation
2. Most profitable customers and newest strategy implementation customers
3. Average customers and customers it would be most valuable to learn with
4. Most needy customers and most complaining customers – highest risk + responsibility group

# 2005 Global Brand Letter

from Stanley Moss

## **update on last year's three hot topics.**

**Corporate Social Responsibility** – Most of the big players have jumped in and devoted resources to demonstrating their social relevance and connection to community. The best examples can be found in smaller institutions –like Patagonia and the John Lewis Partnership- who built their brand around CSR as integral to their process. A cover article in the March 19, 2005 *Economist* sought to debunk CSR by arguing it was good for some business models and less important for others. My opinion is that organizations still ignore CSR at their own peril. The market is fickle, shrewd, well-connected and quick to switch loyalty.

**Transparency** – A brand's viability is often judged by what surrounds its statements of transparency. Consumers proceed from the assumption they are being lied to, especially with numbers. All the fancy balance sheets in the world may not obscure mindless conduct by an organization disconnected with an understanding of the breadth of its stakeholders. One bad experience can travel better than ten good ones

**Sustainability** still reigns high in the pantheon of brand values. Consumers are demanding that people of all kinds gain productively from a loyal relationship over time.

## **the following highpoints to debate and discussion predicted for the coming year**

**Authenticity** looks to continue as a prime brand driver. Brands seek credibility outside the jargon. Action here speaks louder than words, but action entails risk.

"Risk buys spontaneity. Only in spontaneity can you be authentic." Tai-Chi Master

**Diversity** - The youngest brands in the world are making this statement in their core values, and it is a powerful indicator of a generation's collective consciousness. For brands to succeed in the world of the future they must translate across cultures and allow for differences in habit.

Brand is fertile terrain for renaissance people. Brand is interdisciplinary. Brand is the networking of the cosmos. Brand is about the conscious efforts by groups of people to fashion shared understandings.

**Recognition and Differentiation** - I believe that at least one way brand manifests itself is at the moment of recognition, when some abiding impression is formed or reinforced. If the job is done well, one brand can authentically be distinguished from another. Then the choice is in the hands of the consumer.

**Retention** was noted last year as an aspect some businesses were concerned with improving. The consumer products sector needs to develop long-term loyalty. NGOs need to sustain participation and awareness. What would we get if the NGOs started to develop consumer products? Just asking.

**Think Global/Act Local** - Still proving to be a brilliant, relevant and effective maxim. It is utterly important to understand local sensibilities and culture. The era of imperialistic brands is over. The next generation of stakeholders consider themselves part of a world community, but they like their own home towns.

**Valuation** - People still need to know what the tradeoff is for the money spent. One could begin with conventional metrics like survey; sales figures tracked to a particular product; eyeballs. I still believe the paradigm of value for branding lives outside the usual B-school numbers, which are available. It's difficult to define the value of 100 million well-disposed brand ambassadors. How much is a fully motivated, branded-within workforce worth in dollars these days? In pesos?

The event industry seems to offer more opportunities for brand metrics than other channels, since there is so much possibility for personal engagement and captive observation. This may suggest that people-to-people communication is the richest type of brand impression, and that removing the insulation of media from between stakeholder and organization allows for quality interaction, not to mention better metrics.

Online branding promises expanding brand measurement opportunities, in fact the internet may be the first mass medium built for automated measure and modeling of predictive behavior. With this comes the usual potential for fraud. Take, for example, "clean hits," the gold standard of online marketing. We've seen the birth of sinister enterprises manufacturing, reporting and charging for bogus hits. A similar phenomenon has occurred in "keyword auctions", where vendors bid for hierarchal placement, choosing keywords based on their popularity. Here manipulators artificially inflate the market by bidding against themselves to drive up auction prices.

# 2006 Global Brand Letter

from Stanley Moss

**Interviewer:** What do we need to make things right?  
**Buckminster Fuller:** Integrity.  
**Interviewer:** That's all?  
**Buckminster Fuller:** Necessary and sufficient.

## update on last year's hot topics

**Corporate Social Responsibility** – Still at the forefront of dialogue, and essential to successful branding. A proven, winning strategy, despite some skeptical press. The fact is, larger companies all have included CSR in their business plans. If it's absent, something looks awry.

**Sustainability** - The ecology of conduct. A key to clear brand-building.

**Retention** – Companies get this by consistent delivery of promises.

**Valuation** – Last year I postulated that the internet and events were the best venues for applying conventional metrics about brand's value. Recently there has been talk about correlating brand value and internet performance. See this article from IHT, January 2, 2006: <http://www.iht.com/articles/2006/01/01/business/ad02.php>

## the following highpoints to debate and discussion predicted for the coming year

### On contemporary brands -

John Cage reported a story about a visit with Isamu Noguchi: 'There was nothing in the room (no furniture, no paintings). The floor was covered, wall to wall, with cocoa matting. The windows had no curtains, no drapes. Isamu Noguchi said, "An old shoe would look beautiful in this room."

I believe there is room in the commercial space for ugly brands. I believe that brands are a journey, living entities, organic, fractal, and grow at their own rates no matter what grids or matrices or order or values we impose on them.

I think the iPod is fraudulent packaging of a small chip, with high principles of functionality added in. People were prepared to pay a premium for the feel good aspect of the product. I think the aesthetic of Mad Max is more authentic, while the aesthetic of iPod is seductive veneer.

The war will be fought between veneer and content.

Any aggressive, intrusive carrier prevents the content and meaning of a brand to get through.

We have the choice to look at brands idealistically or cynically.

Our task is to reinstate a harmonious chorus of ideals.

I believe that the most meaningful brand interventions occur person-to-person, and that advertising as we knew it in the past erected a psychological barrier between the stakeholder and product, service or institution. The most powerful brand statements are made human-to-human.

### **Thoughts on the death of advertising**

Neoadvertising will nurture interpersonal branding.

One of the great pollutants of the modern world is noise. Advertising is an inorganic population of the natural environment. A healthy dose of silence would be good for the collective consciousness. In the future, advertising will maintain a lower profile and speak in a softer voice.

Did anyone see the article last June in the Wall Street Journal about Universal's promotion of its remake of 'King Kong'? A 2 ½-minute teaser ran simultaneously at 8:59:30pm on June 27, on 9 networks owned by their parent company: NBC, USA, SciFi, Bravo, CNBC, Telemundo. This is what is popularly known in the ad business as a "roadblock."

What would be the strategy to create a "thoroughfare"? In this scenario the advertising doesn't accost you and stop you in the road and hit you over the head. On a thoroughfare stakeholders understand, discriminate, opt in or out, and go on their way unimpeded.

Old advertising is just thin icing. The most effective new avenues are

- personalized
- free of psychological artifice
- interactive
- authentic and sensitive
- unobtrusive
- diverse
- and quieter

I wonder if the greatest disturbances to the natural/organic environment are the most extreme examples of advertising today. What the future demands is quieter, individualized statements, which afford us elegant choices.

**Luxury rebounds** – the luxury category has definitely rebounded, by necessity a category compelled to continually reinvent itself. We buy luxury goods primarily to assert our own identity and individuality, attaching the brand's attributes to ourselves. "This is me." The category is exhibiting a lot of co-branding (jewelers owning hotels, couture making housewares for chain stores, fashion brands accessorizing high end automobiles), and much in partnership with tourism, a growth category. May be some correlation to the graying of the population and the demographic's access to disposable income- more time shares, vacation homes, property-related ventures.

**Primary advocacy** - The most resonant brand statements are made by primary advocacy, face to face, person to person. So a primary intent of branding may be to promote people telling other people directly one-on-one about a brand's promise.

**Guerilla Marketing** – Historically this referred to employing unconventional approaches to market, targeting key influencers and early adopters. But people are more sensitized or used to this technique – especially in some categories (technology, music, apparel and footwear). Thus, it's now become old news, predictable, not unusual, and best employed judiciously.

**On-demand media and products** – continue the trend in customization and personalization, what Eric Pfanner called the “*youniverse*.” It is also smart economics, utilizing just-in-time delivery strategies. Previously this was largely the domain of luxury brands- but technology now enables mid-range brands to offer greater flexibility of product delivered.

**Brands transit the digital world, acting as talismans of meaning** in the landscape. People have become prisoners of the internet and mobile telephony, even though it's just filters. We constantly check our personal communicators, using them to massage interactions and validate ourselves. All this to oppose the isolation technology often brings.

**What is a brand?** Everyone knows they need one, but people still can't say what it is. I'll close this letter by listing some concepts that have been put forth over time:

“A brand is a promise.” –Ian Ryder

“A brand is a conversation.” – Stephen Rappaport

“A brand is a set of expectations.” – Nicholas Ind

“A brand is the symbolic glue [that holds people together.]” –Colin Morley

“A brand is the means through which an organization symbolizes, differentiates and communicates itself to all its audiences.” – Jack Yan

Recently I have thought about brand as **a locus of intention and action**.

More on this in the coming year.

A great 2006 to all!

**DiGanZi**  
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# 2007 Global Brand Letter

from Stanley Moss

“Whatever the Party hold to be truth *is* truth.  
It is impossible to see truth except by looking through the eyes of the Party.”  
- George Orwell, 1984

## update on last year's hot topics

**CSR morphs into** - Even a feeble attempt at a hatchet job by *The Economist* couldn't kill it. Brands now understand they need to demonstrate corporate social responsibility, and all the big players have bought into the idea. Still, many organisations ignore it as a part of their brand strategy. Perhaps the phrase itself sounds outdated, stuffy, do-gooding, not-too-compelling. Today we are more concerned with *sustainability*, and that is the present replacement term. But the meaning intended by the introduction of sustainability was 'systemic'. In other words, practice systemic intervention.

**The death of advertising** - rumors greatly exaggerated, as long as we agree that advertising represents a fraction of the discipline of branding.

**Luxury** -Luxury brands squeezed at both ends? Counterfeiting soars, due to record low-tier demand. On December 14, 2006, the *WSJ* reported that in the past 2 years the port of Antwerp, Belgium alone has seized 40 million counterfeit items, a fraction of the estimated \$500 billion in illicit goods traded globally every year. The high end now seeks “extreme” luxury. That means things like very expensive custom tailoring will soon be available in Gucci boutiques, with the appropriate costs for one-offs and superior customization. “This is the new buzzword this season to describe objects at a tipping point of price, production and quality that places them well above the mere expensive gifts. It is aimed at a new aspirational category of clients,” said Suzy Menkes, in the December 8, 2006 *IHT*. At this writing, the luxury travel category is developing extreme products like space tourism which will occupy the high end of their market for the next ten years. The luxury segment was conservative about entering the web, but lured by clever marketers the category now buys bundled packages integrating traditional print, broadcast, and new media along with the internet, just like Target. Another fertile terrain: luxury brand extensions. Bulgari has demonstrated exceptional flair in this area, adding its brand so far to fragrance, a resort, a luxury automobile and a commissioned novel. That's style.

**Measurement** -To quantify a brand's value, people tend to go first to Interbrand's yearly list, so I append the link to it here: [www.ourfishbowl.com](http://www.ourfishbowl.com). It is worth a read to see how big business contextualizes itself, kind of the Oscars of international brands. Their methodology is based on “revenue” and “influence” and “demand” factored against conventional metrics.

What about considering a brand's value based on some of the following web-based and humanistic criteria:

- Number of links to or from its home page
- Number of links on its site to other appropriate resources
- Number of times its name appears in or links to the relevant blogosphere

- Linguistic mapping
- Evidence of the brand in social networks
- Depth of user-generated content

Just asking.

**the following highpoints to debate and discussion  
predicted for the coming year**

**Differentiating branding from marketing and communications** – Before I gave a speech last year I received a letter, a portion of which said: “We need to make sure [you] understand [branding] is not about broadening membership, but about broadening our consumer’s desire and ownership. I think they specifically want a full court press for US market penetration.” Brand isn’t just marketing. A brand is more deeply dimensional than an instrument used solely for market penetration. A brand builds relationships, many of them beyond the point of purchase. A brand is a link to shareholders, employees, vendors, competitors, friends, neighbors, legislators, journalists, industry analysts, folks who don’t use your product or people downstream who won’t want your product or service for another 5 years. Marketing is a small part of branding.

**Trendseekers alerts** - new terminology and concepts entering the mainstream in 2007:

**User-generated content** – YouTube and MySpace pioneered the phenomenon, which is best realized by youth brands. Even Charles Saatchi has a site for student art, with 3 million hits a day and over 20,000 artists participating. This season Conde Nast launches a new teen-oriented site originated by its own community of reader/contributors.

**Flogs** – Watch out for these fake blogs, which look like the work of real bloggers or smart viral marketing, but aren’t. They’re just the schemes of sneaky people trying to appear authentic as they sell product you probably don’t want.

**Web 2.0** - The next ‘dot com’ boom?. Firms specializing in these unique technologies (a large number driven by online gaming) rich with venture capital are moving back into the ghost town that once was San Francisco’s Silicon Gulch. The keyword here, according to AskDrNerd, is “Collaborative”. Don’t get burned

**Sustainable tourism** – the only place tourism has left to go. Eco tourism can sometimes be too rough for the time-challenged but cash-rich upscale traveler, so the category is creating products which reinforce their lofty values in higher denomination top-end branded experiences. These combine culture, comfort and sustainable concepts, a quiet revolution in the industry. Thought leaders try to stay low-profile as they deliver personalized, unpackaged travel with a conscience, mindful of the impact of development on communities, the necessity to preserve legacy and heritage, while leaving a minimal footprint. Most importantly, it affords eco-tourists an opportunity for guilt-free total immersion in the real culture of a less-traveled place.

**New heroes and the cult of celebrity** – I’m a big admirer of Sicco van Gelder’s *Global Brand Strategy*. In it he identifies Reputation Brands, those driven by the notion of heritage or myth. It’s especially significant to consider personality-driven brands in the world (and particularly the USA) today. Consumer society has become overly focused on this type of brand. We think we “know” the person, so we accept the endorsement or adopt the cause, often without the due diligence. Entertainers and sports figures accustomed to high-visibility often become seduced by their own images, and we encourage them by our obsession with their divorces, children, lawsuits or political advocacy. It’s time for some new heroes, people like Dean Kamen (developing a low-cost, portable water purification system), or Branson (devoting

£400 million to renewable fuels over the next four years), or Anousheh Ansari (who visited the International Space Station and came back to encourage cross-border sharing of new technologies), or Aung San Suu Kyi (under perpetual house arrest for championing human rights in Myanmar). These 'reputation brands' can be judged by their actions, and not the output of their press agents, or the amount of bandwidth they occupy in international media.

**Semiotic society** – Today we inhabit a society driven by symbols. We exchange symbols to define who we are to ourselves and each other. People no longer buy products, they buy symbols, represented by the brands we adopt. Symbols express values and meanings. Symbols perpetuate beliefs and stereotypes. Symbols are the DNA which govern brands. In the marvelous idiom of French intellectual deconstruction, cultural legend Régis Debray coined the term Mediology, which analyzes the "higher social functions" (religion, ideology, art, politics) in their relationship with the means and mediums/environments [*milieux*] of transmission and transport. Worth a visit: <http://www.regisdebray.com/>, to delve into his musings on how cultural symbols migrate.

**Place branding** – If you disbelieve that a nation can be branded, consider the case of Kazakhstan and a mockumentary created by the British comedian Sascha Baron Cohen. Simon Anholt, quoted in the November 24, 2006 *Newsweek*, "Surviving Borat," said that he could not believe Cohen wasn't on the nation's payroll for his role in bringing so much attention to that little-known country. Anholt rates countries' brand value by looking at consumer indices- see <http://www.nationbrandindex.com/about.phtml>. The movie itself is a weird hybrid, kind of a combination of "Jackass" meets the "Jerky Boys", making much with stereotyping, and the humor of victimization. My opinion of Cohen elevated when he claimed he was unable to contact Borat, who -he reported- was "attending the Holocaust Denial Conference in Teheran." Nation branding has definitely been brought to the forefront by this odd cultural quirk. According to Malcolm Allan, at [placebrands.net](http://placebrands.net), a nation brand can **1)** enhance or damage a place reputation and identity; **2)** characterize how places operate; **3)** attract or repel talent, inward investment and tourism; or **4)** promote places in their markets. These seem to be the prime drivers (both negative and positive) in place brand creation. So let us now celebrate Kazakh oil, carpets and cashmere. And wish them a boost to tourism.

**Personal branding** – or how to contextualize yourself, in brief:

**The Events Leading Up To My Death** -title to the unfinished autobiography of Preston Sturges

**That Wonderful Book on Plague** -working title for a colleague's autobiography

**The Memoirs of an Amnesiac** -title to the autobiography of Oscar Levant

**The end of irony?** - "Borat" got me reflecting about how irony was so absent in the new media world, how utterly literal and mindless criticism has become. In the interest of invigorating the discussion of brand statements, here are some definitions of classic, Socratic intellectual forms which have fallen out of understanding, authoritative use, or perhaps fashion:

*Irony* - The use of words to express incongruity between what might be expected and what actually occurs.

*Satire* – wit used to point out social ills, or to effect change

*Sarcasm* – ostensible wit, often purely hostile, used to convey disdain or scorn

*Parody* – mindless wit used simply to poke fun

*Allegory* – symbolic lessons cast in narrative form

**Creatives move east** – And not exclusively to Asia. Romania needs a CBO for a large media company, global salary. An LA-based ex-identity firm (now repositioning itself as brand consultant) wants a pitchman they call a Brand VP, largely a sales position for Asia, with a

base salary of \$125K plus incentives. There are more jobs to be had than people to have them in Asia today. A great deal of talent has already migrated there. Previously a product would have been marked “Made in China.” Soon the label will read “Created in China.”

**Innovation** – You hear this word a lot more, from all categories. Recently a major turnaround at the French brand Carrefour was attributed to “innovation.” The CEO of Marks & Spencer credits their resurgence to the same thing. Two years ago theory held that brand rested on a tripod of strategy, leadership and creativity. But the equation has changed, and many practitioners today add innovation, naming it the attribute that keeps a brand competitive. In order to innovate, there must be a corporate culture which allows room for it.

**Branded conflict** – An interesting year for politics, in light of a new branding phenomenon observed. The most visible branded conflict was an incursion into a country on a path to reconstruction after decades of civil war. Depending on whose account you believe, Hezbollah’s abduction of Israeli soldiers provided the justification/provocation for the wanton destruction of much of the Southern Lebanese infrastructure. Long before the Israeli army marched in, Hezbollah had branded their cause “The Divine Victory”, with a Swiss-graphic-inspired logo, attached to a well- thought-out, absolutely artificial, mindful, calculated brand program. It was a conflict which Israel could not win with military muscle. As soon as the bombardment ceased, propaganda signage on the rubble instantly appeared with the logo applied, and the same signature plastered on yellow plastic police tape strung across the ruins photographed for world media. When Najibullah resurfaced he was filmed on a background of the same logo, and the same week the *IHT* dutifully reported in a headline that “Hezbollah claims Divine Victory.” Here is a political movement successfully deploying the tools of branding. The world views these details and thinks them innocent. The poorest nations now know how to manipulate their images. Such complete calculation shows this could not occur by accident or chance. We are not prepared to meet well-thought out constructions like these, the antithesis of humanistic branding.

**What is a brand?** It is often the first question I am asked. Last year at the end of my letter I listed some concepts that have been put forth over time by my colleagues in answer to this inquiry. This year a group of new voices offers their own definitions. I also append a brief profile of each speaker.

**“A brand is a ‘once upon a time’.”** – Pierre d’Huy

Pierre is a respected Paris-based brand consultant, and a Director of The Medinge Group.

**“A brand is the most powerful business tool.”** – Thomas Gad

Thomas is Chairman of The Medinge Group, and recognized international branding authority.

**“A brand is social capital.”** – Ava Hakim

Ava works in large-scale global business development for IBM.

**“A brand is a shorthand for all the reasons people choose the products and services they want in their lives.”** – Simon Paterson

Simon is a world-class London-based brand professional.

**“A brand is the good name of a product or organisation.”** – Malcolm Allan

Malcolm is an expert in place branding, leadership and strategy.

**“A brand is the emotional response or preference for a product or service.”**

– Tom Atchison

Tom is a venture capitalist with an interest in the commercialisation of space.

**“A brand is what you elect to live and breathe.”** – Patrick Harris

Patrick is a London-based brand and strategy guru, and a Director of The Medinge Group.

Recently I have thought about brand as **an understanding which delivers a personal sense of identity or purpose**. Or perhaps an opportunity for systemic intervention?

A great 2007 to all!

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# 2008 Global Brand Letter

from Stanley Moss

“The improvement of the world must be highly contextualized.” –Hans Rosling

A strange year musing on brand, with prevailing enthusiasm, increased interest, and an undercurrent of cynicism. Everyone knows they have or need a brand, everyone wants one, yet many people still cannot say precisely what a brand is. One professional I interrogated asked me if I wasn't fed up with it all. “Maybe you should stop querying people about what brands are,” he told me. “Maybe you need to find a new term for branding. Maybe you need to give it a rest.”

I said, “It sounds to me like you are suffering from brand fatigue.”

Later, on a visit to friends in San Diego, I observed their 8-year old daughter reading two books about fairies. I asked her to tell me about them. She began by saying, “Well, they are both the same brand,” and pointed to the Disney's Fairies logos on the covers. I found it remarkable that a child her age cited that aspect first, using the correct commercial term to qualify her preference. If the child makes the brand differentiation before describing the conceptual quality of the product, could it indicate a case of brand overkill? Brand recognition at the expense of healthy fantasy? Brand valued as more significant than the true, emotional experience?

[update on last year's hot topics](#)

**Semiotic society** - I am still convinced that at their most fundamental, brands are symbols we exchange to discover common territories of understanding among our contemporaries. No conversation is free of them. See how long it takes for a brand –any brand- to surface in a discussion (“Let's meet at Starbucks.”), observe how we take ownership of the brand, use it to define ourselves. We adopt the values the brands express, and we use them to contextualize our counterparts. The most successful brands somehow capture essential statements of value. We ‘osmose’ the brands, then regard them as extensions of our selves. We trade them back and forth to find points of tangency. This set of common beliefs and stereotypes tells our contemporaries who we are, and sheds light on the identity which we recognize in them.

**Innovation** – Twelve months ago innovation seemed to be taking the lead as a prime area of brand definition. After Apple repeated their winning strategy with the introduction of the iPhone, everyone ran workshops on what could be learned from it. More recently I have heard corporate managers talking about leadership returning to the discussion, the sense that innovation cannot occur without someone at the helm driving the process. Paul Rand told me essentially the same thing 25 years ago when I asked him what he thought was the key to IBM's brand success. He said he couldn't have done any of it without Watson's support. Can Apple score again without Steve Jobs?

**Place branding** – A prominent American graphic designer says the first thing brand USA needs to fix is “rhetoric”. Doesn't mention culture at all. Her favorite media is two-thirds CondeNast-centric: The *NYTimes*, *The New Yorker* and *Vanity Fair*. She also says the eagle is

an undesirable national bird: Asks, “*Have you ever been in a room with one?*” Prefers the Statue of Liberty as a symbol. Loves the flag. **Israel** rolled out a new ad campaign featuring svelte Israeli Army women, Sabra cowboys and tony health spa images; the best place brand news for the country surfaced in January 2008, when Olmert and Peres announced a joint venture with Renault and Nissan to promote electric cars and charging stations nationwide. **China** has its share of bad news/good news days in the run-up to the Olympics. Pollution issues, the Three Gorges Dam, tainted pharmaceuticals and toxic paint on kid toys. Mickey Mouse in traditional Chinese costume hasn’t fixed the problem. **The City of London** had its own heartache over the UK Olympics logo flap, with Wolff Olins taking it on the chin for their graffiti-influenced signature. Nobody liked it, and its creators defended it. **Liverpool** showed real progress in its campaign as this year’s European Capital of Culture. Opening ceremony appearance by Ringo brought international attention- the city hopes to attract two million visitors who will boost the local economy by £100m.

**Est! Est! Est!** - Last year I wrote about the use of words to express incongruity between what might be expected and what actually occurs. Perhaps it is time to name January 7<sup>th</sup> as International Brand Irony Day. On that auspicious date in 2008 Matsushita introduced the world’s ‘biggest’ flat screen at 150” and Tata introduced the world’s ‘cheapest’ car at \$2500, opposite ends of the consumption spectrum. A week later Apple introduced the world’s ‘thinnest’ computer. Companies frequently try to deliver the utmost, stretching our expectations to accept only the extremes.

“I don’t believe in marketing. Marketing was a job invented for people who didn’t know what else to do.”  
–Karl Lagerfeld

**Differentiating branding from marketing and communications** - A conference scheduled for February in Barcelona concerns itself with internal branding and employee engagement, and promotes a list of speakers who advocate workforce orientation as the first line of brand defense. Not a new idea at all. What is telling, however, is that most of the speakers come from marketing and communications, which underscores the perpetual dilemma for brand professionals: we are mistaken for marketing types, which is broadly off the mark. At the risk of repeating myself, brand is much more dimensional than simply marketing. Brand concerns itself with a range of issues across the spectrum. If you think that branding is marketing, you are living in the dark ages. On a recent brand audit project some of the following questions were posed: *Is the brand on message? Is the brand in line with the strategy, aims, shareholder wishes, management? Is the brand appropriately structured? Is the brand platform robust & future-proofed? Is the brand present in the organization, in its behavior, at all levels?* So brand needs to be regarded as a strategic tool, a force which informs marketing and communications.

“If you can’t say something good about someone, sit right here by me.”  
– embroidered on a pillow in the sitting room of Alice Longworth Roosevelt

**New heroes and the cult of celebrity** - A.O. Scott, writing in *The New York Times* on November 21, 2007, commented, “From Andy Warhol to Lonelygirl15, modern media culture thrives on the traffic in counterfeit selves. In this world the greatest artist will also be, almost axiomatically, the biggest fraud.” This brings to mind the tragic example of the truly unremarkable brand named Britney Spears, relentlessly goaded by insatiable sensationalists. She, her mother and unfortunate sister deserve to be left alone- not debated, hounded, discussed, idolized or reviled. When the inevitable crash occurs, the media will discover itself complicit in her destruction. There’s little humanity left in her battered brand, now that a web site is taking bets on the date of her death. Poor Britney

long ago ceased to be a real person. She has been reduced to inanimate status, simply an economic entity there to enhance the incomes of her handlers, managers, record companies, and the tabloids.

**Personal branding** – A recent research survey reported that 40% of Americans now have tattoos, indicating that a “tipping point” has been reached. More proof: a national chain of tattoo parlors is slated to open in 2008.

“The children now love luxury. They have bad manners, contempt for authority; they show disrespect for elders and love chatter in place of exercise.” – **Plato, 392 B.C.**

**Social networking** – The behavior evolves. In days past, if you did not have a presence on the internet you did not exist. Next, web cred was contingent on a MySpace page. Today your existence is defined by a Facebook page, which has trumped YouTube as the digital watering hole. A new add-on at Facebook enables pageholders to build vast, networked games of Poker, Life, Monopoly, other group amusements. Friends compete virtually. I just read an article in the local Seal Beach paper, whose young author encourages people to game on Wii as a weight-loss strategy. How one regulates one’s social networks also evolves. An 18-year old female asks a 20-year old male friend for his IM name. He gets evasive. Later he says they can message through Facebook, a less intimate, more public interaction.

“The possibility of loss is what makes things valuable.” – **Wallace Stevens**

**Luxury** – The ever-adaptive luxury category experienced another year of transformation, growth and record profits. With rumblings of recession, the low end falters, the fallout after luxury’s attempt to garner downmarket clientele. The weak Yen has dampened the Japanese market. But the top tier responding to 10%+ growth continues to offer even more expensive products, which account for 25% of luxury sales, fueling the hyperluxury category. Hermes reports third quarter ‘07 profits up 12%, attributable to exotic leather goods performing well in Europe. Luxury also learned to love the web, after initial resistance to the medium. There’s a degree of unevenness to brands’ sites (Has anybody looked at the Hermes site lately? It can’t be helping their surging numbers.) In a white paper authored for *CondeNet*, Dee Salomon cites several brands successfully exploiting web-based videos: Chanel messaging through style.com mobile phone feature, Cartier using its video assets to pull users to its LOVE campaign on its website, Marc Jacobs allowing fans to populate a virtual field by planting a signature daisy which grows when its owner interacts with the site. And all eyes are fixed on Tom Ford, to see if there really exists the business to propel his ambitious launch into high-end, branded bespoke couture.

[the following highpoints to debate and discussion  
envisioned for the coming year](#)

**Accountability and outcome** – These are the new critical buzzwords when talking over sustainability and CSR. In a January 7 special section, *The Economist* again discounted the practice of corporate social responsibility, arguing that profit was a company’s first objective. (Did anyone read Gates’ speech at Davos urging companies to get more humanistic in their conduct?) The section also cited the famous December 2006 *Harvard Business Review* paper by Michael Porter and Mark Kramer on how, if approached in a strategic way, CSR could become part of a company’s competitive advantage, deconstructing the practice into Strategic CSR and Reactive CSR. What with improved transparency, greenwash is a lesser probability. Constructive change is seen as the result of

**“disruptive innovations,”** a term I like very much. In a paper I recently authored with Thomas Gad, Scandinavian companies are examined for their sustainability practices, in place for two decades or more. In Scandinavia, CSR is expected as component part of organizational policy. Companies now return to emphasizing their core values and product attributes in brand-building.

**Anatomy of a trend** – Ever wonder why advertising now appears on the packing materials holding your new technology purchase? In 2007 clever marketers saw YouTube videos of people **“unboxing”** their new Xbox game consoles. (There weren’t enough units to meet the demand- lucky folks shot footage of how they unpacked their new toy and posted it online.) Immediately our friends in the Marketing Department seized on the opportunity for a new venue. Reminiscent of those POP video monitors at the airport, bank and grocery store, which do nothing more than add unwanted visual and noise pollution to a crowded environment.

**Measurement** – Didn’t take long: researchers are trolling the social networks, surveying, sampling, building their graphs and pie charts. Next they’ll be interrupting your mobile phone calls.

“I find I have no faith, none at all, in progress. I do not expect a better future... I pray that I am wrong, but nearly every amenity of life has declined in my lifetime. Only technology has improved, and even technology disappoints, breaks down, and is impossible to get repaired.” – **Arthur M. Schlesinger, Jr.**

**Trendseekers alerts- terminology and concepts entering the mainstream in 2008:**

**Gériatruc-** A Franglais term I made up to describe products created especially for the aging population. This reflects the trend towards a renewed interest in design. Expect products with larger typography, better legibility, ergonomic design, easy to hold and operate, rounded edges. In apparel, accessible pockets, bigger buttons, easy closures.

**LEE7-Speak** – Pronounced **“leet-speak”**, homonym-based internet argot, which fuses numerals and letters.

**Telepresence** - According to *Ask Dr. Nerd*, this is what’s so great about the new killer app **“Halo”**, which replicates or somehow synthesizes eye contact during video calls.

**Transcreation** – A concept reported in the October 16, 2007 *Wall Street Journal*, which describes the retrofitting of Powerpuff Girls cartoon characters specifically for Japan **“...designed with one audience in mind to [really] resonate in another culture.”** Essentially, fiddling with the brand to cultivate another territory.

**WiMax** – a next-generation wireless technology which enables Internet and other data connections across much broader areas than Wi-Fi. Allows a device to hold a connection while in motion via signal handoff from antenna to antenna.

**What is a brand?** Or better yet, what is attractive about them? After all, brands have a certain allure, a particular bravado which appeals to us. They express personal affinity, consequently brands are tools of self-expression. This contradicts the idea of a brand as something externally driven. In fact, the idea of brand has morphed into **“something inside me.”** This year I queried a wider group of practitioners, whose replies, as always, lend tantalizing controversy to the ongoing debate.

**“A brand is a kind of engine that creates energy.”** – Pierre d’Huy  
Pierre is a principal in eXperts consultancy of Paris, and a Director of the Medinge Group.

**“A Brand is the Truth, revealed over time in numerous ways.”** –Mike Keeler  
Mike Keeler is a former ad professional who edits the often-acerbic *Quicksilver* newsletter.

**“A brand is sometimes cerebral and sometimes emotional, [an idea] which sometimes makes a simple statement of key attributes and sometimes triggers a complex burst of emotion by association.” –Manas Fuloria**

New Delhi-based Fuloria is a recognized authority on supply chain economics.

**“A brand is a wooden idol.” –Joshua Berger**

Josh is a founder of the Plazm design studio in Portland, Oregon.

**“A brand is the DNA that separates a product from a commodity.” – David Michaelson**

Dr. Michaelson is a principal in a New York City-based brand research firm.

**“A brand is unwilling to commit to its future... or at least a future that is propitious.”**

**–Michael Marckx**

Michael is VP Brand and Strategy for Globe International, a footwear manufacturer.

**“A brand is what allows people to have a conversation around a product even when the product offers nothing remarkable.” – Filippo Dellosso**

Dellosso is a strategic planner for Chiat Day, based in Paris, France.

**“A brand is a mindset.” –Sascha Löetscher**

Sascha is a principal in the Zurich office of graphic designers Gottschalk+Ash.

Recently I have thought about brands as memes which express common beliefs. More on this in the coming year.

A great 2008 to all!

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# 2009 Global Brand Letter

from Stanley Moss

"We are healthy only to the extent that our ideas are humane." –**Kurt Vonnegut**

"If it isn't broken, break it." –**Gossip Girl**

We inhabit an era of magical thinking, which could have been authored by Garcia Marquez and Kafka *avec la participation de* George Orwell. An economic collapse in the wake of the election of Obama, followed by the Mumbai incident. It's all too weird. Nobody notices that bottled water costs more than gasoline. Let's learn to relish disorientation. Everyone struggles with how to survive the crisis. But what are we going to do when it's over? How will we know when it's over if we couldn't see when it began? We do a lot of research on how brands succeed, not a lot of analysis on why brands fail. During boom times how many organizations plan for hard times? We need to get better at assessing the true cost, value and consequence of actions, so we're not condemned to live out Santayana's curse. The reality is that fewer brands will exist in the marketplace, it will be more difficult to launch new brands, and we are sure to see more consolidation of existing brands. Get ready for a hyper-competitive environment. In the spirit of the times, the new it-bag is the reusable shopping bag. It's what we will remember as today's slogan t-shirt. Hidden in those not-opulent, not-pretentious bags are the real opportunities for brands of the future.

## update on last year's hot topics

**Accountability and outcome** – For obvious reasons, these keywords push to the forefront of public discussion. Businesses now re-examine their own practices, with the temptation for finger-pointing at the expense of learning any lessons. I'm reminded of the short story by Borges, "*The Garden of the Forking Paths*," which describes a world where all possible outcomes of an event occur simultaneously. As an exercise I often run brand simulations with my clients, playing out multiple scenarios. It's useful to ask: what are the consequences of our actions and how are we prepared to deal with them?

**Failure and obsolescence**- Accidents are crucial to innovation. They move us past our limits and bring us to outcomes we couldn't produce deliberately. So we need to find ways to build the allowance for accidents into corporate culture. This means acknowledging failure as a necessary and valuable part of the innovation process. We are constrained by the habits, routines and presumptions that constituted earlier behavior. Organisations need to remember that over the centuries researchers have stumbled upon hosts of big ideas while searching for something entirely different. Pfizer Inc was testing Viagra as a heart medicine when scientists noticed an unexpected side effect. Yet one aspect of product-creation hasn't been greatly entertained: **the study of obsolescence**. This is interesting. The idea of life-cycle in products or brands isn't much considered, not until demand drops. Only then do the post-mortems kick in. A study of conditions that accompany obsolescence is suggested, what abets it, why we create products which ultimately we don't need, the point at which brands outlive their usefulness. I note the recent demise of the **Bill Blass** brand. Some explanations offered for the label's end: There was an aging clientele, a management that seemed to take a freewheeling approach to the brand and its failure to find a successor who could match the Blass persona.

Source: NYTimes 25 December 2008

Of course the end of particular products, brands or hedge funds could simply relate back to **the seven deadly sins**. Bonus points for those who can cite them by their original Latin names: Lust (*luxuria*); Gluttony (*gula*); Greed (*avaritia*); Sloth (*acedia*); Wrath (*ira*); Envy (*invidia*); Pride (*superbia*).

“Dogs bark at strangers.” – **Heraclitus, ca. 500BCE**

**Differentiating branding from marketing and communications** - The practice of brand-building is not simply the province of admen and marketers, who represent a fraction of the discipline and tend to distort the understanding of what it is we do. We work at a high strategic level for our clients. Brands are dimensional, living entities which touch every point of stakeholder interaction. Brands will play a bigger and bigger role in business practice, governance, education and theory in the years to come.

“You’ve got to be honest. If you can fake that, you’ve got it made.” – **George Burns**

**Doing good to do well** - Thomas Gad, Chairman of the Medinge Group, addressed the issue of so-called Green Branding at our annual Sweden retreat in September. He’s seen a growing perception of urgent need by his clients for answers in this area. At the same time he reports a fuel of tensions in the marketplace over what it means. Thomas says there’s a clash of vernacular, green vs. sustainability vs. organic vs. fair-traded and more. He showed a single slide of different enlightened logos, each representing one of these often-not-parallel agendas. Gad’s research indicates that consumers place a lot of hope in technology, and they will more and more seek out what he called climate-marked products. Talk of these high-intention products led me to wonder if an index could be created to validate the claims. Skepticism rules the marketplace, which is why consumers ask for more informative in-store decision-making tools like credible labeling.

It’s more difficult to make a virtuous act now that **the bottom has dropped out of recycling**. Patrick Harris believes our current generation “may be remembered not as the 'consumer generation' as we understand it, but as the 'disposable generation' - one which produced immense waste.” Recyclers at present are stockpiling trash- hoping for a turnaround by 2010.

During the **Beijing Olympics** the momentary impression of a truce, as Coke sponsored the stadium and Pepsi sponsored the recycling, a presumptive cooperation. After the Olympics, the bitter rivals returned to their usual sniping in a newly-declared non-sugar sweeteners war.

Travelers trudging through international departure areas in Heathrow and Hamburg airports the first week of November may have stumbled across booths marked with a big blue Z, help points set up to offer free Internet access, cell phone and laptop charge-ups, and other concierge-style assistance. It’s part of a new marketing campaign from **Zurich Financial Services** focusing on customers “when it really matters... trying to build consideration and favorability for the brand,” said Arun Sinha, head of marketing. Research indicated that fewer than 15% of customers trusted insurance companies. The kiosks do not offer insurance.

**New heroes and the cult of celebrity** – Paulina Borsook says the only books that reach the nonfiction bestseller list have titles like *Oprah’s Chef’s Veterinarian’s Memoir of Child Abuse*. NYTimes headline, December 19, 2008: *Mother of Palin Daughter’s Boyfriend Arrested*

"It is best to hide folly." – **Heraclitus, ibid.**

**Personal branding-** *Tom Cruise* silent on Scientology concurrent to premiere of new good-Nazi flick, "won't speak about [my] religion publically;" *Roman Abramovich*, Russian oligarch adding the world's largest yacht (168m) to his armada for £200m; *Ali Kordan*, chastened Iranian minister who falsely claimed to hold an honorary degree from Oxford.

**Social networking, it's bad!** – Video of a Web2.0 presentation by NYU Media prof Clay Shirky circulated around the net. His thoughts on how to deploy the cognitive surplus, the physics of participation, ending with the idea that "People like to consume, but they also like to produce, and they like to share." Believes that social networking in the commercial arena happens in that order. Ends with the conclusion "Media that's targeting you but doesn't include you may not be worth watching." Kids already know this, and do any of the actions individually, or in whatever order they like.

**Social networking, it's good!** – "People are relating to the Americans on the computer. Regardless of political views and what the politicians do, we want to have this kind of cultural relationship with the United States." – 24-year old Iranian journalist Source: IHT 3 December 2008

**Social networking, it's bad!** – A demented Mom impersonated "Josh", a supposedly infatuated teenage boy, and drove her daughter's rival to suicide using MySpace. St. Charles County Prosecutor announced there wasn't enough evidence to charge anyone in connection with the kid's death.

**Social networking, it's good!** – Mizuko Ito, lead researcher on a MacArthur Foundation study swears internet socializing by teens is not a bad thing, "...participation is giving them the technological skills and literacy they need to succeed in the contemporary world... how to get along with others, how to manage a public identity, how to create a home page."

Source: NYTimes, 20 November 2008

**Social networking, it's bad!** – At least for advertisers. Facebook ads don't generate the interest or participation expected. The revelation: people who use social networks want to network socially, and not buy into marketing schemes or endorse products.

"Due to the financial climate, I had to make the decision to cancel the 2008 holiday party."

– **Robert Duffy, partner at Marc Jacobs fashion brand**

**Devolving luxury** – You'll know luxury is rebounding when eyewear begins to move again. It's a sure sign that people have the extra cash for affordable symbols. Timepieces follow, and then those obscenely-priced handbags. May not happen before 2011, though.

"**Luxury luggage** companies are looking for ways to make their brands stand out from the crowd... Travelers are asking themselves, 'what does this luggage say about me?'" commented Milton Pedraza, CEO of Luxury Institute. Has Mr. Pedraza traveled recently? The experienced traveler does not want to stand out. Luggage simply wants to say, "Don't steal me. Leave me alone." Luxury is now embracing functional products as revenue-generators, stepping back from extravagant items. **Prada, Gucci, Fendi, Lanvin** and **Bottega Veneta** have all added luggage brand extensions. **Louis Vuitton** and **Hermès** differentiate themselves by offering limited edition or custom-made travel bags.

Source: IHT 3 December 2008

On 1 December 2008 **Hermès** ran a color banner ad on NYTimes.com, an act unthinkable two years ago. Luxury has embraced the internet: witness Lagerfeld's recent ersatz silent movie on **Chanel.com**. Viewing the movie requires a commitment of almost 20 minutes, eons in internet time. When luxury steamroller **LVMH** cancelled plans to rent a new 10-story building in Tokyo, category-watchers nodded knowingly: 2009 is certain to remain a distressed market.

Sources: NYT.com 9 December 2008, WSJ 17 and 26 December 2008

## the following highpoints to debate and discussion envisioned for the coming year

“The greatest source of sorrow is the pursuit of happiness.” - **Voltaire**

**BRIC nations-** At Medinge’s September retreat, Sergei Mitrofanov and Dmitry Petrov opened their panel by making a series of all-inclusive statements about the largest emerging markets in the world, over 3 billion potential-customers-strong:

- That there are already established brands in those local markets, of which we of the developed markets are unfamiliar, and that these are the brands with which newcomers will need to initially compete;
- That the BRIC nations have low loyalty to any brands, and are open to new ones;
- That nations in emerging economies are price-sensitive, and in search of value;
- That these nations embrace “luxurious poverty”, and will opt for single luxury items;
- That those who are first to market will have a strategic advantage;
- That intellectual property issues will continue to prove problematic until some universal standards of protection are agreed upon.

**Quiet brands-** Dr. Robert Zajonc, who studied half-hidden patterns that unconsciously inform the ways in which everyone navigates the social world, died on November 30, 2008. He discovered that subjects reliably preferred shapes they had been exposed to the most often, though they had no conscious awareness of the fact. The effect was dear to the hearts of advertisers and other shapers of culture, brand-builders included. Strangely, **H.M., the most important patient in the history of brain science**, died the next day. Following experimental brain surgery in 1953 to remedy blackouts, seizures and convulsions, he lost his ability to form new memories. As a participant in hundreds of subsequent studies, he helped scientists understand the biology of learning, memory and physical dexterity, and to identify **declarative memory**, which records names, faces and new experiences and stores them until they are consciously retrieved. He was, I suppose, the most famous brand guinea pig.

“Time and silence are the most luminous things today.” – **Tom Ford**

In Autumn 2008 I traveled widely through rural **Rajasthan** by car. It made me reconsider the idea that brands need not be so visually prominent to reinforce what they stand for. What about rethinking the idea of brands as healthy instruments of silence? **Vodafone** has spent an enormous sum plastering its garish red logo on every available surface in India, sometimes at massive scale, in an effort to reinforce its brand recognition by raising its profile. Perhaps the major benefit has been to keep the population of sign-painters and digital banner installers working. In doing so they’ve despoiled landscapes and unwittingly made a colossal statement that the brand has no understanding of the concept of visual pollution, and low regard for what this incessant barrage does to people, already overloaded with screaming messages. Why does a brand need to be this noisy? A brand isn’t just another form of packaging. This is the myth of “eyeballs” or “number of visual impressions” that conventional advertising has perpetuated. Even companies with do-good products offend: **Vespas** has outsized markings on their wind turbines all over the world: guys, get a grip- nobody wants to see your logo that big. So here’s a free, radical, profile-raising idea for Vodafone: announce a new multi-crore brand campaign to remove all those red logos from every exterior surface in India. Put people to work restoring the landscape, promoting harmony and quiet and beauty, demonstrate that the company, even if its offering is mobile telephony, values the silence in between the use of its products. That would count as a major PR victory, not to mention improve the company’s sustainable reputation for years to come.

"We weren't for anything. We were against everything." – John Holmstrom, founder of *Punk Magazine*

**Claude Lévi-Strauss** turned 100 on November 28, 2008. In light of his work, which took difference as the basis for his study, not the search for commonality, I pondered what brand professionals could learn from this. In Lévi-Strauss' own words, "...societies are progressively integrated into world politics and economy...their relevance has become either documentary or, mostly, aesthetic" and they contain defining contexts "telling not only what they are but what they were meant to be when they were created." The Quai Branly's landscape architect noted that "...[he] represents an extremely subversive vision with his interest in populations that were disdained... He knew that cultural diversity is necessary for cultural creativity, for the future."

"History is a pack of lies about events that never happened told by people who weren't there."

– **George Santayana**

**Brands and history** - In March 2007, Patagonia fired sponsored ambassador Dean Potter, a highlining and BASE-jumping xtreme athlete who has demonstrated an affinity for parachuting from a tighrope or other more stable high places. He had made several controversial climbs, which could be labeled spiritual experiences, if he is not addicted to being watched, since he always seems to have a photographer along. The jury still out on that conclusion. The brand asked him to make public apologies, which it appears he did-debate rages about despoiling climb sites and exhibitionism, two things Patagonia doesn't want to get tarred with. Mr. Potter's latest reported activity is base-jumping from a line stretched across Utah's Hell Roaring Canyon. Source: NYTimes 14 March 2008

Potter's calling isn't anything new. The legendary Jean Francois Gravelet, who performed under the name Blondin, repeatedly crossed the Niagara River Gorge on a suspended line in 1859. On one walk he stopped at the halfway point above the falls, and prepared an omelette on a portable stove.

**The incredible shrinking page-** While the death of analog may be exaggerated, print advertising budgets diminish. In July the prescient Sam Zell, CEO of Tribune Co. lamented that he was "...looking at some of the worst advertising numbers in the history of the world." Tribune declared Chapter 11 in December "...definitely an environment that most have never seen," sighed Ed Ventimiglia, publisher of *Departures*. What's a brand to do? Luxury brands continue –quietly- to spend on client dinners and launch parties, direct client engagement. We'll see more licensing, product placement, unconventional outreach. Amazon's Kindle reader now represents 10% of Amazon's book sales, 250,000 units sold, 200K titles available. NYTimes, 24 Nov 2008

## **trendseekers alerts**

### **Terminology and concepts entering the mainstream in 2009:**

**Behavioral neurogenetics-** A relatively new field "exploring a handful of genes that seem to be related to depression, anxiety, addictive personality, sensation-seeking and other traits. The same article discussed "the booming happiness industry." Beware of the product-creation stampede. Source: NYTimes, 27 November 2008

**Chimerica-** historian Niall Ferguson's term for the de facto partnership between Chinese savers and producers and US spenders and borrowers. Are we talking about "Chi" as in China, or "Chimer" as in chimera?

**Citizen journalism-** Another iteration of user-generated content in which non-professionals use modern technology and the global distribution of the Internet to create, augment or fact-check media independently, or collaboratively. We saw a lot of this kind of activity on *Twitter* during the Mumbai siege. Especially interesting was how much of the chatter was useless, baseless, conjectural or simply irresponsible. The conclusion: don't trust anything you read: validate it rigorously through multiple sources.

**Cloud computing** – Google's dream: a scenario in which people store all their digital libraries and multimedia files online, and can access them from any computer, anywhere.

**Coutourisme-** a category I have invented for the travel industry, where clients are encouraged to choose destinations purely for the purpose of buying chic clothing.

**DMB-** (pronounced "*dumb*"?) Digital Media Broadcasting, referring to the explosion of video usage on mobile phones and other mobile devices, an especially hot phenomenon in South Korea, where users watch an average of 15 minutes a day. So far providers haven't found the model to produce big revenues. "Content is time-critical," says a consultant.

**Narco-analysis-** a controversial technique, banned in most democracies, where the subject is injected with a truth serum. Mumbai police say they're going to use it on their surviving terrorist. Imagine if the focus group guys ever get their hands on this stuff.

**The uncanny valley-** a challenge identified by digital animators, who have noticed that the more human their characters look, the less lifelike they seem, with eyes often taking on a creepy, zombie-like hue.

**White space-** vacant TV airwaves being freed up by regulators, clearing the way for next-generation wireless devices and internet services. Fertile territory for products which have yet to be developed, especially in the evidence-based design spectrum, i.e. products for the home, energy regulation, security, inventory control, real-time monitoring.

**Wrap rage-** The emotional reaction to infuriating plastic "clamshell" packages and cruelly complex twist ties that make products almost impossible to open without power tools. Sends about 6000 Americans each year to hospital ERs with injuries caused by trying to pry, stab and cut open their purchases. Packaging designers take note. Source: IHT, 15 November 2008

"Every beast is driven to pasture with a blow." – **Heraclitus, *ibid.***

**What is a brand?** Seeking a new twist in this section of the letter I'll include some speculative jottings from my own notebook over the past 12 months:

- **A brand is an icon of impermanence**
- **A brand is a marker of time**
- **A brand is momentum personified**
- **A brand is by nature obsolete**
- **A brand is a specific set of attributes connected to a product, organization or place**
- **A brand is an all-encompassing social construct which defines the vision of an organization or entity.**

And the musings of a diverse clutch of interdisciplinary experts:

**"A brand tells a story in which the main characters are recognisably the market or audience. With most brands today, the organisation still puts itself or its product at the centre of the story. A powerful brand tells a story that consumers or prospects can easily weave into their own."** - Tony Quinlan

Tony is Chief Storyteller for London-based Narrate.com.

**"A brand perches on a shelf, and thinks it knows who you are."** –Trungpa Bumbleché  
Bumbleché is Director of the Self Center, and founder of Luminaries Without Boundaries.

**“A brand is an exercise in identifying, organizing and coordinating marketing variables.”**

- Joao Freire

Joao is a Lisbon-based brand strategist.

**“A brand is a searing experience you want to repeat.”** –George Rush

George is a New York City-based newspaper columnist.

**“A brand is the mark originally left to protect livestock from potential loss and theft. The term now implies labels, logos, artwork and names or words that one can register in order to claim a unique and profitable connection, or forcibly associate with products or services in order to foster favorable feeling.”** –Steven Considine

Steven grew up on a cattle ranch near San Diego, California.

**“A brand is for the masses who don't know better.”** –Philippe Mihailovich

Philippe is a Paris-based luxury brand guru and author of the forthcoming “*Haute Luxe*”.

Recently I have thought about brands as **inner journeys in search of tangible points for human connection**. More on this in the coming year.

A great 2009 to all!

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# 2010 Global Brand Letter

from Stanley Moss

“Everything that deceives can be said to enchant.” –**Plato**

“That is the beauty of branding: brutalized, used like an instrument, it turns against its creator.” –**Pierre d’Huy**

We invest such hope in brands, infusing them with high expectations that no entity short of a deity could meet. We want our brands to behave like gods. We ask our brands to live up to their promises, act sustainably, be responsive and constant, tell the truth, be accommodating, service-driven, transparent, reasonable, economic, culturally sensitive, prescient. We want to dialogue with them, have a conversation, pursue a relationship, expect them to listen when we rage, restore us when things go wrong, and apologise as we show them the door. Thus we place brands into the realm of immortals, seeking an unrealistic perfection in the institutions which we work so hard to build. It’s the brand professional’s dilemma, where the thresholds of idealism stand. With oversight a given, CSR an expected component of any brand, and the speed at which reputations can be lost, what’s a brand to do? It’s particularly troubling when marketers talk about powering old prejudices. Those are the practices that got us into so much trouble in gratification-world, encouraged the banks to venture our money in a grossly cavalier manner and market us into record consumer debt. While brands need to stand for contentment and fulfillment, they also need to stand for clear thought and responsible behavior. The next time you bite into a bar of chocolate, sip a cup of coffee, try to decide whether to buy a new iPad, watch Fox News, sign a 2-year contract with Vodafone, make a deposit at Citibank or splash on some Terre d’Hermès, are you going ask yourself what deeper meanings the gesture supports? It all comes down to the soul-searching question, What does adopting this brand really say about me?

## update on last year’s hot topics

### Emerging economies

It’s all big-bigger-biggest numbers in **China**. Mercedes-Benz agreed to pay up to \$100 million for naming rights to a new sports stadium in Shanghai, the first time they have done this outside Germany, part of a collaboration with NBA’s huge push there. China’s population of wealthy individuals with more than \$1 million in investable assets surpassed that of Britain in 2008. In the UK, ultra-wealthy Chinese shoppers now outspend their Russian and Arab counterparts.

China has world’s largest population of internet users yet makes fewer online transactions than in America. Many Chinese resisted purchasing online, wary about scams and faulty merchandise. Alibaba launched AliPay, who hold the money in escrow until after the buyer has received the item and confirmed they are satisfied with it. 200 million registered users, doing around \$150 million a day in transactions.

But for all the rosy economic reports, China is as well a succession of bad-news stories. Take for example, dysprosium and terbium extraction. China does serious environmental damage with this “rare earth mining,” which accounts for 99% of the world’s production. Sustainability alert! These are critical materials for wind turbine technology, and alternative energies. More than half the shipments are smuggled, illegal, unregulated, in an industry dominated by murderous criminal gangs. It sounds like the ore in the movie *Avatar*, right? Unobtainium. After China rolled out new measures to limit citizens’ ability to set up personal web sites or to use hundreds of Internet entertainment services, Google got seriously hacked and now says it can’t operate there: they won’t even guarantee “basic service” in the Middle Kingdom.

Oreo is on the fast track to becoming the world's most regionally sensitive cookie brand. Last year sales grew 30% outside the USA. Kraft already sells baked goods in **Russia**, cookies named for Communist heroes. Now they're considering selling Oreos there. For the Chinese market Kraft created Oreo wafers that are "smaller and less sweet than the traditional version." A new take on cookie-based profiling.

Career-savvy women are the movers and shakers behind **India's** transitional society. The new age Indian is acquisitive, brand-conscious and wants the best. The reality is that India still has fewer wealthy consumers than Ireland. Mercenary marketers claim it's not about informing a new consciousness, more about powering old prejudices.

**Brasil** scored the Olympics, and a week later drug gangs shot down a police helicopter over the *favelas* in Rio. The government responded with a paltry \$60 million pledge for additional security for the games. It won't go far. There must be some deep correlation: *Avatar's* most important overseas markets turn out to be **Russia** and **Brasil**.

Zegna says China will be its biggest market by the end of 2010. **Australia** and **Latin America** are regarded as "less mature luxury markets." Top manager at Zegna believes luxury's new frontier is **Africa**.

### **Mickey goes to Shanghai**

We're in the thick of an Asian theme-park boomlet. Singapore is getting a new Universal park, Malaysia getting Legoland, a \$465 million upgrade planned for HK Disney. A bleak near-term picture elsewhere worldwide. Six Flags filed for bankruptcy protection, DubaiLand project was supposed to include Paramount, Marvel and Dreamworks, now halted. Japan has an aging population and stagnant economy, with most theme park attendance flat or down. Disney typically relies on the creation of new Disney TV channels to promote its brand abroad, but China's limits on foreign media have made that impossible. The go-ahead for the new Shanghai park did not come with concessions from China on the television front. Analysts believe approval probably came from the prospect of massive job creation. About 300 million potential customers live within two hours of the park site, which is between the city's airport and downtown.

### **P&G plots for new markets**

It's the McElroy memo all over again, but with a colonialist twist. In order to meet re-org targets, P&G needs to add around a half million new customers every day for the next five years, outside their traditional markets. To do so they hope to attract new customers in places like Nigeria, India and Somalia. Rivals Unilever and Colgate have established presences in these markets, such a foothold that they are known as "walled cities" in the FMCG industry. But P&G believes there is room for competition. While they don't expect \$110 a year per capita, like US consumers spend, they hope for levels like Mexico's \$20 a year. Currently China is at less than \$3 a year, so do the math. But, wait- customers in emerging markets have little money to spend. P&G will have to crack the intricacies of distribution, and adjust their products into smaller and cheaper sizes. One interesting metric is holding the cost of a 2-use shampoo packet to less than the cost of an egg. Other products they are "educating" the market for: disposable nappies, but only for the night so families can get a good night's sleep or for use during family outings; and feminine hygiene products to reduce stress and provide greater comfort, enabling girls to study better. Not a peep about landfills or biodegradability.

### **The luxury category**

**Christian Lacroix** was placed under protection from creditors in June. Hadn't made a profit for 22 years. Downsized staff from 120 to 11, closed down haute couture and prêt à porter, but held onto accessories and fragrance licenses. A **luxury licensing boom in progress**, especially in specialist or peripheral categories such as kid clothes, swimwear or accessories. Hard luxury products like watches and jewelry had slumping sales. Arnaud said philanthropy is a growing focus of **LVMH**.

Demand for **Hermès** handbags stayed constant. Does Hermès manipulate the alligator skin market? In the mid 1990s the luxury brand began buying tanneries and in the last few years has become the largest player in the exotic skins business. Bought aggressively from the alligator farmers in Florida, recently at prices far lower than the past. Rival tanneries accuse Hermès of hoarding, forcing other fashion houses to pay premium prices. Nobody mentioning anything about the environmental damage tanneries cause.

**Zegna** recrafting their brand, aiming at a new demographic of under 30s. They will stick with menswear, more stable, has more loyal customers. **Burberry** launched a social networking website to encourage people to share their own trench coat stories. Plaid has its own registered trademark. "Our differentiator," says CEO. People are wearing **fragrance** less today than previously. A bright spot was fragrance priced at \$100 or more, where sales grew. Perfumers now position "noses" as stars of their brands.

Galactic Space Resort says it is on-track to accept guests in first **microgravity hotel** in 2012. Rack rate: €3 million, for a three-night stay. The single pod will orbit 450km above earth, capacity: 4 guests and 2 astronaut pilots. What, no concierge? Those pilots are going to need training in guest service. Luxury is hard.

**Rolls Royce** sales grew in 2008. The company is introducing the Ghost, designed to sell higher volume, "less formal than the Phantom and a bit more dynamic," which translates "cheaper", at a price point of €200-250K. Of 8000 select prospects who showed interest, 85% were names new to the brand.

"If a word is worth a coin, silence is worth two." –**The Talmud**

### **Unbranding**

Last year I commented on Vodafone's rampant brand pollution in India, and the criticism stands. But elsewhere in the world companies like Coca-Cola, luxury names, youth and hospitality brands are exploring avenues of greater discretion in their visual presentation. Starbucks took away its logos in their Seattle Capital Hill store, rebranding it like a Mom and Pop coffee place. They'll try anything to preserve their premium image as competitors like McD chip away at market share.

### **Sayonara**

**Edward T. Hall**, who pioneered the study of nonverbal communication between members of different ethnic groups, died in August. He developed a cultural model that emphasized the importance of nonverbal signals and modes of awareness over explicit messages, all interesting ideas for brand professionals to ponder. He looked at cultural attitudes toward space and time as part of the informal realm of communication. "*The Hidden Dimension*" (1966) examined cultural meanings of architecture in a discipline he called proxemics, a kind of proto-place-branding theory. He also explored the use of time as a form of communication, a technique which marketers employ.

**Amir Pnueli** died in November. He was a computer scientist who applied Arthur Prior's theories of temporal logic, propositions qualified in terms of time, into computer modeling techniques. Prior's work explored "tense logic," to evaluate statements whose truthfulness changes over time. Sounds suspiciously like marketing claims, doesn't it?

"On the internet, nobody knows you are a dog." -**Anonymous axiom**

### **Adios, traditional media**

News organizations remain stymied about **how to charge for news online**. One publisher comments "we haven't reached an inflection point in attitude." For the time being their position is vague to cautious as they search for ways to cut costs. Various media labs are now testing algorithms that assemble facts into narratives that deliver information, **no writers required**. Career journalists beware.

Lured by the affordability of e-marketing, seduced by the explosion of social media, and looking to cut costs, **smaller firms fled traditional direct mail marketing**. US consumers received about 5.2 billion pieces of direct mail in the 3<sup>rd</sup> quarter of 2009, down from 7.1 billion in the prior year. Some companies saw precipitous drops in business, and had to return to snail mail to recover. Customers said they missed the letters, especially the ones which contained humorous illustrations.

The US market for **online advertising** is now estimated at \$29 billion. AOL abandoning subscription-based service, migrating to advertising-supported digital media company. Time Warner, who divested AOL, are crafting strategies to deal with consumers now using digital sources for news and entertainment. Ad brokers target online display ads aimed at audiences selected for other characteristics than age or income. Now they troll **personality traits**.

**Vibe Magazine**, which folded under a pile of debt last May planned a relaunch as a print quarterly. New owners InterMedia Partners distributed 300,000 copies, half their prior circulation guarantee. New owner says they can "imagine many ways in which the brand can exist and be monetized outside its print heritage." **Esquire's** December augmented reality cover featured Robert Downey Jr. and a bunch of letters flying off the cover. Not sure anybody noticed. **Vanity Fair Italia's** print edition is growing in a down market. It's Condé Nast International's biggest magazine in terms of revenue. Uses big photography layouts both original and drawn from archives, and content repurposed from American Vogue, W and GQ. Weekly format, abbreviated mix of news briefs, estimated reading time 6-14 minutes per longest article. **Lisbon** has a new print newspaper, nicknamed **I**, short for *infomação*. Looks more like a traditional magazine than a newspaper, and puts the most thought-provoking and analytical writing first. Paid circulation of 16,500 in a population of 10 million. The strategy is to build relevance for the brand in the shortest time, and eventually expand the name into other media, the first projected brand extension to be a web site.

### **Movies outperforming DVDs**

Flicks now outpace disks as studios eye a shrinking DVD income stream. They place their hopes on 3-D and mass-market blockbusters. *Avatar* passed \$1 billion in ticket sales in the second week of January, with two-thirds of its receipts from abroad. France has an *amour fou* for the new technology, with the most 3-D screens in Europe. *Libération* recently declared James Cameron "galaxy's eco-warrior."

### **More brilliant ideas from the dinosaurs**

Abandonment Tracker Pro alerts a subscribing web store when a visitor puts an item in a shopping cart or begins an application, and then doesn't complete it. Enables an action called "**remarketing**", where visitor gets a follow-up email or pop-up asking [sic] "Oops, was there a problem?" It may increase sales, or alternately irritate customers who never come back again. No way to measure.

**Pepsi** announced it won't advertise its drinks in next year's Super Bowl, ending a 23-year run. Launching "Pepsi Refresh Program", aimed at directing \$20 million for projects people create to "refresh" communities.

**mailorama.fr** dreamed up an inspired promotional stunt to promote their brand: a red double-decker bus would drive around Paris throwing cash from the windows. Locations were communicated via promotional buzz on the web. A crowd estimated at 7000 assembled at one location, mostly residents from tough suburbs, poor students, homeless men. Surprise, a riot ensued, police were called in to restore order. Arrests, beatings, damage to property. Company wouldn't answer calls, and later issued a statement saying it was sorry things had gotten out of hand. Donated the €100,000 budgeted for the event to a local charity.

### **It's no longer who you are**

Twitter introducing "geolocation" allowing users to include a precise location with each tweet, thus enabling search limit by location. Users suggested the idea. Little companies are popping up, measuring 'buzz' by surveying where trendsetters go. People leave '**data shadows**' behind as they move through cities.

**Yousef Tuquan Tuquan** quotable at the World Brand Congress in Mumbai last November: "What the 50-year old marketing manager knows doesn't matter." "The media is no longer in charge." "Advertising doesn't need the media anymore." "The conversation is going on with or without you."

291,667 people joined Facebook in a single hour on January 2, 2010. Last October, 26 million tweets in a day were recorded. Social network participation via mobile devices will increase from 80 million in 2007 to 800 million in 2012. A study by UC San Diego reports US households collectively consumed **3.6 zettabytes** of information in 2008. (One billion trillion bytes, or a one followed by 21 zeroes) The huge increase in byte consumption is related to video games. In a single day 100,000 words cross a person's eyes and ears from various channels, web, text messages, video games. *War and Peace* is 460,000 words long. Print media is in consistent decline, but web-surfing means people are reading more than ever.

### **the following touchpoints to debate and discussion for the coming year**

"Thank God I'm an athiest." – **Luis Buñuel**

### **Increasing co-creation**

**Hershey** and **Pitney Bowes** set up customer innovation centers to capture understandings of how customers use their products. Companies aren't generally structured to access, absorb or utilize customer insights since they are organized by product, not by customer. Technology companies have been the most active in relying on others to innovate for them. Consumers often come up with ideas, then companies wait at the sidelines to see whether they have mass appeal. **Twitter** certainly outsources idea-generation to its readers. When people started referring to posts as "tweets" Twitter resisted, until mid 2009 when it finally applied

for a trademark on the term. **Kraft Australia** asked customers to propose a name for its new Vegemite product, a salty brown yeast paste mixed with cream cheese, yum. Over 3 million units sold in two weeks to a population of 22 million. The winning name, suggested by a 27-year old designer: iSnack 2.0. A wonder Apple didn't say anything. But others did, thousands of Twitter posts, a dozen Facebook groups, and a protest website. Company quickly decided the name was not worth defending, given the level of outrage. Kraft compares this to the failed 1985 New Coke launch, which ultimately served to reinforce consumer loyalty to that brand.

"All great cities are schizophrenic." –**Victor Hugo**

### **Where in the world, indeed.**

More than 40 million fake Swiss timepieces are made every year, generating profits of around \$1 billion. "**Made in Switzerland**" has so much value that 5000 Swiss brands use their nation of origin in brand marketing, because it implies precision and quality. Now the government plans legislation that demands Swiss share of production costs must be 60% for goods to use the label "Swiss." Country brands are big ships that don't change course quickly. In a recent article Philippe Mihailovich points out that "Made in China" carries so much baggage that it would be more effective to establish "**Made in Shanghai**" as a new luxury differentiator.

"Fame sometimes defames good honourable people." –**Portugese Fado lyric**

### **For a change, let's talk about celebrity**

US media obsessed for Warhol's designated 15 minutes over the White House gate crashers, a pair of social climbers who then tried to sell their story to the networks and tabloids. A reality TV show Dad perpetrated the balloon boy hoax, which kept the country riveted to their screens watching a home-made UFO drift across the western skies. He then tried to sell his story to the networks and the tabloids, but got arrested instead. In July the world went crazy over Michael Jackson's untimely demise, a false veneration of epic proportions. The Jackson family then sold and re-sold their story to the networks and tabloids. Do we detect pattern recognition here?

**Tiger Woods** used to make roughly \$100 million a year on endorsement deals, his career earnings over \$1 billion. After the crack-up Woods generated escalating negative buzz with women, who make many of the endorsed product buying decisions. Woods was golf's #1 draw and #1 television ratings driver. Tournaments where he played had 30 million more viewers than those where he did not. The economic impact of Woods' imbroglia on sponsor firms hasn't yet been calculated, though some academics rushed to try. Gillette ran more sensitive statistical tests correlated against share price performance, some of which cleared the 5% significance threshold. The final insult: Cadillac repossessed the crashed Escalade and plans to do repairs, then sell it as a "used fleet vehicle."

"The better the bad guy is, the better the film is." – **Alfred Hitchcock**

**Ridley Scott** in discussions with **Angelina Jolie** for role in **Gucci** biopic on Patrizia Reggiani, who plotted the murder of her ex-husband, Maurizio Gucci.

Once upon a time **Elvis**, **Marilyn Monroe**, and **James Dean** were people with brands attached to them. These days they have migrated into iconic economic entities which stand for sexuality, voluptuousness and rebellion. Society constantly hungers for heroes. In 2009, heirs of **Bruce Lee** announced the launch of a production company dedicated to promoting the actor's legacy. **Brando** trustees have filed 26 separate legal cases since 2003, initiated

by a business partnership designed to protect and manage the Brando brand-o. The major conundrum: how to find commerce in the image of a man who was wary of it.

### **trendseekers alerts**

“It’s not a lie if you believe it.” -**Seinfeld character George Costanza**

#### **Otaku love**

A subculture is thriving in Japan, made up of men and women who indulge in real relationships with imaginary characters. It’s a subset of the obsessive fandom that has surrounded *anime*, *manga* and video games, attributable in part to the difficulty many young Japanese have in navigating modern romantic life. Fetishistic love for two-dimensional characters has earned its own slang word, *moe*. In an ideal *moe* relationship a man frees himself from the expectations of an ordinary human relationship and expresses his passion for a chosen character, without fear of being judged or rejected. One 37-year old Tokyo man goes on dates with a pillow emblazoned with a two-dimensional picture of a character, Nemu, from an X-rated version of a PC video game called Da Capo. She is 10, maybe 12 years old, and wears a little blue bikini and gold ribbons in her hair. “When I die I want to be buried with her in my arms.”

#### **Uh-oh, the World Car again**

**Ford** announced plans to unveil its new Focus model, a single vehicle designed and engineered for customers in every region of the world, sold under one name, part of a strategic decision to move from a house of brands to single focus on Ford. The gameplan: small, fuel-efficient cars, with technology and safety features to appeal to customers in Europe, Asia and the Americas, premium priced. Ford is betting on the perceived need for smaller, lighter and more environmentally friendly passenger cars. Believes that customer requirements are going to be more the same around the world than they are different. One platform for all markets, tailored to different regions by changing colors and materials. European and American buyers appreciate flair; Chinese consumers, in particular, have more conservative tastes. Its best asset: the Ford brand and its blue oval badge. In the old days, Ford had as many as 20 international ad campaigns. New Focus would have just 4 or 5 ad strategies. “Any variation will be based on the campaign’s audience.”

#### **Build your personal brand: go barefoot**

Discarded **flip-flops** are one of the greatest environmental hazards on the planet today. Gazillions of them have been manufactured. Toxic to animal reproduction, dioxin contamination in landfills, harmful to people downwind of incineration, cause impairments to the immune system. A significant part of the rising tide of plastic litter stretching down the East African coastline.

#### **Brand resurrection**

Polaroid was the Google of its day, darling of the stock market, the place where everyone wanted to work, a stellar growth story, then a spectacular fall, as digital imaging took over. Yet no technology has replaced the tactile thrill of an instant photo rendered in chemicals straight out of the camera. Its name recognition has never diminished- in fact, it’s one of the best known brands in the world, up there with Disney, McD and Coke. And a new group of aficionados breathes fresh life into the brand. A Boston-based company owns the name and the patents and plan a relaunch. Inexplicably they have hired **Lady Gaga**, a pop star, as their new Creative Director. She brings enhanced visibility and youthful cachet, but how adept is she in new-product creation? We’ll find out in an instant.

### Terminology and concepts entering the mainstream in 2010:

**Astroturf organisations-** fake grassroots organisations originally created by lobbies and special interest groups to disrupt US health care reform hearings.

**Augmented reality-** superimposing digital information onto the real world, especially in handheld device displays. A massive product design scramble in progress for expanding the retail experience.

**Crowdsourcing-** using the proverbial wisdom of crowds to accomplish a task. Netflix paid out a \$1 million prize for an improved recommendation engine to increase customer satisfaction and generate more movie rental business. See “Prize Economics”, below.

**Digital archaeology-** manipulation of original files from earlier sources, enhanced to be reused in newer iterations. Often applied when digital cartoons are repurposed for 3-D.

**Maybe Journalism-** computer-generated simulations of what might have happened, like those made in Taiwan speculating about the Tiger Woods car crash.

**Ming pai** – Pop Chinese term for famous brand-name consumer items

**Mirror neurons-** neurons in a network that let you feel or respond in a way that is similar to someone else. The biology of empathy.

**Net fame-** in the recent Japanese film “*Nobody to Watch Over Me*,” the term applied to what voracious internet news journalists seek, in collecting information and exposing people's lives to public scrutiny, with no concern for truth or justice.

**Prize economics-** running a contest to generate a new innovation at less cost than an in-house research and development effort.

**The Singularity-** the notion of a moment, popularized by the computer scientist Vernor Vinge, when humans will create smarter-than-human machines, causing such rapid change that the “human era will be ended.”

**Screenager** – how marketers regard your adolescent kid.

**The Third Cloud-** new apps where your smart phone doesn't even bother to communicate with your carrier, it just captures the information you need from other sources nearby.

**Virtual physiology-** new digital processes which allow you to conceive of how things should be and then let the computer figure out how to do it.

“They were decent. They were strong. And they failed in the most beautiful way you can imagine.”

– Italian mountaineer Reinhold Messner, on Dr. Charles S. Houston's doomed 1953 Everest expedition.

### What is a brand?

Thanks to those who contributed definitions this year:

**“A brand is a name with power.”** - Pierre LeGouvello

LeGouvello is President of DDB France. Ad agencies still concern themselves with notions of reputation and competition.

**“A brand is first a promise, then an experience and ultimately, a feeling.”** - Aubrey Ghose

Aubrey is CEO of Dubai-based aisBrandLab. Creatives view brands as living in the world of emotions.

**“A brand is something you can wake up wanting.”** – Anindita Ghose

Anindita reports for the Wall Street Journal/MINT in New Delhi. This statement considers the chemistry of desire, what motivates the compulsion to acquire.

**“A brand is spot on.”** - Susanna Dulkanys

Susanna is Berlin partner at EdenSpikermann. Visual identity designers see specificity and simplicity as critical elements of the brand discipline.

**“A brand is a relationship.”** - Yousef T. Tuqan

Yousef is CEO of Dubai-based Flip Media. Digital media practitioners explore the realm of interactivity.

Recently I have thought about brands as **adopted emblems of personal identity**.

More on this in the coming year.

An outstanding 2010 to all!

A handwritten signature in black ink, appearing to read "Smoss", with a stylized, cursive script.

**DiGanZi**  
diganzi.com

# 2011 Global Brand Letter

from Stanley Moss

"Always behave as if nothing had happened, no matter what has happened." – **Arnold Bennett**

"Find any reason." – **Marketing slogan painted on Goan wall**

I'm late this year in writing to you, and I probably need some quantitative easing. From December through March I circled the globe in a cloud of WikiLeaks fallout. B of A, MasterCard, Visa, eBay and PayPal had long ceased to process contribution payments to what some hoped were bold, righteous revolutionaries. Apple banned an online donation app in response to the disclosures by the aspiring journalistic entity. I went to Milan to look at muddled new visual branding for WikiLeaks by a Netherlands-based design company working for free in a grand gesture of anti-monetizing. Words I wrote in December were obsolete by February. By the end of March a new term, The Arab Spring, had emerged.

I began to wonder if **brands mimic the cycles of life**: they incubate, are born, rise and die. And then new brands are created. I ponder the strange ramifications of all the games with which we are so distracted. In Ancient Rome, games were staged to pacify the population.

## update on last year's hot topics

### Upstarts

Economists now predict a bubble of risk for **emerging markets** as investors rush in. They simply can't say when the crash occurs. Capital inflow peaks often precede crises.

The IHT's annual luxury conference heads to São Paulo in November 2011, a telling indicator of where the smart money is placing its bets. Suzy Menkes asked, "Who is not drawn, in the current chilly financial climate, to a place where ... a steaming economy and an opulent upper class combine to create an enthusiasm – rarely now seen in the western world – for fine goods... [and] explosive growth is guaranteed..." With 62% of its population under 29, **Brazil** is the perfect consumer laboratory for youth brands. Youth culture is world culture.

Then there's the run-up to the Olympics. Even the legendary Pelé has voiced his concerns that facilities won't be ready. The Commonwealth Games in Delhi all over again?

Early in 2010, the Brazilian investment firm 3G Capital struck a deal to buy Burger King for about \$4 billion. Another Brazilian firm, JBS tried to offer \$12.5 billion for Sara Lee, hoping to score attractive assets like the coffee business, growing brands in Western Europe and Brazil. No transaction occurred, due to disputes over sale price since the brand carries so much debt. A consortium of companies upped the ante successfully blocking the deal.

Unprecedented prosperity has **China** experiencing a boom in domestic and outbound tourism. These could be the same folks supporting a massive trade in endangered animals in Asia, consuming bear bile, tiger paws, rhino horns. Blame it on the rising middle class. China makes 80% of counterfeit goods globally, last yearly estimate (2007) \$250 billion. It's more than just handbags. Also critical components like brake pads, everyday consumer goods like toothpaste, music, movies, games, software, aircraft engine parts, ball bearings, pharmaceuticals, electronics. China's policing of the Internet for pornography or political

content raises questions why it doesn't do the same for sites that offer pirated or counterfeit goods. Shut down those guys and you affect China's counterfeit industry, which employs millions of workers, distributors, shop clerks. It's so huge and corrupt that authorities routinely tip off shops about impending raids. Triads in China deeply involved. China also plays its part in international distribution networks. You may be looking at what claims to be a Canadian pharmacy, when in fact the drugs are manufactured in India, the site is run out of China and your payment is going to another group in Russia. "Nothing sells like replicas," says a counterfeit bag dealer.

Some years ago after they helped China build its Great Firewall, Cisco was presented with an innovation award by the US State Department. Shanghai-based Li-Ning sport shoes has a 5-year plan to establish its brand in the USA, going toe-to-toe with Nike, possible candidate for a comparable accolade in the Middle Kingdom?

*"La vérité, l'âpre vérité."* ("The truth, the harsh truth.") – **Georges Danton**

China and Asia are the leading growth markets for Chateau Haut-Brion. China ordered Airbus aircraft valued at \$15 billion. Club Med is managing a huge expansion in China, presently the company's second biggest market outside France. Renault, previously navigating morale problems and suicides, fired three execs and filed suit against two of them, at first rumored to be over transfer of electric car and battery technology to Chinese companies. The French eventually backed down, citing their own internal troubles, paying off the disabused execs.

Meanwhile, China and **India** pledged to increase trade to \$100 billion a year, but probably not in broadcast media. India's already addicted to reality TV, 700 million mobile phone subscribers vote on talent show winners. Vodafone has backed off despoiling the landscape with its logos, while competitor Airtel rushed in, capitalizing on the economies of *cognitive fluency*, borrowing a trick from the playbook of Louis Vuitton's repeat LV pattern, hijacking Vodafone's visual brand by recklessly plastering its similar redesigned red signature on any available surface. Investors are shunning India after the Commonwealth Games and fallout over telecom licenses sold at bargain prices to bribe-payers.

### **and the moribund**

In 1991, economists were predicting that **Japan** would overtake the USA as the world's largest economy by 2010. Prior to the earthquake, tsunami and nuclear crisis, after a generation of deflation and extreme debt burden, living standards were crumbling along with Japan's economy. A symptom: "microhouses", tiny homes on miniscule plots of land were all the rage, symbolic of a dark, subdued vision for the future. The luxury category evaporated. A pervasive pessimism had taken hold, especially among the young, who were regarded as a generation of consumption-haters living in a time of collapsed demand, consumers refusing to consume, corporations holding back on investments and banks sitting on cash. By the time this group hit their 60s their frugality was expected to cost the Japanese economy \$420bn. Oddly, hope has returned to Japanese youth. Many unemployed grads have moved into the relief effort, volunteering their time. The unexpected byproduct of tragedy is a rebirth of optimism and sense of purpose.

Fewer than 2 million people use Facebook in Japan.

“Toil, envy, want, the patron, and the jail.” –**Dr. Johnson, on the poet’s life**

### **Oh, most inglorious quantification**

Thus far, 5.2 million volumes have been digitized for the Google Books project, 500 billion words. You can now browse cultural trends throughout history as recorded in print, analyze cultural influences statistically. A Harvard post-doc has done research to demonstrate how vast digital databases can transform our understanding of language, culture and the flow of ideas. Research guys, take note: here’s a new way to measure the endurance of fame, track celebrity. They’ve already figured out that notoriety rises and fades twice as fast as it did 100 years ago, an answer derived by surveying verb use, changes in grammar, evolution of language. Heretofore there’s been resistance to quantitative analysis in some corners of the humanities, but it turns out Andy Warhol was right.

### **Show me the money**

News Corp attracted 105,000 paying customers for web versions of The Times and Sunday Times of London, despite first estimating that site visits would drop by 90%. Initially the visits fell by only 42%, then 93%, far short of publishers’ hopes that it might someday replace dwindling print ad revenue. The Financial Times attracted 189,000 paying customers for its web site, which uses a metered model limiting number of free articles before more charges kick in. In April 2011 the NYTimes did the same. The IHT is giving away its iPad app, but not for long. Regional papers are developing **hyperlocal sites**, aggregating from small-traffic locally-based news stations. Visits are increasing tenfold, but still not profitable. Another cost-saving measure: automated **news-generating algorithms**, no human writers needed.

The hottest, fastest ebooks growth category in the USA is **romance novels**. Might be a clue for the news media: boost online revenues with more stories about stereotypes, true love and triumphant heroic behavior.

“A likely impossibility is always preferable to an unconvincing possibility.” –**Aristotle, on tragedy**

### **Social media**

**Twitter** chugs onward, the ultimate in disposable media. By the end of July, the 20 billionth tweet had posted. It took four years to reach the 10 billionth tweet, less than 5 months to double it. Charlie Sheen set a new world record in 2011, gaining 1 million tweet followers in a single day.

Last August, outgoing **Google** boss Eric Schmidt told the WSJ he feared people did not understand the consequences of having so much information about themselves online. He suggested people may need to change their names in order to escape their previous online activity. “We know roughly who you are, roughly what you care about, roughly who your friends are.”

Marketers lost interest in **MySpace**, much as Rupert Murdoch did when he got distracted buying the *Wall Street Journal* and discontinued regular visits to their office downstairs. An eloquent death knell tolled when the January 12 *New York Times* referred to MySpace as “a slightly tawdry online backwater”. It mattered not that the website was redesigned to focus on entertainment for Gen Y people 13 to 35 years old, constantly updating, focusing on luring active users with virtual badges in a rewards-driven scenario. The concept was to recapture a position in social entertainment, act as a niche player, capitalize on long staying power. With a pithy 120 million users primarily listening to music and sharing info and opinions, ad spending was still projected to decline to 60% of prior year, a trifling \$300 million. MySpace ads reach about 24% of US online users (Facebook reaches 62%, with ad

revenue expected to soar to \$2 billion in the same time period.) MySpace even hired a former Facebook exec, who left after a disappointing 10 months. Murdoch is banking on the low start-up cost of his iPad venture, *The Daily*, to capture a chunk of revenue from the popular Apple platform.

Harrisburg University of Science and Technology, an 800-student college in Pennsylvania, declared a temporary **blackout** of social media on campus, blocking Twitter and Facebook. Incredibly, respondents reported better classroom concentration during the weeklong ban.

**Brilliant new business idea:** look up before you hook up. For a fee, a clutch of start-up services will prescreen people you meet over the net before you disclose any sensitive personal information to them.

First touted as season's hottest movie, people lost interest in "The Social Network" and it underperformed at the domestic box office and failed to ignite in the national mind. Still swept the Golden Globes, an industry award usually acknowledging profitability rather than quality.

"We have a policy of ambiguity." –**Mossad, re 2010 Dubai hit squad caught on surveillance video**

### **Celebrity**

**Johnny Depp** and **Angelina Jolie**, considered among Hollywood's most bankable stars, saw their film "The Tourist" fizzle on release, earning about \$17 million box office the first week. The film cost \$175 million to make and market. Sony Pictures Entertainment acknowledged soft sales but expect substantially stronger overseas theatrical reception. Break-even predicted after DVD sales and broadcast licensing.

Yet, it's largely an ambiguous process trying to quantify star power. There are too many ratings systems in play, and they indicate sharply differing results. Most address only awareness and affinity. The info vendors suggest faster polling results, but that's flash-in-the-pan thinking and might not be reliable. Other research pundits propose wider polling of attributes like buzz and media attention, but they only survey media junkies. And online polls may be unrepresentative because only a select group opts in.

Belated congratulations to **Jim Morrison**, pardoned posthumously by Florida clemency board for 1967 indecent exposure charge.

Who gets more Google hits than Barack Obama? **Justin Bieber**. Adolescent girls flocked to his new 3D concert movie, a career launched by YouTube posts. The kid had a hard trip to Israel; he just wanted to sing but he kept getting roped into political agendas and he mostly stayed in his hotel room ducking the world's pushiest paparazzi.

Who's the biggest instant celebrity-creator in the USA, who concurrently influences your soft drink preference? Look in the direction of News Corp. *XFactor* is sponsored by Pepsi, *American Idol* is sponsored by Coke, both Fox reality TV shows emanating from the same producers. And Piers Morgan, taking over Larry King's slot, was judge on *America's Got Talent*. Connect the dots and it spells **Rupert Murdoch** guiding your FMCG brand affinities.

“Wherefore wealth, if not to purchase pleasure?” – **John Blake White, 1812**

### **The luxury category**

**Rolls Royce** sold 2711 cars in 2010, sales up 171%. If Asia is so hot for luxury sales, then why does the USA remain the brand's #1 market? Established dealership base, largest community of loyal owners willing to trade up, and launch of Rolls' newest 'affordable' model.

**Ferrari** holds to its classy routine for new vehicle delivery. Once the purchase is a done deal the buyer's measurements are taken for custom seats. Months later, when the car is ready to be collected, the proud owner attends a private reception at the plant in Maranello, Italy. All the workers from the assembly team line up, there's a ceremonial transfer of keys, confetti gets tossed, the factory doors are thrown open and the happy driver cruises the car out onto a private track for the first spin.

When **Richemont** acquired commerce site Net-A-Porter for half a billion dollars, nobody blinked. The site gets 4 million visitors a month. It's no secret that fancy shoes, diamond rings, cars, eyewear are now actively sold online.

Strangest co-branding of the year: **DKNY** and **Veuve Clicquot** partnering in boots.

Arnaut hopes to win his bid for **Hermès** by a war of attrition, but his purchase of **Bulgari** slid through effortlessly. The Italian jewelry brand, languishing for years, already shows improved profits from LVMH's vast category expertise.

Want to spend the night at the **Château de Versailles**? A luxury renovation of the Hôtel du Grand Contrôle into a 23-room boutique property is in progress. Cost for a night: a paltry €600, plus every room has a view of l'Orangerie.

**PPR** divested of Conforama a midmarket furniture brand. They are hovering around Burberry, currently valued at \$1.5 billion, who reported strong improvement in quarterly earnings owing to excellent growth in –surprise– Asia. PPR already owns Gucci, Balenciaga, Golf Warehouse, Puma. It's part of Pinault/Artemis' aggressive strategy to refocus brand in the luxury, sports and lifestyle sectors. PPR bought Volcom in April 2011, adding the established and irreverent youth boardsports brand to its portfolio.

### **trendseekers alerts**

#### **Au revoir**

**Benoit Mandelbrot** left his body in October. He coined the term “fractal” to refer to a new class of mathematical shapes whose uneven contours could mimic the irregularities found in nature. He used the geometry of fractals to explain how galaxies cluster, how wheat prices change over time, how mammalian brains fold as they grow. He said he preferred to ‘stimulate the field by making bold and crazy conjectures,’ then move on before his claims had been verified. And see ya later, baby, to **Robert B. Parker** who penned over 20 volumes about Spenser (“spelled like the poet”) a tough-talking Boston private eye and perpetual softie with perhaps the most annoying girlfriend in contemporary literature. He always tells you what he is wearing, cooking and eating. Parker extended the brand to movies, young adult novels and a hit television series. Gazillions of copies in print.

#### **Now it's graphics.**

Mobile, location and photo may have been VC's favorite buzz words last year, but with increasing numbers of gamers using mobile devices, **the visual performance of chips** is

suddenly of greatest interest. According to some forecasts, video will account for about 90% of all consumer internet traffic by 2013.

### **Cognitive fluency. Say it thrice.**

There's new validation that the myth of eyeballs is no myth at all. Scientists now begin to understand the extent with which fluency guides our thinking, even when we don't know it is at work. When your agency tells you they can guarantee number of visual impressions, Facebook friends, clickthroughs, it's true the technique works. You will get noticed. But at what cost to the landscape or the manipulation of the unwitting in the interest of selling product? If growth is all you care about, then go ahead. Despoil the landscape, pummel people into mindless submission, but don't forget to tell them how much you care about wellbeing, sustainability and preserving the beauty of planet earth.

### **All a big game**

Whole lotta playing going on, including the birth of a new category, **casual gaming**, which you're supposed to do while you wait in line at the bank, sit in the doctor's office, or fidget on a bus bench, a typical session lasting less than 15 minutes. The hot commodity includes Angry Birds, soon to be seen everywhere on licensed products like stuffed toys, a film, every possible digital venue. Nobody noticed the reference to a metaphorical war between Avian Flu and Swine Flu. 50 million downloads later, Rovio, the Finnish manufacturer, says people around the world rack up 200 million minutes of game play every day.

Two influence peddlers bought into the category: Google acquired Slide, a gaming firm; Disney released "Classic Mickey" game, an artful failure with glaring interface problems, while offering up "Tron Legacy", a remake of their 1982 video game flick.

Redken created "Busy Scissors" a hairstyling and simulation game for the Nintendo Wii, aimed at girls 8 to 16. Designed to make women want to go to the salon again instead of buying products for home use. The product underperformed because it didn't have a social networking component. "Fate of the World" enabled you to save or destroy the planet, using climate prediction models, with change achieved by applying policies. Players can take the authoritarian route, or darker options like sending secret agents to overthrow recalcitrant governments, surreptitiously adding contraceptives to the water supply of nations resistant to birth control, even release a genetically engineered virus to crash the world population. It only proves human beings have a natural fascination with destruction and chaos, validated by the eagerly awaited "Call of Duty Black Ops". It garnered \$650 million in sales in its first five days of release, after development costs of less than \$30 million.

### **Thirsty for love**

Coca-Cola made a splendid decision to build up the mango juice industry in Haiti after the earthquake, supporting 25,000 farmers. They missed an opportunity to send an informative message about choosing biodegradable footwear when they decorated their 2011 cans with **flip-flops**, a global pollution nightmare once discarded.

### **Talk about conflicted**

The premise: bundle good hardware with services. **Nokia** now focuses this idea on some of the world's poorest consumers. Since 2009, 6.3 million people have signed up to pay Nokia for commodity data in India, China and Indonesia. Most of the cell phones sold there are simpler models, capable of little more than text messaging. Of the globe's 4.6 billion mobile users, two thirds live in emerging markets. Nokia is the market leader with 34% share, but must attract the next generation of upwardly mobile phone users. They need to create

tremendous brand loyalty- nobody else in the market is providing data and hardware. The partnership with Microsoft for Windows Phone 7 could add to the leverage. Concurrently, at the high end, Nokia is suing Apple, alleging 13 of its patents for touch screens were used without permission.

### the following touchpoints to debate and discussion for the coming year

#### **Altruism gene**

Studies at the University of Bonn identified the difference in a single gene associated with increased willingness to donate. The gene, COMT-Val variant, contains building instructions for an enzyme which switches off certain messengers in the brain, the most well-known being dopamine. In studies, student guinea pigs donated twice as much more to hypothetical causes. Dopamine is involved in controlling social behavior, and is associated with the neuropeptide vasopressin, linked to positive emotionality. Fundraisers for NGOs, take note.

#### **Trendy color therapy**

Need a pick me up at a time when many people have had their fill of misfortune? Chili Pepper was the color of 2007, coincidentally the last year of the economic boom, plastered on clothes, cameras, toasters, chairs. Two years ago during the recession consumers were recoiling and sought traditional heritage looks. Colors went earthy, people needed relief after depressing economic news and turned to bland colors. Leatrice Eiseman, a color psychologist and director of Pantone's color institute for 25 years believes there's an innate optimism in 2011's color of the year, **Honeysuckle Pink**. She says the idea is to get consumers to say, "Oh, neat color. Maybe I need to buy those plates." Whom do you believe? In November the Color Marketing Group convened in Portland, Oregon and projected that **Honeymoon**, a warm, mustardy goldish shade of yellow would be the big color of 2011. A good time to reconsider the fuchsia sweater you just bought at GAP.

#### **News from the offplanet**

In December, **SpaceX**, a commercial enterprise, successfully launched a space capsule into orbit and recovered it on its return to Earth. The company claimed their achievement would create a paradigm shift in the U.S. launch industry and reinvigorate a sagging space economy. Elon Musk's original investment of \$100 million led to the NASA SpaceX development contract worth \$278 million. The big prize: a cargo delivery contract worth \$1.6 billion. This all happened eight years after Musk founded the company. Now the Dragon capsule is being readied to ferry U.S. astronauts to the International Space Station.

But the state of New Mexico, ravaged by debt, searches for additional private investors for their **Spaceport USA**, still under construction. A second 2-mile runway remains incomplete, original managers have been replaced and the project put on hold while the search for more money goes forward. The port was designed to handle Virgin's first suborbital flights in 2012, a thrill ride which costs \$200,000 per person and features 4 minutes of weightlessness.

#### **Please stay away**

A strange year for place branding. **Chile** rescued its miners at a cost of around \$120 million, then gained incredible nation brand value, and visibility, including high grades from economist Jeffrey Sachs for progressive economic policies. Nobody mentioned reports of genocide on Easter Island over indigenous peoples' territorial claims.

The Styria province in SE Austria, an area bordering Hungary and Slovenia, saw a mini-boom generated by 14 mayors working together to develop a hybrid business strategy called

**Vulkanland.** The regional project promotes local, green, self-sustaining businesses, with the help of EEC money. The unintended complication: Hardly any houses on the market, a reverse anti-branding which keeps people from moving there.

The Arab Spring decimated tourism in **Egypt** and **Morocco**. Multiple disasters in **Japan**, natch. **Tunisia**, not going there. **Bahrain**, crossing it off the list. **Syria**, ask again next year. It makes you wonder if the fundamentalists are laundering money by secretly investing in **catastrophe bonds**.

### **Brand resurrection**

All eyes on the marriage of Fiat and Chrysler. Let's hope the new **500** built in Mexico for the US market turns into the next PT Cruiser.

"You blocks, you stones, you worse than senseless things!" –**Shakespeare, from Julius Caesar**

### **Terminology and concepts entering the mainstream in 2011:**

**Connection technologies-** digital media which allows largely unrestricted sharing of photos and information.

**Degrowth-** A hot new movement which challenges conventional notions of sustainability.

**Dresser savings-** The piles of cash that people keep at home for fear that their banks may – yet again- go bankrupt.

**Grass mud horse-** a mythical creature that has become a protest symbol against Internet censorship in China.

**Great Firewall-** China's sophisticated system which blocks large amounts of information from entering the country over the Internet.

**Knightian uncertainty-** the idea that there is a distinction between risks to which you can assign probabilities, and uncertainties which you just cannot fathom.

**Online disinhibition effect-** what happens when people alter their behavior in radical ways over the net. Anonymity increases the potential for unethical conduct.

**Pay walls-** revenue models erected around online digital content so that news media companies can monetize web editions.

**PIIGS virus-** the failure of Portugal, Ireland, Italy, Greece and Spain to use years of cheap credit and fast growth to create durable economies. The not-BRICs syndrome.

**Range anxiety-** The fear of running out of electricity and getting stranded because all electric cars cannot go as far as conventional ones.

**Retargeting-** a commercial surveillance system that follows consumers based on online browsing where a sale did not result.

**Theta spikes-** electrical activity in the brain indicating fatigue, often an index related to extreme information overload.

**Trolling-** the act of posting inflammatory, derogatory or provocative messages in public forums.

**Upcycling-** turning waste into products of greater value.

“Thunder occurs when clouds collide.” –Anaxagoras

### **What is a brand?**

This year I'll share some random jottings from my own notebooks.

**A brand is a crutch to adoption.** My friend Patrick Harris said this during his presentation at the Medinge meeting last August. If that's the case, then a brand can sometimes act as a lever for an inadequate product or service. This implies that brands exist to support a weak case for adoption.

**A brand is the voice of the future.** A brand is often consumed by its past. We need to remember there's a big difference between regressive behavior and heritage values. In the commercial arena one must always look forward, over the horizon.

**A brand is a polyglot. It speaks the local language.** This lesson has already been learned in the emerging economies. Brands are transportable, as long as they can be understood.

**A brand is how I differentiate myself from you and how I identify with you.** Here is stated the fundamental ambiguity. I both express commonality and individuality with the brands I advocate.

**A contrarian brand is always fresh.**

**No matter who else originated it, or to whom it belongs, you always say The Brand Is Me.**

Thanks to those who contributed the following definitions:

**“A brand is whatever creates an irrational preference for itself.”** - Aditya Nath Jha

Aditya, formerly Head of Global Brand and Communication at Infosys Technology in Bangalore, is developing a new venture in the digital animation category. I like the idea of a brand as a wild catalyst to the product experience. How does a fixed commodity provoke spontaneity?

**“A brand begins as a story, carrying you along with it. It lifts you away from your normal life as you buy into the vision, and later you bring back a part of the dream.”** – Virginia James

Virginia is London-based Style Director for Next, an apparel brand. Fantasy and narrative are integral to our ideas concerning clothing. Virginia's vision has to do with a brand perception built around the imagination.

**“A brand is a means to communicate the organization's internal truth.”** – Enric Bernal

Enric is a principal at Pine3 in Barcelona. The firm's workshop method deploys tools designed to build self-recognition and actualization.

**“A brand is identity revealed”** -Erika Uffindell

Erika heads Uffindell Group in London UK. Identity, by nature, is a mysterious commodity. Perhaps a brand exists to render the arcane understandable.

Recently I have thought about brands as **synthetic realities which need to be made personal**. It's all the more difficult to get close to a brand if a membrane of technology interferes. We're layers of interpretation away from the essence of the brands we build.

More on this in the coming year.

An outstanding 2011 to all!

**DiGanZi**

# 2012 Global Brand Letter

from Stanley Moss

"The time to buy is when blood is running in the streets." – Baron Nathan Rothschild (1777-1836)

"Don't you DARE take the name of Texas in vain." – Sponge Bob

**Once brands lose sight of the customer**, the game changes. Brand professionals need to remember their role as advocates. This year the dialogue centers on the experience, and how to keep customers connected. The dilemma concerns the ethic of consumption. Haven't we had enough? We are still caught up in the vicious enterprise of contentment aligned with the retail experience. Co-creation carries an implied aspect of narcissistic seduction. Have we forgotten the discussion about de-growth? The notion of consequence: old models of growth and profit ignore the pressing issues of waste and cultural egocentrism. I'm still waiting to hear scenarios of less.

## update on last year's hot topics

"When facts change, I change my opinion. What do you do, sir?" – John Maynard Keynes

### Upstarts

Apple suspended iPhone4 sales in **China** after organized scalpers hired minions of rural workers to stand in line at retail stores to purchase the new device. Riots ensued and arrests followed. Counterfeit Apple stores appeared in Kunming, China; even the employees thought they were working for Apple, whose lawyers along with Chinese authorities forced the bogus boutiques to shut their doors. Foxconn suffered the scrutiny of fair trade activists, employee insurrection and abundant bad press. China's foray bidding on rare earths mining in Greenland caught the media's attention. A messy murder trial coincided with revelations about how corrupt national politics is, especially stinging at a time of leadership succession. Anti-Japan demonstrations fueled by dispute over contested islands. And factories are shutting in the face of slowing growth. It hasn't stopped Dreamworks from pushing into the Chinese market, or James Cameron to establish his 3D ventures there. But the obstacles to doing business in the Middle Kingdom remain both cultural and structural.

Ambivalence, thy name is **India**. Dramatic wealth-creation and a burgeoning middle class meant 20% growth in the luxury segment in 2011. Signature perfumes, name initials on t-shirts, personally monogrammed watch faces and handbags were all the rage, as if personalization had not been a part of local culture before. But the growth rate has fallen, with the state borrowing too much, inflation high, all in the face of ingrained graft, corruption and red tape. There's still no popular consensus, endless feuding and overlapping bureaucracies overseeing a growing population of more than 1.3 billion. Things that work in India are independent or bypass the state. Feeble growth projected for the next 3-5 years.

A 3-piece punk girl band called Pussy Riot kept **Russia** in the headlines, focusing attention on the redistribution of wealth to a small group of oligarchs, political repression and the clampdown on free speech.

Booming **Brazil** parties on below the equator, with a vibrant economy, a prime lab for new product creation. 70% of the 200 million population is under 26 years of age, the next generation of global consumers. A shortage of skilled labor motivated the state to launch a program which sends 100,000 students to study abroad. For the present, a stable government presides over the economic powerhouse, and life is a *carnaval* in the land of the future.

"When people say it's not about money, it's about money." – H. L. Mencken

### **and the moribund**

In the **UK**, purple-shirted brand enforcement police deployed out over London during the Olympics, mandated to ferret out ambush marketing of the IOC brand. They sought instances where businesses trod on the exclusive rights of official patrons like Adidas, McDonalds, Coke and BP, who had paid over \$2.1 billion in sponsorship money. Of course there were unenforceable near-violations. Nike's ad campaign featured sporting heroics in other Londons throughout the world and Dr. Dre sent unsanctioned headsets to athletes who tweeted about the product during the games. By far the most inventive workaround was a London formalwear shop who proudly advertised in their windows **Lodnon 2102 Oimplycs**, and a 5-square knockoff of the signature ring configuration. The losers were the butcher, whose sausage rings, and the baker, whose bagel rings were cited. Thankfully, no candlestick maker violations reported.

### **Aux barricades**

After a year of activity by the **Occupy** movement, search engines report increased interest in terminology about human rights and democracy. Words and groupings with "inequality" and "struggle" get more inquiries. **Julian Assange** moved in at Ecuador's London embassy, seeking political asylum, relieving boredom by sharing tea and cakes with a succession of celebrity guests. The **FBI** shut down Megaupload as New Zealand busted self-styled "Baron IP" **Kim Dotcom** and seized \$50 million in assets, servers and 18 domain names.

"I like to entice people to make mistakes." – Rajat Verma

### **Take a tablet and call me in the morning**

In late October Microsoft will launch Surface, an ultra-thin touch-sensitive laptop, challenging market leader iPad, which has significantly purloined sales from low-end desktop computers. This in the face of HP's tablet failure (slower than your mobile phone, 7 weeks on the market, then withdrawn) and Samsung's Galaxy (brand confusion and sloppy app consciousness). Can a skinny laptop running Windows 8 with a touchscreen do the job better than Apple's cash cow (\$6.6bn quarterly revenue)? Windows only earned \$4.6bn last quarter. The bonus opportunity: a share of the billion phone and tablet downloads already sold in 2012.

"I think of it as a well-known twin brother." – Steven P. Jobs, on celebrity

### **Three years ago nobody had heard of her**

Wonder how she has done it? A draconian brand strategy, micromanaging the details. Social media? Shorter posts, constant status updates, lots of photos, a more inclusive and welcoming posture than rival Rihanna. Confessional letters written in a personal tone and revealing home videos. New album title? Insists that media run it in all-caps. New fragrance, expected to earn \$100 million in the first year? Ads suggest if you splash

it on, men will be climbing all over you. Accused of wearing fur? “For the press and such who are writing about whether my fur is real or not, please don’t forget to credit the designer HERMÈS.” Polaroid endorsement deal? Oh, that was so last year.

### **The luxury category**

**Valentino’s** valiant attempt at a virtual museum didn’t go down well with critics, who found the slow-loading site, clunky and old media-like, lacking the vitality which internet tools can deliver. It was seen as more of an archive than an experience.

**Private jet travel** recovered, but not because of disposable income or prestige. Busy executives are booking short hops to circumvent inconvenient connections to secondary cities. The commercial schedule is grossly inefficient to people whose time is more valuable than money.

**Missoni** made a brilliant partnership with **Target**, whose servers crashed from unanticipated demand on the first day that product was available. People waited in line at big city stores, and shelves emptied in 24 hours. A total win, introducing millions of new customers from the world of mass-market exposed to the idea of limited edition goods, a huge rise in visibility, and improved brand perception for the American retailer.

**Louis Vuitton** acquired an 18<sup>th</sup> century mansion in Grasse to house their fragrance creator, in anticipation of re-entering the perfume market. Luxury guru Philippe Mihailovich observed that they “bought themselves an instant heritage for any new creations they will launch.”

### **trendseekers alerts**

#### **The dinosaur**

It’s the Internet, stupid. Or more accurately, the stupid Internet, its own worst enemy. As the marketplace hungers for a real-time web, developers struggle to update archaic technology that wasn’t built to support mobile or video, especially new gaming which eats over 90% of all bandwidth. The kicker: it’s leaky, meaning the very platform which has changed your life seriously compromises your privacy and security.

#### **Never the twain**

The greatest dilemma for online businesses is to reconcile with the offline universe. And vice versa. Etailers begin to explore the click and brick concept. Amazon, eBay and Google have opened storefronts, to leverage human interaction in more intimate levels of engagement than possible online. It’s evidence of a renewed focus on personal relationships with customers.

#### **Trading on feelings**

Customer Experience Management (CEM) strategies promote intimacy between brands and shoppers. Brands now rush to re-establish bonds with their customer base.

GoDaddy, a web domain registry, uses hot girls as its signature marketing device. Its founder does a video blog surrounded by skimpily-clad babes, who also appear in its ad campaign. The strategy did not appear to adversely affect a \$2.25 billion IPO. Nor did reports of the CEO big-game-hunting endangered species in Africa, after which the company claimed an uptick in sales.

Google Chrome's new ad campaign doesn't focus on product or features, it's all about emotions. After testing a dozen commercial spots on the Internet, Google ran the ad that had the most views, not "likes".

### **Touching immortality**

Google's latest perks extend into the afterlife for 34,000 qualifying employees. Die on the job and your spouse receives 50% of your annual income for the next decade, all stock vested immediately, and kids get \$1000 a month until age 19. A backhanded strategy to improve retention and performance, increase happiness, creativity and productivity. And please, nobody mention the upcoming anti-trust suit the Justice Department is mounting.

"Fuck Google. Ask me." – t-shirt worn by Parisian youth in Gare du Nord, October 2011

### **Social irony**

In the face of increased mobile user consumption, **Facebook** had no revenue strategy, effectively killing Farmville, a hugely popular casual game. Their much-touted IPO turned into a free fall, from an opening price of \$40/share, crashing to a low of \$17.55/share since May. Analysts say the share price could go as low as \$10. Confidence ebbs when people stop believing the story. Triple-digit growth of users is history, and Wall Street's hope for "a paradigm-breaking" value perception evaporated. The majority of users are women, who make more posts and uploads, and show higher rates of participation.

A Facebook addicts rehab support group launched its own page, after which it received 3,000 "likes".

**Yelp** posts are seen to help small businesses, but to decrease revenue in chain restaurants, an important advertiser category.

"If I am a legend, then why am I so lonely?" – attributed to Judy Garland

### **Reputation crushed**

Oblivious to the passionate discussion on all sides concerning customer experience, PayPal suffered the consequences following an imbroglio over a violin valued at \$2500. Seller shipped the WWII era heirloom to buyer in Canada. Buyer didn't like the product, claimed it was counterfeit. Often violins are of dodgy provenance, dubious labeling. It's illegal to ship counterfeit goods, so PayPal ordered buyer to destroy the disputed item and provide evidence of it. Insisted seller refund the money to buyer. Seller lost the product and the sale, buyer got a refund but not the item they wanted, and the only winner appeared to be PayPal. Until the media heard about it. Ten months later the unsatisfying not-transaction still comes up on web searches.

### **Momentum lost**

The reservoir of goodwill Netflix built with their \$1 million crowdsourcing prize brought a better search and recommendation algorithm. Then it all went zap! in a matter of a month. A million subscribers defected after the DVD-by-mail rental business announced a price increase and the concurrent launch of 'Quikster', a streaming sub-brand with a confusing add-on pricing offer. "We became a symbol of the evil, greedy corporation," CEO Reed Hasting said. "Then we faced a reputational hit that created significantly more cancellations than we anticipated." By August the share price had plummeted, even as streaming subscriber numbers grew.

## **Au revoir**

**Jack LaLanne**, who singlehandedly invented the health food and exercise craze in the USA, did his final reps; he swam handcuffed to Alcatraz every year on his birthday into his eighties. **Madame Nhu**, an Evita-like dragon lady of the Vietnam War, went to the great re-education camp in the sky after 40 years of luxurious exile. **Eva Zeisel**, famous for Jetson-style atomic age ceramics and dinnerware, set her last table. **Kodak** faded away, a heritage name who never quite processed how the digital imaging revolution developed. In its final chapter, **Barnes & Noble** was murdered by Amazons.

## **the following touchpoints to debate and discussion for the coming year**

"You are free to do anything, as long as it involves shopping." – Slavoj Žižek

## **Just wave your handheld at it**

More than half US customers own smartphones. eBay predicts \$10 billion a year in mobile transactions by end of 2013. Starbucks and Square partnered on integrated mobile transactions which are simple, fast, focused on the customer (meaning extensive data capture), on a massive scale. They hope to create a compelling, safe experience for shoppers. People always choose convenience and don't realize the cost of privacy, yet security remains a critical concern. Luckily, the market will be fragmented for the next 2 years, as the real shakedown of adoption, demand and technology occurs.

"They do not know it, but they are doing it." – Karl Marx, *Das Capital*

## **Cyberinsecurity**

The elephant in the room is called cyberattacks. Sony had 100 million customer accounts compromised in 2011 at a cost of \$200 million, followed by 58 class action suits. You know it's serious when Deloitte & Fowler say that social media risks are "on par with financial risks." Companies can be decimated by breaches of confidentiality, fast-spreading malicious rumors, financial disclosures. Insurance against these kind of threats now a growth category, fertile markets for policies which cover the twin risks of privacy and security.

## **News from the offplanet**

Privatization knows its priorities. SpaceX, a commercial enterprise, carried ice cream to the International Space Station on their Dragon vehicle's maiden flight. Also ported 2000 lbs. of other critical supplies. The company will soon deliver room-temperature astronauts in a 4-seat passenger capsule.

## **Please stay away**

Too early for place re-branding: Syria, Libya, Yemen, Venezuela, Haiti, North Korea

"You said you were a mushroom, now jump into the basket." – Russian proverb

### Terminology and concepts entering the mainstream

**Fetishistic disavowal** - a tendency to retain a behavior or action as a hedge, even if one does not believe in it

**Freemium** - a risky online business strategy which involves giving away a game and then charging for the extra features

**Mac Lust** - compulsive need for newest generation device

**Metcalf's Law** - the value of a telecommunications network is proportional to the square of the number of connected users of the system

**Narquitecture** - the grandiose building style favored by Latin American drug barons

**Nomophobia** - the fear of being without a phone

**Overgeneral memory** - a tendency to recall past events in a broad, vague manner

**Socioemotional selectivity** - clinical term for defriending

### What is a brand?

When I told a skeptical friend that a brand is a mythology, the remark immediately elicited resistance. I insisted, "There's a heroic component we attach to our idea of brands, and we expect them to behave according to our personal ideals."

Thanks to those who contributed the following definitions to the discussion:

**"A brand is the intangible aspect of a tangible thing." - Massimo Vignelli**

Massimo, a legend of international graphic design, created the much-heralded NYC subway map. While graphics provide a synthetic interpretation of brand, the idea proposed here suggests abstract engagement vital to its success.

**"A brand is what reduces uncertainties, generating attraction by association."**

- Cristián Saracco

Madrid-based Cristián leads Brand 3.0, a 10,000 member practitioner network. His idea carries the concept of community-creation as critical to clarifying the branding process.

**"A brand is only as solid as the next customer engagement." - Patrick Harris**

Patrick heads thoughtengine, a London consultancy. His definition reflects a customer-centric view of branding. Without the customer, there would be no brand.

**"A brand is belief." - Tom Hulme**

Tom is a Project Manager for IDEO in London. His view of a brand has to do with the idea of advocacy as paramount.

Recently I have thought about brands as imaginary compacts. A brand is created in the mind. It's weightless and invisible, and our relationships with brands live purely in the realm of the intellectual. Thus an individual's commitment to a brand is unilateral and exists only in a conceptual space. A brand becomes part of our unique cosmology.

More on this in the coming year.

An outstanding *fin du 2012* to all!

DiGanZi

# 2013 Global Brand Letter

from SMoss

"The desk is a dangerous place from which to view the world." –John LeCarré

"Prediction is very difficult, especially about the future." - Niels Bohr

"I write to the vulgar, more than to the learned." – Jonathan Swift

"A developed country is not a place where the poor have cars. It's where the rich use public transportation." – Mayor of Bogota

**Is there such a thing as a good drone?** The word means different things to Pashtuns, Amazon, or the Queen Bee. Raise your hand if you've seen enough selfies. I don't want my relationship to be managed, no thank you. If the world is too grey, too slow for millennials, it may explain why teens don't want to drive; given the option they choose texting. All but one of the old paradigms coined by *People's* founding managing editor have turned upside down: Young isn't better than old. Pretty isn't better than ugly. Rich isn't better than poor. Film stars no longer outsell television and music stars. Anything doesn't sell better than politics. Only nothing still sells better than a dead celebrity.

## update on last year's hot topics

### Upstarts

The Chinese puzzle prevails. To commemorate the 120<sup>th</sup> anniversary of his birth, a statue of **Chairman Mao** went on display in Shenzhen. The seated life-size figure is covered in gold and inlaid with gems valued at \$16.5 million, a "solemn, austere and practical" commemoration as decreed by Xi Jinping. **Killer smog and heavy haze** in China's north and east closed highways and airports. The Ministry of Environmental Protection blamed weather conditions, motor vehicle exhaust and coal consumption. The US Embassy ordered air purifiers for all its offices. **Soil pollution** also a concern. One-sixth of China's arable land is tainted, affected by heavy metals, mostly cadmium from industrial runoff, toxic to the food chain. **A bridge over the Pan River** collapsed during severe flooding, days after a refurbishment was completed. Five dead and seven missing. Government officials and construction managers were sentenced to prison terms related to the incident. The severest sentence was given to an official who received a \$20k bribe. **Chinese consumers** exceeded expectations on an annual Singles' Day online event, spending more than twice what shoppers in the US bought on Cyber Monday. Big brands and Western retailers like e-commerce as a way to sell in remote areas, where few of them have brick-and-mortar stores. **Apple and China Mobile** are bringing the iPhone to the Chinese carrier, the largest wireless network in the world, also the most fickle, where market share shifts quickly. China's **textile industry** is moving from low price exports to a time where productivity, product innovation and domestic demand are the new priorities. Companies know little about consumer expectations and even less about premium brand management and can't yet generate market insights, understand competition or create distinctive brand identity. The challenge: tame the complexities of design, marketing and distribution. **Daniel Boulud** closed his haute cuisine Beijing restaurant after a 5-year run, citing disputes with local partners; he's considering a new location in red hot Shanghai.

For technology startups, **India** carries much less political risk and better infrastructure than other emerging nations. Entrepreneurs confront bureaucratic hurdles in licensing and filings, and pressure for bribes. Indian tech employees are restless. Young hires often quit within three months to get a pay raise elsewhere. Oddly, there's a "lack of coolness" associated with new ventures. Indians are less eager for stock options than their counterparts in the United States. Royal Enfield, a division of Eicher, relaunched the Bullet model motorcycle, aimed at the international market, "handcrafted in Chennai."

Mr. Putin freed Khodorkovsky and Pussy Riot, signaling that **Russia** desperately needs more foreign investment to help upgrade crumbling infrastructure projects and to diversify its flagging economy. If the Sochi Olympics go smoothly, will offshore capitalists experience Volgograd amnesia?

**Brasil** expects to receive droves of foreign tourists around June for the **World Cup**. But Rio has only about 55,400 hotel beds to accommodate as many as 300,000 expected visitors. Residents of *favelas* are making the most of the city's acute shortage, renting out their homes to fans from around the globe, inflating already high room rates. Some World Cup construction projects like the new metro line won't be complete in time. The collapse of a stadium crane didn't help place branding, especially when a São Paulo newspaper reporter at the scene was beaten by guards and had pictures of the accident deleted from his cellphone by an Odebrecht engineer.

Despite the cacophony of protest and discord, the newest emerging economic zone may be **TIME** (Turkey Israel MidEast), where expediciencies of trade, cooperation and prosperity trump fundamentalist rhetoric. Good luck, guys.

### **and the moribund**

On Black Friday, **Americans** spent \$1.7 billion less than in 2012, traditionally the biggest shopping day of the year. Yet the DJIA and S&P 500 indexes outperformed their peak levels before the financial crisis, signaling soft recovery. Still no universal health coverage, and an embarrassing launch for the Affordable Care Act website.

Alcohol related crime in the **UK** is estimated to cost the economy £11 billion a year. Young Brits go out to get blitzed, often with violent behavior the result. Half of all violent crime in Britain is alcohol-related. Half a million estimated to be collecting food aid. Retailers and supermarkets reported a surge in the theft of high value fresh food - including meat, cheese and fresh coffee - another indicator of the economic strife.

**Japan's** homeless men are willing to accept minimum wage to work on the clean-up of radioactive fallout around Fukushima. Recruiters get a bounty of \$100 a head, candidates often found sleeping in subways. On another front, office workers from companies across Japan gathered for the 50<sup>th</sup> year to compete for the title of Japan's best phone answerer in the All-**Japan** Phone-Answering Competition. The contest, dominated by women, is judged on politeness and eloquence, but also serves as a reminder of the clerical positions Japanese women - often referred to as "office ladies" - still hold.

"The feminist agenda is not about equal rights for women. It is about a socialist, anti-family political movement that encourages women to leave their husbands, kill their children, practice witchcraft, destroy capitalism and become lesbians." – Pat Robertson, from a 1992 fundraising letter

"I used to have so many opinions before I learned the facts." –Yair Lapid

### **Dogged by snoops**

A regional court in Versailles is examining whether **IKEA** executives in France broke the law by ordering extensive personal surveillance of workers since 2002. In a case which brought to light dubious behavior, a female employee's personal data were provided to a private detective, because HR suspected she exaggerated medical claims. Eventually she was awarded nearly €60,000 in compensation. The company has publicly expressed regret that certain managers took actions that were "contrary to our values and ethics standards".

The gamification of trash, **Project BinCam**, under study in Britain and Germany, alleges to help determine if you are doing a good job of sorting recyclables. Data is collected by cameras located in your rubbish bin. Your score is computed and compared to those of other sorters via the Net. If you win, you will be rewarded with praise. Do a bad job and you risk becoming a social castoff.

**Privacy laws** are a muddle in the USA, with states and the Federal government often at odds. Tech companies fear some laws will harm their bottom lines, what the chief privacy counsel at Microsoft refers to as "burdensome compliance." Texas passed a bill that requires warrants for email searches. Oklahoma passed a law meant to protect the privacy of student data. At least three states proposed measures to regulate who inherits digital data, including FB passwords, when a user dies. Eight states passed laws this year limiting the use of drones. Florida is considering a draft bill that would prohibit schools from collecting biometric data to verify who gets free lunches and who gets off at which bus stop. Vermont has limited the use of data collected by license plate readers. California passed online privacy bills giving children the right to erase social media posts; making it a misdemeanor to publish identifiable nude pictures online without the subject's permission; and requiring companies to tell consumers whether they abide by "do not track" signals on web browsers. Stiff lobbying efforts stopped a bill in California requiring any business that retains a customer's personal information share a copy of that information at the customer's request, and disclose which third parties received the information.

### **You got *gibier***

**Domino's** makes optimum use of gamification. Visit their web site and create your own pizza; it's both a scheme for product introduction, and can be used as an ordering mechanism. You then play a game to track real-time progress of your order to delivery, and HR uses the utility as a recruitment tool. **Coca-Cola** set up interactive games between India and Pakistan, large display video terminals linking Mumbai-Karachi, where players mimic moves and gestures, finding points of commonality instead of difference.

### **A Bitcoin-fused**

Since the Winklevoss Twins are involved, it may be a good idea to review their history with FB. The boys are betting deep on the hot bubbling cryptocurrency **Bitcoin**, created or generated or mined -whatever- when computers solve a set of algorithms. Back in 2010 a Jacksonville, Florida software geek named Laszlo Hanyecz traded 10,000 Bitcoins, at that time worth about 0.003 cent apiece, in exchange for two Papa John's pizzas. Tab for the pies delivered: \$30. "The idea of trading them for a pizza was incredibly cool," Mr. Hanyecz recalls. Within a year the same coins were worth \$1,242.

Today they would be worth \$1.7 million. A Norwegian man who invested \$22 in the virtual currency four years ago forgot about them, until he read reports of rising value, and realized his coins were now worth \$850,000. He bought an upmarket flat in Oslo by selling a fifth of his stake. In 2013 an Australian man who ran an online "wallet service" for storing Bitcoins claimed hackers stole 4100 Bitcoins (valued at US\$1.04m) from his site, taken in two separate attacks. He said he would not report the theft to police. Bitcoin transactions are virtually impossible to trace. Some users suspected an inside job. In a radio interview the man, who used only his online name, denied being involved. "I know this doesn't mean much, but I'm sorry, and saying that I'm very sad that this has happened is an understatement. Please don't store Bitcoins on an internet-connected device, regardless if it is your own or a service's."

## **Orbital maneuvers**

Originally intended to destabilize Iranian nuclear reactors, **Stuxnet** rocketed onto the International Space Station via infected USB drives, a digital payload unwittingly brought aboard by Russian cosmonauts. The interstellar virus dematerialized after Microsoft was jettisoned in favor of open source Linux operating systems. A fitting metaphorical lesson for the final frontier?

"I fear the day that technology will surpass our human interaction. The world will have a generation of idiots." – Albert Einstein

## **Social media**

*The Guardian* reported that YouTube replaced FB as kids' favorite site.

Zuckerberg's hot-babe-engine morphed into the preferred web destination of Mum, Dad, Gramps and Granny. Users aged 18 to 29, citing **FB fatigue**, said they expected to spend even less time on the site in the coming year, giving thumbs down to tedious and irrelevant content.

A Twitter founder is backing a long-form blogging site called Medium, yet another platform which doesn't pay and where anyone can be a writer. Didn't anybody alert him that's already the name of **Regis Debray's** intellectual French journal about the transmission of knowledge to future generations?

**Snapchat**, the anti-FB, offers its users impermanence, privacy and anonymity, not to mention an easy way to send sexually suggestive photos which disappear within 10 seconds. It now processes upward of 350 million messages a day, about a six-fold increase in traffic since a year ago. Pursuing a Microsoft strategy (eat the competition), Zuckerberg offered nearly \$3 billion for the startup, which founders publicly turned down. Shortly after, FB launched Poke, a similar product which never took off. Gibson Security, a group of anonymous hackers from Australia, published a report detailing an unresolved Snapchat security vulnerability which can reveal phone numbers of users, as well as their privacy settings.

**Beyoncé** proved how bored she is with old school music marketing moves. When it came time to release her newest album product, she ignored radio, TV appearances, retail and brand partnerships. Instead, she simply wrote, "Surprise!" to her more than eight million Instagram followers, and put the full album up for sale on iTunes, selling 365,000 copies in the US on its first day.

High school seniors take note: **college admissions officers** now routinely visit an applicant's personal social media pages to learn more about them. 30 percent of admissions officers surveyed said they had discovered information online that had negatively affected an applicant's prospects. Guidance counselors now advise kids on how to sanitize their digital identities.

### **I wanna hold your handheld**

Motorola's new lower-priced phone won't release in China, the biggest market for low-end phones in the world. And not because users there typically switch their handheld devices every six months. Motorola thinks Moto G will appeal to people in places like **Brazil, Chile and Peru**, where there are more than 500 million potential customers. The device features a big high-resolution screen and runs the latest Android software and apps. The phone will also be offered in Europe, then India and Southeast Asia and the United States, where Motorola bets Moto G will appeal to people who can't get a fancy smartphone, particularly **children**.

A survey found that 38% of children **under 2** had used mobile devices like iPhones, tablets, or Kindles. On average these digital kiddies spend an hour a day in front of screens - watching television, using computers, viewing DVDs, playing with mobile apps. Kids 2 to 4 can't be marketed to, but still average two hours a day. Television dominates, taking up about half of all children's screen media time. The American Academy of Pediatrics recommends that children under 2 should have no screen time. But this hasn't prevented the appearance of an expanding category of **baby apps**.

### **Ebooks can't turn the page**

**Social Books, Rethink Books, Push Pop Press, Copia, Small Demons** sound familiar to you? Didn't think so. They were epubublishing start-ups who tried to harness social reading apps or multimedia and leaned on programmer capabilities rather than reader's needs. They never successfully reimagined the core experience of the book. Lamented author Peter Meyers, "We pursued distractions and called them enhancements."

### **How are you feeling about Big Data?**

Measurement lovers say data-driven insights will soon alter the balance in how decisions are taken. Decisions of all kinds, they believe, will increasingly be formed on the basis of data and analysis rather than experience and intuition - more science and less sneaking suspicion.

"It's not true that I had nothing on. I had the radio on." -Marilyn Monroe

### **Celebrity**

Prior to announcing his intention to retire in December, 19-year old **Justin Bieber** ushered in the next episode of his personal reality series by visiting Centauros, the most famous bordello in Rio; he stayed 3 hours, then left under a bedsheet. **James Franco**, writing in the *NYTimes*, believes that selfies are the main issue when it comes to social networking. "I try to post a selfie with a puppy, a topless selfie or a selfie with Seth Rogen, because these are all things that are generally liked." **Stefani Germanotta** went public with her fears that "sensitive, private" information may "inflict significant personal and professional harm" upon her if laid bare in someone else's lawsuit. The transparent pop star pleaded with the court to quash information that a former BF and BFF might disclose in their own battle over who discovered whom and how much revenue siphoned from her career they must redress.

## trendseekers alerts

### It's Rollerball

Talent agents figured out that there's no future in the increasingly troubled businesses of movies and television. The last decade has seen plummeting DVD revenues, turning the film industry, formerly a growth business, into a flat or declining enterprise. Today's focus has shifted to the more predictable world of **sports, athletic careers and events**, where athletes command contracts worth hundreds of millions of dollars. The big money will be in negotiating endorsement, licensing and media-rights deals. William Morris' \$2.3 billion offer for IMG creates a mega-agency vastly more powerful than its primary rival, puny CAA. Probably a good time to re-watch Norman Jewison's 1975 classic starring James Caan, which suddenly doesn't look so far-fetched.

"You don't understand it unless you can afford it." –Pascal Sommariba

### The luxury category

Tata's effort to gain a share of the Chinese luxury car market is good news for **Jaguar** lovers. The brand launched the 2014 F-Type, its first pure two-seat sports car in 40 years. The 495-horsepower V8 growls off the starting line at \$92,895.

**Neiman Marcus** sold a new category of luxury experience along with a \$1.85 million 25-carat rough diamond offered in their 2013 Christmas Book. The stone comes with a trip to Africa, a comprehensive tour enabling the buyer to track its provenance from source to final cut and personalized bauble design.

Echoes of **Costa Concordia** may explain why the city of Venice finally banned those preposterous cruise ships that have been defiling the Giudecca Canal.

In an unlikely brand partnership, **Gagosian** collaborated with **Leica** to create a limited edition paint-splattered X2 camera for \$3000.

**Burberry** fearlessly harnessed the power of social media to promote its brand. The 156-year old company has successfully reinvented itself several times over, seeing its fastest growth in online sales. A huge effort in China taps into the world's most vibrant luxury market, using homegrown social media sites and celebrity endorsements. Never heard of Chen Kun? The Chinese heartthrob posted twice to his 48 million web followers from a Burberry menswear show. With virtual runway projections in retail outlets, unconventional promotions and iPads in the hands of every retail clerk, the brand seems to be successfully weathering the storm of new territory exploitation.

"Whatever you say, say nothing." – Seamus Heaney

### Ciao ciao

World Citizen #1 **Garry Davis**, who issued passports, identity cards, birth and marriage certificates, postage stamps and currency, and periodically ran unopposed for President of the World, left for the big meeting in the sky. His parting administrative acts were sending passports to Assange and Snowden. **Lawrence G. Foster** checked out, credited with writing the definitive PR Rx on how to take a bitter pill, following the Tylenol cyanide crisis. Nods and waves to **Clifford Nass**, who determined that multi-taskers are terrible at ignoring irrelevant information, keeping it neatly organized, and at switching from one task to another. **Maxine Powell**, who directed Motown's in-house charm school during its

glory years, shimmied offstage at 98. Supreme sacrifice and yielding not to temptations, she shaped the style of legendary soul singers before stopping in the name of love.

### the following touchpoints to debate and discussion for the coming year

#### **Dognitive fluency**

A researcher at the Center for Mind/Brain Sciences of the University of Trento in Italy has determined that when a dog swings its tail to the right, it signals relaxation. A wag to the left seems to induce stress. It is believed that the wagging directions might arise from automatic responses rooted in the different hemispheres of the canine brain. The Pet Product Manufacturers Association estimates \$56 billion spent on pets in the US in 2013. A new possibility for focus groups, or are we barking up the wrong tree?

#### **Brand resurrection**

**Twinkies** spontaneously reincarnated. Hostess Brands LLC, parent company of the favorite American junk food, saddled with a \$1.3 billion pile of debt, filed for bankruptcy when they couldn't come to terms with unions. The market experienced a sugar crash. Brand loyalty and customer demand won out. Under new management and a reorganization, 50 million of the cream-filled snack cakes zoomed back to grocery shelves in record time. Also returned from the dead: beloved Hostess sub-brands **Cup Cakes, Zingers, Ho-Hos, Do-nettes, Ding-Dongs and Sno-Balls.**

### Terminology and concepts entering the mainstream in 2014:

**Connection technologies**- digital media allowing largely unrestricted sharing of photos  
**Dude-oier** – to address someone in French as “Dude”

**Ephemeral encryption** – a system where encryption keys are generated between two users as they are communicating, and then destroyed

**Hadoop** – an open-source software framework being used in mood-detecting, touted as a means to exploit and monetize sentiment analysis

**Hikikomori** - a term used to describe the estimated 1 million Japanese young people who withdraw into their rooms

**Phablet** – a phone/tablet hybrid challenging conventional handsets

**Regenerative medicine** – Adios repair, hola grow-a-new-one

“You know when Keith disagrees. He normally pulls a knife on you.” –Ron Wood, on Keith Richards

#### **What is a brand?**

This year I question whether brands are disembodied concepts transportable between organizations. A brand is the central idea that drives an organization towards its purpose, thus it's a highly individualized entity. There is no such thing as a bad organization; only bad parents. Every interaction is an opportunity for brand value to increase. How close to the brand you are is inversely proportional to the amount of noise made by the brand. Thus quiet brands are still of interest. A brand explains an organization's existence.

Recently I have thought about brands as abstractions which explain an organization's existence.

More on this in the coming year.

An outstanding 2014 to all!

**DiGanZi**

# 2014 Global Brand Letter

from SMoss

*"Hic sunt leones."* - lit. "Here there are only lions." Notations on Roman maps showing the limits of empire. No point in going any further.

"No regrets." -Tattoo being removed from woman's hip, Las Vegas

"Financial Crime and Compliance Made Simple" - seminar title of 3-day MBA session in London in December 2014

**Forgive my tardiness: I couldn't breathe.** Let us hope that the inflection point on financial markets, the biosphere, Moore's Law and Twerking has been reached. That net neutrality has been grossly understated. That the pandemic does not fall victim to predictive modeling. That I don't lose my mind to contextual computing. That IRM and the Internet of Objections doesn't lead to an excess of secular stagnation.

## update on last year's hot topics

"Being in politics is like being a football coach. You have to be smart enough to understand the game, and dumb enough to think it's important." - Eugene McCarthy

## Upstarts

If numbers alone constitute the measure of brand success, **China** beats everyone. The emerging middle class uses 600m smart phones to do every darn thing, buy plane tickets, pay bills, talk with clients, digest marketing. The world stared wide-eyed at the \$25bn Alibaba IPO. A 'Lyric Coke' online campaign coordinated to messages on bottles got 3 billion views, in an environment where companies spend more on digital advertising than television. Pundits claim China moves upmarket, even in an environment where FB, YouTube, Twitter and Gmail - favored American shopping portals- are all officially blocked. Tidy Laundry earned a hefty fine from the police after they ran a digital campaign where women stripped to their underwear on the Shanghai metro. The new monied class, set to become the largest market for space tourism, plans microgravity weddings at \$100k per ticket with *taikonauts* clad in interplanetary gowns created by a couture sector hamstrung only by klutzy earthbound supply chains and low R&D priorities. Yet the government's anti-extravagance campaign soured the ultra-premium beverage category, once the favoured province of your friendly neighbourhood bureaucrat. Diageo's deployment of David Beckham to tout their sweeter downmarket whiskey targets private dinners and large family occasions rather than the lavish state banquets of yore. Unilever and Nestlé report a slowdown at the checkout counter for products like packaged food, drink, household goods, Dove Soap and Ben & Jerry's ice cream. Margarine and spreads turn out to be a drag on growth. Those Yuan-denominated bonds Sri Lanka was about to sell- swept under the carpet after a swift change of government in the strategic port of Colombo; Beijing had spent lavishly, hoping for a stronghold. The environment, let's not go there. What may turn out to be the next imperialist transgressor: refrigeration. China is about to surpass the USA in refrigerated storage capacity, a scenario rapt with environmental consequence owing to the supergreenhouse gases emitted, thousands of times more warming than CO2.

It could be time to put your money on **India** as the next global powerhouse. A booming democracy whose internet content is driven by ABCD (astrology, Bollywood, cricket and divinity)

can't be all bad. A rapidly growing under-25 age group is about to seize the reins, shedding generations of conservatism, cutting back on corruption, perhaps already the most populous nation on earth, with 400m technocrats and the 3<sup>rd</sup> largest and fastest-growing smartphone market in the world.

**Brazil** managed to samba through the World Cup, largely ignoring the worst drought in 80 years, and the increase in deforestation under the recent President Roussel. São Paulo, South America's biggest and wealthiest urban center, may run out of water as key reservoirs have dried up, a result of stripping 80% of natural forests along the Serra da Cantareira watersheds, which formerly fed the six artificial reservoirs sustaining the city. There's always *caipirinhas*.

## and the moribund

Despite disappointing Black Friday sales, down 11% from the prior year, the Dollar strengthened after Obama appeared on the Colbert television show. An ironic landscape where the digital divide prevails, the more shocking inequality in **America** is that web access is most present in prosperous communities and strongly correlated to race and income. The US ranks 30<sup>th</sup> in the top 33 nations for affordability of internet. Unlike other economies, television still dominates marketing-world.

"I have done little justice to the Great City of Paris." - Eugene Atget

## Place branding alerts

**Bulgaria's** booming, but not in the way you want it to. A spate of blasts at plants decommissioning land mines near Gorni Lom, and a huge explosion at the privately-owned Midzhur plant dismantling Greek munitions left the country shell-shocked. Similar episodes have multiplied in recent years in family-held ammunition facilities that pay their workers on average 240 leva (\$154) per month. Most of the branded armaments date from the Communist era.

A former Joint Secretary of the Tourism Ministry wants to turn Kala Ghoda, an historic district of **Mumbai** into a 'cultural hub,' citing NYC's Times Square as his model. Despite the fact that the area seems to be regenerating on its own, the politico would like to ignore stringent building codes and place large video display screens, a huge Indian flag and costumed film and cartoon characters among the maze of century-old buildings to "communicate ambition."

## No secrets

**JPMorgan** reported exposure of 76 million households and 8 million small businesses in a data breach, "but only one million were compromised." A year earlier about a half million prepaid cash card users suffered what the bank referred to as a smaller intrusion. The bank spent \$250m in 2014 to prevent such incidents. In June, **Spotify** asked 40 million users to re-enter log-in credentials, and urged all Android app users to upgrade in the next few days. In the same month, **EBay** told all users to change their passwords, since hackers had accessed everyone's home addresses. A hacker group called 4chan claimed they got 200,000 images from the ephemeral app **Snapchat**, who retorted that only 40,000 were taken. 4chan apologized by posting, "We're very sorry... we haven't profited from this," then announced they had discovered porn they eventually traced to Sweden and Norway, which in an episode of *digilantism* they promptly reported to child protective services. The *NYTimes* queried the hackers, who responded that in exchange for an interview they wished to be paid in **Bitcoins**, the non-

traceable blackmailer's cryptocurrency of choice. **Target's** CEO resigned after a data breach which cost the retail brand \$100m in related expenses compromising quarterly earnings. Venture capitalists in Silicon Valley identified **privacy protection start-ups** as a growth category for potential funding. The next frontier of digital bounty: **voiceprints**. Corporate and government databases begin to build vast libraries of utterances which can be used to pay pensions, collect taxes or track criminals, more reliable than fingerprints. As always, the downside will be the potential for surveillance.

"You can hide almost anything except the atmosphere." - Jean-Pierre Baratin

## Small wonder they call it the web

**IBM** divested itself of its chip division, paying Globalfoundries Inc. \$1.5bn and throwing in access to its IP to take the unprofitable business unit off its hands. **Intel** passed the landmark of 100m chips shipped, looking ahead to the burgeoning wearables category; emerging markets like China and Latin America are proving weaker than established markets like the USA. **Instagram** passed 200m users, and offered easier, more sophisticated tools of curation, stoking the fires of jealousy among aficionados.

A paper from the National Academy of Sciences revealed that **Facebook** tweaked the newsfeeds of 700,000 users, in a study designed to investigate claims that emotions could be influenced by manipulating language. In a program of undetectable maneuvering, select negative stories went out to unwitting readers. The company then analyzed correspondence, surveying word choice to determine whether people were bummed out. No discussion of the ethics, or a hint that it might have been unacceptable experimenting on people over social media without their consent.

Marketers appear to have lost their appetite for **cookies**. Users now access the internet from a myriad of devices. Sophisticated blocking tools mean half of all machines can no longer be cooked. Behavior, leads and conversions now require more critical surveying across multiple devices, to identify particular individuals and browsers, patterns, or likely users.

The increasing popularity of instant messages (50bn IMs sent every day) heralds the slow demise of **SMS**. But marketers continue to love SMS, a medium which refuses to be ignored. 98% of SMS get opened, developing countries have fewer smartphones, and texts turn out to be an effective way to interact with customers.

A **fake Android app**, tracked back to Mainland China, circulated during the Occupy Central pro-democracy movement in Hong Kong. Those who opened the app secretly unpacked malware which allowed the Death Star to read and receive messages, record phone calls and geolocate. Thousands downloaded it before it was unmasked.

**Netflix** accounts for more than 35% of non-mobile bandwidth usage in US/Canada during peak hours; the rest gets eaten by gamers. Netflix streaming service boasts 50 million global subscribers. The growth of cable and satellite subscriptions has stalled, since you get a lot of stuff you don't want, and the internet allows more selectivity. Sony, DirecTV and Showtime now launching internet products. Sports are the one major component holding the cable bundle together.

Watch out, TV. We have seen the future and its name is **YouTube**. Every minute 100 hours of video and 300 hours of new content are uploaded; every day one billion people worldwide watch more than 300m hours of video; 83% of internet users in the US watch video on the site. Cable TV will be gone in a decade, and why not? YouTube, a global platform seen in 200 countries, offers more instantaneous data than TV. Today's media stars, *vloggers*, have evolved into floggers for product and corporate endorsements. They cost less, and appear to deliver seemingly honest and personal recommendations direct to target. Companies like Pepsi advertise more on digital platforms than on conventional media.

Bye-bye, **Freemium**. Angry Birds, once the most popular casual gaming app, has changed its business since disillusion has set in over upgrades costing as much as \$60. In the face of falling net profits, a 50% plunge in one year, Rovio's CEO was kicked out of the nest. The company now generates half its income from licensing: movies, animation, product, theme parks. Companies like King and Rovio valued in billions at IPO see declining interest. The only legacy Candy Crush may leave is a big cavity.

Technophile, commitment-phobic millennials unable to forge relationships IRL ("in real life") now meet, rendezvous and break up online. **Tinder**, a popular virtual dating app, allows perfunctory swiping left or right on the small screen to curate friendships. The New Velocity helps users to pump up their neurological responses in hyper-real time, altering hormonal states and promoting the release of dopamine without an old-fashioned physical hook-up. Young college men are less inclined to seek out a three-dimensional partner, and fill in the gaps with online porn.

"This is worse than being in love with a grasshopper." - Gun moll to gangster boyfriend in original version of *Scarface* (1932)

## All a big game

In the late 1990s, the **South Korean** government focused on internet and telecommunications infrastructure development. Today the country is video game-crazy. Competitive gaming now forms a part of mainstream culture, with parlors called *PC bangs* equivalent to the neighbourhood basketball courts found in the West. Teens go to meet up with friends, and visits to such clubs are as common as dates for the movies. Huge tournaments now the norm, with 40K fans filling a stadium to watch top gamers compete. There's official concern about the cut-throat monomaniacal focus which has led to epidemic game-addiction. Reports of gamers dying of exhaustion, after days of uninterrupted play. The South Korea National Assembly advises, "The best way to avoid addiction is for families to play games together."

In the USA, a feminist cultural critic, Anita Sarkeesian, challenged how **women** are portrayed in video games. She was forced to cancel a talk at Utah State University after she became the target of harassment by enraged gamers who threatened violence. USU received email that a massacre would be carried out against attendees of the event. School police told Sarkeesian that under Utah law they could not prevent attendees from bringing concealed weapons to the speech.

The big game hunt is on for the vanishing species called **sports franchises**. The value of teams soars as cable companies battle to hold onto consumers' attention with premium content. A little known feature of the US tax code allows buyers to claim half of the purchase price of a team as a deduction over fifteen years, which may explain Steve Ballmer's recent grab of the LA Clippers. It translates into a \$1bn writeoff.

"We try to explicitly view ourselves as not editors." - Greg Marra, head engineer of team that designs FB NewsFeed algorithms

## Information ecology

Keyword search sounds simplistic, but **social eclipsing search** could be the attractive new traffic driver for marketers. The algorithm considers word combinations and groupings to array search results, ignoring pages optimized for specific terms.

The incidence of **online incivility** rises. The phenomenon called trolling often follows episodes of impulse-control problems, exacerbated by the New Velocity. Compounding this, now that the internet has become central to the human experience, the distance between celebrities and critics has compressed. An embittered wire-head is suspected of being the hacker who exposed Sony's private emails to public scrutiny.

**Kim Kardashian** sits near the level of Albert Einstein, with her fluency across multiple platforms including TV and social media. She licensed her media-self as the main character of a video game which earned \$1.6bn in revenue in its first five days on the market, the fifth highest grossing game in Apple's app store. Lending more than her likeness and voice, she cross-promoted it on her Instagram and Twitter accounts, augmenting her posts with intermittent views of her nether region. The game is free for users to download, but offers a multitude of opportunities to make *in-app purchases*. No wonder she and Kanye could afford a \$20m wedding. Another reminder of the price paid for celebrity: the surrender of your privacy, the end of mystery.

Millennials consume the better part of their news digitally, largely through social media. **Facebook** has 1.3bn users, logging on monthly, and drives 20% of all traffic to news sites. FB's News Feed, the prime driver, is directed by a 26-year old engineer, who can choreograph the rise or fall of a news site depending on how it performs. Fragmentation is the new reality: publishers increasingly reach readers through single articles rather than complete editions. Content is created for *the way it is being consumed*. Other factors influencing the svengalis: how a user came to the article, which device they are on, and -if on a mobile phone- which way they are holding it, time of day, location.

**Google News** figures less in publisher's growth strategies, supplanted by FB, whose news traffic dominates. Axel Springer, Germany's biggest news publisher, imposed a 2-week blackout on Google's access to its content, and discovered a 40% drop in traffic from the info behemoth. Google likes you if you write in their particular heuristic-friendly voice: the language regular people use, the most important keywords at the beginning of a headline.

Continuing reports on the battering of **pulp news**. Heavy investment in trucks and presses has disappeared, and newsrooms downsize. Delivery of the *Orange County Register* print edition halted after the paper failed to pay the *LA Times* for the service. Reporters and employees were asked to field phone calls from irate subscribers. Incentivized staffers who handled 20 calls over 2 days became eligible to win four Maine lobsters, fresh steamers and New England Clam Chowder. Reporters asked to deliver copies were advised to bring along a companion to help toss papers and navigate the route.

Audiobooks, long regarded as the forgotten spinster of the publishing industry, reincarnate under a new name, **audio entertainment**. New titles won't be based on print at all, conceived and produced as digital fodder, along the same lines as what happened to HBO and Netflix when

they transformed into content creators. New titles in the product-hungry sector will resemble old-time radio dramas, integrating music and sound effects, and never see an analog page.

Proficiency on the keyboard may be a fast and efficient alternative to **handwriting**, but at the expense of greater neural activation in areas of the brain associated with working memory. Freehand scribing of letterforms evidences increased activity in the *left fusiform gyrus*, the *inferior frontal gyrus* and the *posterior parietal cortex*. In a study conducted, children who typed or traced the letter or shape showed no such effect. Indications are that only the actual effort which engages the brain's motor pathways delivers the learning benefits of handwriting, said to extend beyond childhood.

**Baby talk**, aka *Parentese*, the cloying simpering squeaky voice commonly imposed on innocent tots, turns out to be of little value, even when dispensed in quantity. Scientists at Temple University found quality interactions using rich terminology infinitely more valuable than goo-goo ga-ga. The total number of words has no correlation to future ability. Shared symbols, understanding of ritual and conversational fluency result from holding to a higher standard of erudition.

## Putting down mobile devices

**North Korea's** first public mobile network was launched in 2008, and now over 2 million subscribe, mostly members of the elite class. A quarterly culture magazine published a list of phone etiquette guidelines for users. "Speaking loudly or arguing over the phone in public places... is thoughtless and impolite behaviour." The article advises that people should introduce themselves when accepting a call to avoid inquiries such as, "Hello? Is it you, comrade Yeong-cheoi?"

**Apple**, the most valuable company in the world at \$747bn, sold 10m iPhone6 and 6 Plus phones in the first 3 days on sale. This after 39 million units flew off the shelves the prior quarter. In the US, iPhones make up about 40% of smartphones in use, though Android phones are more popular elsewhere. Apple's mobiles account for a disproportionately large percentage of the company's profits, 60-70%, and for 18% of the entire rise and 3-5% of the weighting of the S&P index for 2014. It is estimated that iPhone sales add one-quarter to one-third of a percentage point to the annualized growth rate of the GNP. *The Economist* ought to discontinue the Big Mac Index and launch an iPhone iNdex. The iWatch made its debut to design raves, under a fashion accessory disguise - Apple dumped wellness/medical applications, confounded by privacy and software issues, but still ordered a hefty 5m initial production run in hopes that brand loyalty will drive sales. ApplePay had problems which could only be resolved by replacing the phone. Ouch! Weird speculations and ulterior motives hinted that Apple might buy Tesla in 18 months, but Musk denied it. China has 50 million iPhones in use, though the grey market for smuggled devices dried up. The government clamped down on illegal traffic, intercepting speedboats, seizing phones stashed in secret compartments and axles of trucks. Shanghai bureaucrats were instructed to use PRC-manufactured Huawei phones, and office workers in Beijing no longer bring Apple computers or tablets to work, since they represent a conspicuous display of wealth.

## The Last Days of Advertising

Scientists survey raw brain data to unlock the mysteries of consumer choice. They aim to determine why we prefer some products and brands over others, using the tools of **neuromarketing**, monitoring signals located in the *nucleus accumbens*, tracking the intensity of

visceral responses such as anger, lust, disgust and excitement. It all comes down to significant changes in the blood flow in that part of the brain, capitalizing on the marketing value of subconscious cerebral data. Almost time to bring in the product designers.

**Eye contact** provides a cognitive jump start that humans crave. Those who avoid it are more likely to suffer from depression and feelings of isolation. Breaking it to consult the small screen degrades your social facility and emotional intelligence. Eye contact's magnetic and mesmeric effect plays an essential role in developing emotional stability and social fluency, and makes us more aware and empathetic. It's suspected *emoticons* may fulfil some of this unconscious need. Researchers at Cornell University manipulated the rabbit's eyes on a Trix cereal box and found that adult subjects were more likely to choose it over competing brands on the same shelf. Rembrandt had an intuitive inkling of this; his portrait subjects' eyes follow you around the room.

The 2014 **Cannes Golden Lions** purported to champion virtual humanity, but it was more a case of the leopard not changing its spots. One *digilante*-style ad posited a web site naming hurricanes after climate-change deniers, while a second imagined a digital child avatar designed to entrap sex offenders online; a favourite internet phone service told the weepy story of a sentimental friendship in documentary style, hankies optional; a particularly irksome message depicted people at an old-age home co-opted to chat with overseas kids, essentially training the next generation of telemarketers and call center drones; and a famous skin cream touted its extra special offer of an electronic bracelet that allowed digital tracking of your kids on the sinister Brazilian beach to counter the risk of child trafficking.

Five pharmaceutical companies were named in lawsuits in Illinois and California for the **aggressive marketing of painkillers**. An epidemic of opioid addiction has led to a serious increase in related ER visits in those states. Under the pretense of funding patient information groups, the companies paid an organization called American Pain Foundation \$10m to play down the addiction potential of specific drugs.

"War is discovery." - General Martin Dempsey, Chairman of Joint Chiefs of Staff, on campaign to defeat ISIS

The full-color English language magazine **Inspire** is funded by the proceeds from kidnappings, oil piracy, bank robbery and extortion. Editorial content aims at Muslims in the West: how-to articles about bomb-making; photos of Charlie Hebdo editors and cartoonists; informative statistical tables on cities taken over, decapitations [sic] committed by ISIS forces, checkpoints set up, apostates repented. Says Publisher Abu Bara al-Hindi, "The cure for depression is jihad."

Once the province of a small global network of private sellers, **Papal Blessings** will now be offered online by The Vatican. High-end parchment documents are hand-lettered, but most are computer-generated. Cost €13-25 each in various sizes, styles and colours. Sales up 50% from last year due to the new Pope's popularity.

"The cinema is an invention with no future." - Antoine Lumière, father of Louis and Auguste

"It's a whorehouse and people go mad." - Actor John Cusack on Hollywood

"Deserve's got nothing to do with it." - Clint Eastwood

## Celebrity

Live for now or live forever? Dead celebrities earn substantially more than living ones. Consider the estate of Michael Jackson, who earned \$140m in 2014, eight years after his demise. In the same year Elvis brought in \$55m, and his heirs later sold rights to license his name to **Authentic Brands Group** for \$125m. Authentic also owns rights to Marilyn Monroe. Resurrection planned for many of the dear departed in the form of holographic Vegas extravaganzas.

As of November, **Lady Gaga** had 42.7m Twitter followers. **Barack Obama** has less than 25m.

An orange and red rainbow signifying the renewal and energy of a sunrise visually identified **Oprah Winfrey's** "The Life You Want Weekend" in Newark, Houston, Miami and Seattle. Basic registration for branded attachment to the broadcast magnate -also regarded as a spiritual guru- started at \$99. Pantene-sponsored head massage, Toyota-sponsored tent, Reinvention Tent, free yoga sessions, cooking demonstrations, fashion show, free travel size tube of Crest and a small bag of Tide capsules, \$15 pre-ordered Oprah box lunch (half a sandwich, apple, bag of chips, water), and the opportunity to join Oprah's Circle of Friends (\$199, included tiered magazine subscription + fan club + birthday card personally sent by Oprah). Add-ons at branded boutique: book \$25; soul library \$79; t-shirt \$38; hoodie \$60; phone cover \$20. Attendees say they go in search of what they have been missing. Oprah transparent on stage at conclusion, "Thank you for your money."

Maria Vanessa Perez promises that one day she will be President of the USA. To encourage her, former sports team owner Donald Sterling gave her a \$1.8m residence, a Ferrari, 2 Bentleys, a Range Rover and a security detail. Under the new persona **V. Stiviano** she appeared for a throng of reporters, speaking from behind a Daft Punk mask at LA's Farmer's Market and refused to give an interview.

## Grey economics

A concerned citizen asks, "Why are there so few apps designed for **old people**?" Ironically, the senior sector represents the numerical majority, with the highest spending power. Yet the aging population is a drag on growth. Old eyes can't easily read small text; old hands can't manipulate the buttons; old people don't engage in casual gaming. A conspiracy suspected to exclude grey hairs from successfully operating mobile devices.

## Luxury

Let's be honest, what with the warm embrace of internet-borne marketing, it's high time to split the luxury category into two distinct identifiable sectors. **Fast Moving Luxury Goods** (call them FMLGs) have adopted the techniques and platforms of mass production and consumer products, with their only distinction being brand association and price points. **Slow Moving Luxury Goods** (SMLGs) retain the quality of true uniqueness, hand crafting, high cost and you have to wait for them. The greatest differentiator: patience.

Arnault accepted a conciliation procedure after paying an €8m penalty for stealthy acquisition of fugitive **Hermès** shares. He had gathered a quarter of group's ownership by trawling disgruntled heirs and via shadow company transactions. Agreed not to buy any more shares for 5 years.

A used 2013 Hermès Birkin handbag, in dyed brown and beige croc was offered by **Heritage**, a NYC auction house, for \$115,000. The luxury accessories category is a recent addition to the auction business, and sales of handbags rank second behind timepieces. **Christie's** succumbs to the New Velocity with a Buy-It-Now feature online, designed to capture younger customers under the age of 45, half who register to bid - average price of items offered on their site \$11K. A yellow gold 2000 Patek Philippe watch went for \$195K after the seller posted an Instagram photo.

Space Tourism took a nosedive when **Virgin's** Spaceship Two *augured in* due to pilot error. Nobody cancelled their reservation and Branson vowed to forge ahead on delivery of the third spacecraft. A privately funded venture called **Aeroscraft** wants to launch a 770 foot long dirigible for long-haul freight. 250 ton capacity, 5870 mile range. Airships suffer a perception problem, no thanks to Led Zeppelin, though non-flammable helium fills today's leviathan gasbags.

Looking to appeal to the premium buyer, **Starbucks** launched The Reserve to meet the growing market for high-end coffees, some which sell for as much as \$45 a pound. Products don't carry the ubiquitous mermaid signature, only a star with an "R". An estate in Costa Rica was purchased to produce specialty beans exclusively for the company.

## Science class

Aromatherapy the key to immortality? Researchers at the University of Chicago found that people with the poorest **sense of smell** were at the greatest risk for early demise. The bottom 39%, the least sensitive noses, sniffed no longer, 4 years after being tested. Scientists believe the sense of smell is intimately linked to health and wellbeing, but exactly how it correlates remains unclear. Olfactory brand gurus snorted at the news.

Official delivery of **nicotine** in transformation: call it *tabac noir*. Swedish **snus**, little pouches of shredded evil leaf you lodge between gum and inside cheek, present a significantly smaller risk of oral cancer. The anti-breath freshener does present an increase in the risk of pancreatic cancer and users expel a gruesome brown juice, besmirching the environment. **Vaping**, electronic delivery of tobacco distillate through largely unregulated fashion accessories experiences incendiary growth, kind of like smoking air freshener. Big cigarette brands have bought up competitors, but many concoctions manufactured in China considered suspiciously risky still sold on the high street. Vapers are also a favorite way to smoke the other kind of weed. Australia banned overt branding on **ciggie packaging**, and found that sales immediately dropped. Obama, a compulsive Nicorette gum-chewer, reopened diplomatic relations with Cuba, lighting up the hearts of American **Montecruz**, **Partagas** and **Cohiba** lovers, felons no more.

"The first billionaire in hip hop from the motherfucking West Coast," - Dr. Dre, whose real name is Andre Young, in video about Apple purchase of Beats

## Trends

Speed kills, they used to quip. Increasing accelerations every day driven by thought viruses - witness the price of crude, the value of the Swiss franc, the € and the \$ playing musical chairs; the surging rate of climate change, knee-bopping while waiting for the real-time web; click-here-to-buy-now; and the impatience with Moore's Law. I call it **The New Velocity**.

"The greatest asset in the world is unavailability," - Graydon Carter

Your personal privacy at risk every interaction, concealed under the barrage of high-tech noises audible 24/7. Time, silence and isolation - the ability to exercise free will over them - are all at a premium. The greatest social differentiator is the **headset**. The thicker the insulation the greater the privilege, the bigger the headset the more important the wearer. The semiotic differentiator: my capacity to screen out extraneous impulses.

The fallout may be coming in a decline of gadget-obsession. Ad-blocking is at an all-time high, people detest adverts on apps, and weekly visits to social networks in the US, China, Japan and the UK have dropped by half. British doctors voice concern over the number of people being treated for tech addiction. More than half of gadget owners internationally admit to suffering anxiety when they can't use their mobile devices. An oversubscribed Kickstarter campaign successfully funded **NoPhone**, a fake handset which simulated the exact size, weight and dimensions of a mobile phone. Advertised as totally wireless, battery-free, doesn't require software updates, shatterproof and waterproof.

The end of the production line collided with Detroit. It took only 44 hours to produce the world's first 3D printed car. **The Strati**, made of carbon fibre reinforced plastic (ABS), costs a navigable \$18K-34K, engine optional.

The *Journal of the American Medical Association* performed a very small survey just before Google sent the **Google Glass** into exile. Three subjects helped determine that the device created a clinically meaningful visual field obstruction in the upper right quadrant.

The public is still the harshest critic. The Town Council of Clacton-on-Sea, UK, removed a graffiti mural by **Banksy**. Residents complained that anti-immigration banners carried by the painted pigeons were racist. The Council apologized, claiming they did not understand it was valuable art.

Had enough of trendy fitness centers filled with impossible infernal devices, exhibitionists and people looking to hook up? **Unplug**, a salon for meditation in LA (where else?) looks like a yoga or Pilates studio, but features Buddhist coaches to help you with inner workouts. Clean, modern, secular, effortless to attend, with a gift shop. \$20 per session, enlightenment included. Alternately, the over-50 crowd can hustle off to **Welcyon**, a new health club franchise for seniors. Easier machines, fewer mirrors and music programmed from the good old days.

"Environmentalism is an upper-middle-class, white movement aimed at absolution and preserving a lifestyle with a Volvo." - Charles Bowden

Two incidents of airborne volatility made the skies even less friendly to the already beleaguered traveler. In September a passenger in the United Economy Plus section used **Knee Defender**, a product which prevents the seat in the row ahead to recline. The incensed victim threw water in the user's face, the flight was diverted, both passengers removed, 2 hour delay for the everyone else. In an episode which sounds more like a **Rage Nut**, Korean Air SVP Heather Cho performed an act of Brand Destruction when she delayed an Incheon-bound flight because of the way she was served macadamia nuts, forcing a senior flight attendant to kneel in front of her and apologize. If only it had been **Nutella** incorrectly served then some of the attention might have been diverted to the world's favorite nutty chocolate spread: Nutella uses up a quarter of the world's filbert supply (also known as hazel nuts), but its other key ingredient, palm oil, is a health hazard, the production of which correlates to the destruction of the rain forests of Indonesia.

## Narcissism

"With the American accent, I've had far more success with women." - Stephen Hawking, explaining one of the advantages of his new speech synthesizer.

"10 Selfies Taken Moments Before Death" - morbid posts from various websites

On September 18, the cabin of JetBlue flight 1416 filled with smoke. A guy took a smiling **Selfie**, posted it online and it went viral with over 1 million views. The flight touched down safely. It's all fair game for content, rock concerts, presidential inaugurations, elementary school plays rich with *parentrazzi*, midair near-disasters. Birth of new genres: Selfies of My Divorce, Selfies at Funerals.

A **terminology survey** at San Diego State University studied 760,000 books published between 1960 and 2008. The use of "we" and "us" declined by 10%; instances of "I" and "me" increased by 42%.

## Id-IOT-ic?

Apple's wristband, Nike's new generation of sensory footwear, Google's Glass, Microsoft's 3D specs mean we have crossed over the threshold into the era of **programmable objects** which sense, capture and exchange information. Developers say the most interesting contextual computing is happening with phones, so beware. Debate rages about who owns the information, whether the mysterious "they" have our best interests at heart. Fifteen years ago a panelist at the IHT Luxury Summit predicted a world where your sweater would be your best friend. Things which mimic the mythological tools of folklore and fantasy, like Excalibur, Snow White's mirror, or Woody Allen's Orgasmitron from *Sleeper* will populate the 26bn sensors forecast to be installed by 2020. As long as they don't pressure me to upgrade to the paid version, or track my YouTube visits I guess I am OK with the phenomenon. But when the sensors try to respond to my feelings by monitoring my facial expressions, the moment when algorithms decide to alter my emotions, uh-oh. A company called Affdex readies a suite of products which assess emotional connection with advertising, brands and media. When information about a package is as important as me, or the thing itself, perhaps it is time for the *thing* to rethink. Did you hear the one about The Jealous Toaster, which becomes agitated when it's not used enough? Its lever waggles anxiously. It may tell the Talking Trash Can to dispose of the muesli I wanted that morning, an unconscionable act of serial killing.

"When opponent likes fast game, Hashim plays slow; when opponent likes slow, Hashim plays fast. Against big man, Hashim makes him stoop to floor with low shots. Against tennis player used to open court, Hashim hits ball all the time very close to wall. Against player wearing glasses, Hashim gives many high shots, which he has difficulty seeing because of light overhead. When Hashim teaches, he emphasizes thinking."  
- Hashim Khan (1913-2014), on squash strategy

## Ci vediamo

*Hasta la vista* to **The Duchess of Alba**, holder of over 40 titles, scion of a venerable Spanish house, whose marriage after WWII was reputed to be the most expensive in the world. Her second marriage to her confessor, a defrocked Jesuit priest 11 years her junior, was followed by her third marriage to a civil servant 25 years younger, no doubt blinded by love and her multiple cosmetic surgeries, flowery dresses, hippy hatwear, huge estates, art collection and palaces, not to mention her \$4.4bn fortune. Actuarially speaking, Nobel Laureate economist **Gary Becker** totaled. His research on marriage, crime, addiction, racial discrimination and birthrates regarded all elements of society as rational economic agents. He viewed households as small factories that produce nonmarketable basics like leisure and sleeping; quantified what people are willing to pay to avoid one another's company; and rejected the assumption that individuals were motivated by the prospect of selfish material gain. Nancy Reagan's in-house astrologer **Joan Quigley** headed for the stars. On her private line thrice-daily to the First Lady to earn her monthly retainer of \$3000, she helped rule the Free World, drew horoscopes to insure the favorable alignment of planets for arms control treaties, profiled Gorbachev, and moved the time of day for the Presidential inauguration by 9 minutes. Virtually every major decision was cleared in advance with her. Ronnie's favorite question reputed to be: "What does Joan say?" **Alexander Shulgin** headed off on the ultimate trip. Following a 1960 experience with mescaline this dude went forth to create or patent almost 200 mind-altering chemicals, including Ecstasy and MDMA, stimulants, depressants, aphrodisiacs, 'empathogens,' convulsants, drugs that alter hearing, drugs that slow one's sense of time, drugs that speed it up, drugs that trigger violent outbursts, drugs that deaden emotion.

"Be regular and orderly in your life like a bourgeois, so that you may be violent and original in your work."  
- Flaubert

## the following touchpoints to debate and discussion for the coming year

### Feasts of the epiphany

In 2012, **007** switched over to Heineken, shaken down by a \$45m payoff. Now Special Agent Bond has gone back on the hard stuff, in a stirring partnership with Belvedere Vodka for upcoming 'Spectre' film.

Originally packaged before the 1929 market crash under the name "Bib-Label Lithiated Lemon-Lime Soda", a beloved American soft drink kept its own dirty little secret until 1948, when the critical ingredient was banned by the FDA. These days Lithium is used to treat bipolar disorder and depression. A psychiatrist recommends adding low doses of the substance to drinking water in hopes of lowering rates of suicide, murder and rape. With drug prices so inflated, wouldn't it be cheaper to bring back the old formula and simply buy everybody a bottle of classic **7-Up**?

IP continued to confound regulators. The US Supreme Court ruled against **Aereo**, a startup which provided a dime-sized antenna allowing users to grab, stream and record from major broadcasters signals, challenging the economics of the tv business. At issue: retransmission

fees. Refunds issued to a half million subscribers. Said the Justices: “The spectrum that the broadcasters use...belongs to the American public.”

The largest conglomerate in the USA (value: \$350bn) now rebadges its family of utility companies as **Berkshire Hathaway Energy**. Also slated to rebrand its car dealership group under the same moniker, as well as licensing its name to real estate companies in Europe and Asia. Other opportunities in its portfolio: railways, insurance, manufacturing, retailing, but no plans for re-entry into textile sector, from which they took their name.

Advocates claim cannabis extends longevity. **Bob Marley**, who died in 1981, lives on as the fifth highest-earning dead celebrity in the 2013 Forbes List, scoring \$20m. A Seattle-based private equity firm raised \$22m in its first round financing, aimed at funding a global ganja enterprise. They hope to add another \$50m to the pot in 2015. The estate already licenses its name to headphones, audio accessories and coffee. Soon to follow under the Marley Natural name: heirloom Jamaican cannabis strains, marijuana-infused skin creams and lip balms, and paraphernalia such as vaporizers and pipes based on those preferred by Bob.

Intimations of the Bolivian Marching Powder from the aptly-named Droga5, a NYC ad agency who created the “You’re On” campaign for **Diet Coke** in the face of mounting competition from energy drinks like Red Bull. The uplift touted, aimed at aspiring millennials, earned skeptical sniffs from the marketplace, leading an editor at *Beverage Digest* to toot it was critical to market these beverages as delicious, refreshing and tasting good and worry less about brand image.

**“Old men ought to be explorers.” -T.S. Eliot**

Hollywood, clueless over the ironies of a brand name, suffered box-office disappointment and a half million pirated downloads with **Expendables 3**, a geriatric action sequel starring Stallone, Gibson and Schwarzenegger. The franchise refuses to die, and now plans a female-focused spinoff called The Expendabelles.

**Greenpeace** co-opted the 1500-year old Nazca geoglyphs in Peru, intending to raise awareness of global warming during the UN climate talks in Lima. Instead, the publicity stunt raised awareness of trespassing, while irreparably defiling a World Heritage site and eloquently demonstrating the concept of brand arrogance.

Dreamworks dogmatic about **Lassie**, part of a \$155m character library acquisition. The studio plans extensive merchandising, but no tv series or movies for the valiant pet first seen in a 1938 movie, later criticized for saccharine plots centered on childhood trauma and neuroses. Research shows the loyal, heroic and heartwarming canine has an 83% brand awareness rating. Look for product lines targeted mainly at adults. “Lassie, get Gramps!”

You wouldn’t know there were continuing woes in the global toy market by looking at **Lego**. In September 2014 the family-held Danish company took the lead as world’s biggest toymaker by revenue, \$2bn+, surpassing Mattel, whose sales of Barbie, Hot Wheels and Fisher-Price declined. Analysts had earlier concerns over strategic fumbles in sub-lines, but the brand was saved by the fan community, who influenced extensions into multimedia. This led to a hit movie, animated content, online games, a smartphone app, film tie-ins with Harry Potter and Star Wars, partnership with the Cartoon Network, double-digit growth in all three regions of the world. Despite huge potential in Asia, an IP risk looms, especially in competitive lines. But for the moment Lego seems to have the secret formula that transforms petrochemical compounds costing \$1/kg into product that sells for 75 times that figure.

Brand gymnastics for the **Mason Jar**, a 150-year old American institution. During frontier days the jars represented home preserving and canning, the metaphor for survival. During the Depression nearly every home used them. But refrigeration and mass-produced food, tv dinners and boxed mac and cheese saw the product transform into a glass container for stray pennies, or buried in the back yard filled with rolls of \$100 bills. The recession of 2008 signaled a return, with sales jumping as millennials learned to personalize their food. In a move to attract younger customers, big corps proffer plastic knockoffs filled with sugary fare, the most blatant example a replica from 7-Eleven, designed to hold Slurpees.

Brilliant idea: a user interface which employed software and invention to create a new market of underused assets. Venture capitalists romanced them, leading to a successful \$1.5bn IPO which valued the 2-year old startup at \$40bn. Then, banned or reviled in world capitals, accused of price-fixing, declared illegal in South Korea, discovered doing surge pricing during the Sydney hostage crisis, an unscrupulous competitor cancellation conspiracy in New York City, gouging on Valentine's Day, reprehensible conduct by drivers, and finally making a pact with the diabolical Amazon for last-mile delivery. Yet no matter what the bad news, **Uber** refuses to go *unter*.

"Thank you for your good and properly obscene letter." - Norman Mailer to Truman Capote, in a letter dated 1959

### Terminology and concepts entering the mainstream in 2015:

**Clickbait** - Content trickery crafted to seduce unwitting website visitors

**Climate refugees** - humans displaced by rising sea levels, erosion or bio-fatigue.

**Contextual computing** - the terrain where your wearables form opinions about you in consultation with your smartphone

**Digilantism** - Self-appointed citizens or groups on the net who undertake to enforce their own ethical agenda, without legal authority, typically out of frustration with the status quo.

**Flow** - shorthand for a self-induced state of mindlessness resulting in unjustifiable complacency and self-satisfaction from activity often associated with consumerism

**IRM** - Influencer Relationship Marketing, touted as the new snake oil for any communications plan. [sic] "...can affect purchase decision and consideration, benefit reputation, employee retention and recruitment, and diffuse crisis."

**Shuanggui** - secretive extralegal process used on those citizens accused of political corruption in China

**Sudden-wealth syndrome** - an infirmity afflicting wealthy young people, symptoms of which include heightened ambition or a lack of motivation, feelings of shame, or the deleterious effects of inherited wealth. See also: *Affluenza*.

**Underconsumptionist theory** - an idea popularized by John Maynard Keynes that people inherently underspend once they become prosperous

**Unicorns** - fledgling tech startups valued at \$1 billion following IPO

**Vax kooks** - opponents of vaccines, as referred to by big pharma-funded special interest groups

## What is a brand?

A brand is a signal for trust

A brand is a tool of transformation

A brand is a potential obfuscation which if unscrupulously employed can conceal an organization's true nature.

A brand balances idealism and commercialism.

A brand is the last defense of Romanticism.

Recently I have thought about brands as anchors of connection.

More on this in the coming year.

An outstanding 2015 to all!

A handwritten signature in dark grey ink, appearing to read 'SMoss'.

DiGanZi

# 2015 Global Brand Letter

from SMoss

“...unintelligible at any speed.” – from FBI report on ‘*Louie Louie*’ lyrics

“They make a desolation and call it peace.” - Tacitus

“Click here - your life is at stake.” - spam email subject line

**Unnovative customer wanted.** Inauthentic or inexperienced individual, skilled in intersubjectivity be like a requirement. Underbanked or unbanked need not apply. Gross neutrality the goal. Intractability, misalignment or disinterest a plus. Special consideration for regressive influencers. The objective: Make Branding Great Again.

“Each generation has but a few short years to civilize an onrushing horde of barbarians - its own children.”  
- H.G. Wells

## Update on last year’s hot topics

“Men will never be free until the last king is strangled with the entrails of the last priest.” – Diderot

## The Obstreperous

Handsets and cookies the leading brand indicators? A case of mixing Apples and Oreos. The iTech behemoth, which gets one-third of its revenues from **China**, confronts a market headed for saturation point with the number of first-time smartphone buyers contracting due to high market penetration. Expansion of the 4G network could reawaken demand, but for the moment homegrown Sino-brands contributed to a decline in the world’s biggest handheld device market. In a case of reverse product-creation, Oreo Thins, introduced exclusively for The Middle Kingdom in 2014, sees its share crumbling by one-third, surrendering first-mover advantage to national brands and the emerging affluent class desire for the hottest new thing. The late-arriving lower-fat cookie, “a crisp elegant take on the original,” has been compromising waistlines in the USA since 2015.

**#suspicion** as **India** and **Egypt** give a thumbs-down to Facebook and friends’ offer of gratis internet use from smartphones across **37 developing countries**. Takers were only able to deploy a simplified FB app under the strategy to attract new customers in emerging markets as US/Europe reaches saturation point.

**#conflicted** as Google announces plan to release thousands of driverless balloons into the stratosphere to establish wireless networks in **the most remote places**. While some sites offered were free, others projecting a cost were considered a breach of net neutrality. Wasn’t evil, right?

Despite involuntary isolation, **Cuba**’s pharmacom sector didn’t idle for the last six decades. Counterfeit meds aside, stogie-chomping researchers discovered a cancer drug about to be developed by Bioven, a Malaysian biotech. Abivax France is testing a proprietary Hepatitis B therapy created on the former outlaw isle. *Buena suerte, socios!*

## The Moribund

"Allah, increase my expenses." - Muslim's plea the month before taxes are due

"If you're not appearing, you're disappearing." - Old vaudeville saying

In an episode of counter-jihad, a **US**-led coalition airstrike destroyed a Daesh cash distribution center in city of Mosul. Two 900kg bombs disintegrated millions of dollars worth of currency gleaned from activities like illicit oil trading, trafficking of antiquities, extortion. It remains a mystery how much of the cache consisted of greatly-disdained €500 notes.

The real smoking gun is owned by the **US Chamber of Commerce**, a private nonprofit with over 3m members, annual revenues around \$165m. Largely hidden from public view, the misconception prevails -especially internationally- that the US COC represents the government of the US. It is the largest spender on lobbying, more than any other interest group in America, championing cigarettes, opposing tobacco tax, challenging warning labels on packaging, leading the worldwide effort to fight antismoking laws. Members include Google, Pfizer, Anthem, though Nike and Apple left the group in 2009 after the COC threatened to sue EPA if they regulated greenhouse gas emissions. The Chamber excels at turning the dialogue away from health issues, claiming the discussion shouldn't be about whether smoking is harmful. Uruguay planned to ban cigarettes from being displayed by retailers, restrict smoking in public places, prohibit advertising, and raise cigarette taxes. Instead, accusations came from the COC of flawed research, disrespect, not playing by the rules, then pleas for a face-saving way out of this. "The world was laughing at us."

The market gulped when **RBS** advised shareholders to dump stocks and move their money into high quality bonds. Blaming the collapse in commodity prices, the bank predicted a global disaster scenario in their *Year Ahead* memo. These are the same geniuses who loaned money to oil drillers now on the verge of default. Adding insult to injury, after Davos the bank raised the popular alarm about *automation*, slated to destroy 30%-50% of all jobs in the developed world in the coming decade.

Racial profiling isn't dead, it's migrating. A wave of mass-gropings in Cologne, **Germany** on New Year's Eve saw several hundred men ages 15 to 35, visibly drunk, mobilized by social media, who broke into groups, formed rings around young women, while others stole wallets and cell phones. Initially ignored by German news media, descriptions of "young foreign men who spoke neither German nor English" polarized the racially diverse city which took in 10,000 refugees in 2015.

## Place Branding

"If you understood everything I said, you'd be me." – Miles Davis

As consumers grow more reluctant about using credit and debit cards, they seek out alternatives to mediums where government can track every purchase. Thus the popularity of cryptocurrencies, freeganism and bartering. Localities now experiment with **bespoke money**, artisanal cash also known as small-batch currencies. The city of Bristol UK issued a £10 note with David Bowie on it, creating a monetary instrument that "has our landscape and our values."

*Pâtisseries* no longer had their summer holiday regulated by the Paris *préfet*, which contributed to a **baguette shortage** in August. New rules allowed two-thirds of bakers to close their doors for the month, compared with half previously. The public ate cake.

You can't blame thousands of **olive ridley sea turtles**, who crawled out of the ocean on an annual pilgrimage to lay eggs in the sand in Costa Rica, only to find legions of voyeuristic tourists waiting for them. The two-legged interlopers snapped selfies, perched children on the turtles' backs. Angry terrapins blew off the homo sapiens and simply turned around and retreated into the sea. Officials blamed climate change and low rainfall, which made passage to the beach easy, though they promise to make sure the human intrusion does not recur.

## Privacy

"She is such a good friend that she would throw all her acquaintances into the water for the pleasure of fishing them out again." - Talleyrand

**The leaky Cloud** rained on everyone's parade after researchers commandeered a Jeep Cherokee traveling down a highway in Missouri. Fiat Chrysler recalled 1.4m vehicles over fears they could be hacked. Later, Zscaler, a cyber security startup, netted \$100m in its first financing round.

## The Web

"The play's the thing." - *ibid*

Romance holds less and less mystery thanks to **Big Data**. A Cornell professor has developed an algorithm to predict the likelihood that a FB user will change their status from "in a relationship" to "single". Certainly a more convenient way to know when you're supposed to send a Dear John. The amount of compulsive disclosure by teenagers makes it easier to spot a faint heart, fair maid, or big faker.

With such a multitude of **online tools for ending relationships**, breaking up is no longer hard-to-do. FB allows unfriending, untagging photos, burying past posts, editing mentions on news feed, under the watchful eye of its Compassion Team, established to help ease life's difficult moments. They provide less confrontational and more empathetic language courtesy of UC Berkeley's Greater Good Science Center. (You can even appoint a Legacy Contact to handle your account after you're dead.) An app called Killswitch enables entry of your ex's name, then aggregates photos, videos, wall posts and status updates into a hidden album all in one pass. Whoosh! Ten days after its launch, FB shut it down, but reinstated the app after founders "leaned in really hard." Breakup Shop offers customized naughty or nice options for a navigable \$5 to \$80. Other apps to ease the pain: Out of Your Life, Exboyfriend Jewelry, Breakup Goods, NeverLiked It Anyway (which includes tales of why they are selling), Breakup Text, a budget 99 cent download which acts like Cyrano for the frugal and tongue-tied.

Next stop: cloud-based **paperless passports**. Australia allows people to enter and leave the country without speaking to a customs officer, following an automated comparison of live image to one stored in passport databases. Immigration agencies share 100m facial photographs they already have on file. New Zealand is considering trial, but registers concerns about the security aspect of facial biometrics, a potential data black market worth billions. Governments have a

poor track record on data security. Cybersecurity incidents tripled from prior years. Rogue nation states eager to create false identities watching closely.

A Chinese lender rates **credit worthiness** by measuring social media usage. China Rapid Finance analyzes Tencent user patterns, frequency and amount of time spent on apps like WeChat and Candy Crush Saga. ZestFinance writes loans to subprime borrowers through nonstandard data signals such as whether someone has ever given up a prepaid wireless phone number. They rate the difference between ability and willingness to pay. New cloud-based personnel software evaluates employee performance factors, with *tenacity* the top indicator. Since algorithms aren't subjective, wireheads believe data-based character judgements are more reasonable and ultimately fairer than standard techniques. Upstart, a Palo Alto company has lent \$135m to prospects with mostly negligible credit ratings, using algorithms to determine character. Bias comes from human loan officers and we need to hit the Delete button on them.

Google Ventures, a \$125m treasure chest, backs **London startups**. In the past, the non-evil-doers bankrolled Uber and a connected devices company called Nest. Now they throw money at Yieldify, developers of LostMyName, creators of personalized children's books. Yieldify's *other* product helps web businesses push potential customers to complete a purchase using data such as speed and direction of cursor movements to predict when a person is about to leave a website. It then creates an interactive message redirecting consumers to buy buy buy. Kobalt, another potential cash register, is a music technology company that helps songwriters collect royalties from streaming services.

More people are going online via smartphones rather than by desktops or laptops. In the PRC, Alibaba is using **O2O** (online to online) to link users to brick and mortar business, a strategy to drive customers to physical stores. Their initial focus: domestic appliances, which provide higher margins than other consumer goods.

**Social media grabs** by the alleged artist Richard Prince are giving IP a good name. Prince altered images with creepy stalkerish snark via Instagram, then sold giant prints of the rip-offs at Gagosian with a \$90K price tag. SuicideGirls, whose content had been appropriated, offered their images identical to his for \$90, then sued the artist, who settled out of court, effectively obliterating the question of what is real. At the moment we elect to become personal brands, we turn into fair game for bandits, transiting the nebulous territory between privacy and the public domain.

Half of all Google searches are made from mobile devices. The benevolent giant is updating its **secret formula for search rankings** to favor those sites it deems mobile friendly. What's *not* mobile-friendly? Text too small to read, links too close together, content wider than screen. That which is said don't signify. Mobile-optimized sites win, since people rarely browse beyond the first page anyway.

In advanced economies, mobile payments for goods haven't taken hold. In emerging markets, millions already use mobile payment services like M-pesa in East Africa. By 2018, 1.8bn people - most who live in areas where network coverage is patchy - are expected to acquire handsets. This presents developers with challenges. The **new generation of apps** they author need to be more robust, factoring smaller screen size, reduced capability, fewer interactions and overcome cultural barriers of language, literacy, and local content. A branch of engineering called frugal

innovation leans on crowdsourcing for fresh ideas, and will focus its attention on *gaming*, *shopping* and *banking*.

Mass disappointment when **Twitter retired its likes and favorites iconography** instituting a new 'heart' system to replace shopworn terminology. Users rebelled. Gross resistance to change may have been gender-related, since the community skews slightly male, and we all know how much men hate discussing their feelings.

## Gaming

"What flower were you in a past life?" - online Facebook quiz

Starcast uses the same radar mechanics which track missiles. They deliver precision optical metrics which quantify nearly every move in **spectator sports** games. Data from their ultra hi-res cameras could change the way fans watch the game but even more how teams evaluate and pay players. In search of clever ways to measure performance and find undervalued talent, the firm looks at arcane factors like "route efficiency", or the direction of an outfielder's path to a batted ball. Audiences draw the line at concepts like "launch vector", a term which only an engineer could love.

## Information Ecology

"Looks ain't is." - Nevada gunsmith

An ex staffer calls the **Huffington Post** "a jury-rigged discombobulated chaos machine". The AOL-owned industrial-strength aggregator spews out around 2000 posts a day, content consisting of custom quizzes, listicles, slide shows, videos, infographics, feature articles, blog posts and commentary. Obsessive data analysis shapes throat-grabbing web headlines, emanating from a Hydra-like constantly-expanding franchising model driven largely by free labor.

RushCard, the **prepaid debit card** launched in 2003 by hip-hop impresario Russell Simmons got a bad rap in October. For over one week, lower-income customers, nearly a quarter of whom earn less than \$15k a year and lack the standing to get a credit card, had no access to their own money. Consumers used FB and Twitter to express outrage over Egg McMuffin purchases denied at McD, heart patients refused meds at pharmacies, workers who had to share lunches, and one caller who unsuccessfully tried the service help line 51 times. RushCard blamed the problem on switching from one processing technology provider to another, took to social media to respond to complaints. Regulators in Washington registered interest.

Jon Stewart's exclusive 4-year production deal with HBO reflects changing habits of **online content consumption**. The funny television guy will produce short-form segments to be refreshed multiple times a day, aimed at grabbing younger viewers, an age group networks find increasingly difficult to reach.

Wikipedia's **most edited posts "of all time"** (meaning 15 years) quantifies revisionist history in the digital age. #1 George W. Bush (45,862 edits), sits not far ahead of #2 WWE wrestlers (42,836), and a slew of entertainment figures including #5 Michael Jackson (28,152), #11 Britney Spears (23,802), #14 the Beatles (22,399).

## Mobile

"Why kill your wife with housework when you can use electricity?" - British advertising headline ca. 1960

Since Generation Z favors mobile devices for everything, there's fear that the US and other developed countries could soon face a **spectrum crunch**. If use continues at the current rate, demand - which now stands at 2.5 exabytes a month - will eclipse supply some time in 2018. It's expected that 25 trillion photos will be shared or posted this year, mostly from age group 18-24. Typically more than a quarter of smartphone users in developed markets will *not* make a voice call, as handsets are being used increasingly *for data only*. There's a turn towards internet-based messaging on phablets, those gaudy, klutzy larger handsets Asian tourists carry, which will become only more prevalent. Calls will be made over social media, with IMs the hottest growth area. Get ready to use your smartscreen to pay for goods. ApplePay already has 50m regular users. The practice is not yet as common in developing markets, where people still favor face-to-face transactions.

## Advertising

TV Personality Says She Liked The Way She Looked Before Recent Weight Loss  
– top *Google News* headline, September 18, 2015

The more cool **influencers** in circulation, the less oomph each brand they tout attracts. Some individuals have flourished as paid sponsors, building credibility via social media, personally advocating product. Setting a high water mark in popular culture, "What's In My Mouth?", a weekly YouTube video posted by 23-year old Ricky Dillon claims over 4m views, 6000 comments and 300k likes, in a battlefield populated by self-replicating bots.

**Fast-food** looks backwards to nostalgia in response to reduced appetites. McDonalds exhumed The Hamburglar from a 20-year old ad campaign, then monitored social media for reaction, hungrily eyeing the defecting 18-35 target demographic. KFC disinterred the Colonel to focus on ingredients, entrepreneurial spirit, his showmanship. The aim is to distract the conversation towards a kinder, simpler time and not talk about the food.

iOs adherents fumed over annoying **Apple ad-blocking software** that slowed down browsers, but still enabled users to be surveyed. Peace, Purify and Crystal topped the App Store chart with 45 million uploads. Apple installs proprietary ad-blocking software, damaging its own customers. Who's conflicted? Advertisers and publishers begin to rethink the role the relationship plays, its impact on website revenues.

"Women make better snipers." - Instructor at shooting range

## Celebrity

**Billie Holiday** (1915-1959) will soon step on stage as a hologram at the Apollo Theatre in NYC. She'll warble about the history of the place, take questions from the audience, sing a couple songs. An incongruous list of other representations from Hologram USA: **Buddy Holly**, **Jimmy Kimmel** and **Chief Keef**, a 21-year old rapper from Chicago.

The singer-actress-icon-and now-philanthropist **Cher** donated 181,440 bottles of water to beleaguered Flint MI. Contamination of the water supply began in 2014 when the parsimonious city switched from Lake Huron to a polluted river, then failed to treat the water properly. Residents complained of strange taste and smell, ignored by public officials. Distribution will go to the 40% of Flint's residents who live below the poverty line. Food banks recycle the empties, keep the proceeds. And Cher gets the karma.

"Rich people don't die in natural disasters." - Swati Dhirga

## Luxury

"Woman comes face to face with her dead brother's transplanted face." – *Guardian* headline

**Brand fade** is the flavor of the month for LVMH, the most popular name in China. In an oversaturated luxury market, the atrophying impact of ubiquity, shoppers turning to competitors and Prada nipping at their heels indicates a brand too omnipresent for its own good. Consumers in higher-tier cities increasingly shun its products, avoiding names that too many other people own, increasingly choosing subtler, lesser-known marks. Designer gifts and fancy meals are out of favor, a decline particularly pronounced among high-income travelers. In response, LVMH is actively diversifying its business, dabbling in restaurants and catering, partnering with a Singaporean food conglomerate who owns several snack brands and 100 restaurants across Asia in its portfolio. Focus shifts from fashion into high-end spirits and alcohol, a tactic not good enough to offset losses. Anti-corruption reformers have curtailed spending on expensive bottles. Now LVMH experiments with attracting a younger market, emphasizing personal taste, individuality and exclusivity. Expansion planned of the LV product range with *subtler logos*. They will also control pace of store openings in an attempt to minimize exposure.

Luxury **advertising** means digitally-savvy houses juggle content, editorial strategies, broadcast on brand-owned media platforms, social channels and the voices of key opinion leaders. Digital eclipses television, in a world where each person spends nearly 4 hours a day online, with desktop and mobile the fastest growing mediums. Interactive allows more sophisticated targeting, though it's difficult to know who is actually on the receiving end. Luxury's appeal transcends the store environment, service, the purchase experience or owning the actual product. Advertisers need to specify measures of success. Might be tailored targeting of consumer groups or reactive content. The notion of *brand safety* critical here: high profile doesn't always mean brand value is preserved. With around 150m ad-blocking users globally, lines blur between advertising and content; between paid, owned and earned media. Video may turn out to be the key. Every day more than 4bn videos are viewed on YouTube, and the demand for video inventory grows faster than supply. Once 5G networks are in place, differentiation will be the challenge. A new approach to billing prefigures this: Cost Per Completed (CPC). You're only billed after the user watches 100% of the video.

"An entomologist is not a bug." - Kenneth Rexroth

## Science Class

"Train to not suck at life." - motto painted on fitness center wall

Remember this name, a new protein called **PLEKHA7**. The Mayo Clinic says they have found a code which can reprogram tumor cells to morph back to normal, essentially software for turning off cancer. Has something to do with adhesion proteins, the glue that keeps cells together, and the suppression of genes that promote cell growth. When adhesion is disrupted, these miRNAs are misregulated and cells grow out of control. The molecules have two faces, a saintly one, maintaining normal behavior of the cells, and an evil one that drives tumorigenesis.

The one person we hope doesn't get his hands on PLEKHA7 is **Martin Shkreli**, who drove the cost of Daraprim, the drug patent bought by his company Turing, from \$13.50 to \$750 per tablet and lived to rue the day, encountering *Pharmacom Rage*. Other hyperinflated price hikes: Cycloserine/Rodelis Therapeutics, 30 pills for \$500 raised to \$10,800; Isuprel and Nitopress/Valeant Pharmaceuticals 525% and 212% raises; Doxycycline/ \$20 per bottled raised to \$1849.

Emotient, a San Diego based startup recently absorbed by Apple, uses **sentiment analysis** to understand facial expressions, creating a new category of emotion-aware machines. The company relies on crowdsourcing to train its machine-learning technology. Early customers included marketers and retailers who recognized immediate applications in Augmented Reality and Virtual Reality. In August, the company turned its technology on Republican candidates: Trump predominantly conveyed *anger*; Cruz almost exclusively expressed *sadness*. Apple's impassioned hardline stance to protect and defend people's privacy may be a potential impediment.

The latest personal branding technique: **Beard transplants**. Full coverage from sideburns to chin \$7000.

In another example of government intervention, the US Fish & Wildlife Service has restricted the movement across state lines of poor innocent itty-bitty **Salamanders**, but for their own good. *Batrachochytrium salamandriovans* or Bsal, a fungus infecting native fire salamanders, is carried by undesirable migrant Asian species imported as pets. The cute-but-slimy little creatures are the natural predators of invertebrates like snails, worms and insects. Without them, widespread ecological consequences. Violators face fines and prison sentences, and the unfortunate salamander victims will be held in detention. The law intends to control trade involving more sinister animals, uglier predators like boa constrictors and carp.

## Trends

"Never sleep with anyone whose troubles are worse than your own." - Ross Macdonald

"You don't get it, man. I'm a fucking genius." - Jeff Koons, to an unnamed critic

Finally some controversy from the Pantone Color Institute. There's sharp **subtext to the colors of the year**, which purport to collectively fulfill our yearning for reassurance and security in times of stress. The Institute says the colors challenge traditional perceptions of *association*, including a blur between genders, gender equality, and consumer's increased feeling of freedom to use color as a form of expression. What this means is that Caitlyn Jenner and the Wachowski twins will probably be wearing Rose Quartz, a warmer tone signaling compassion, a sense of

composure and serenity; and Cooler Tranquil Blue, communicating airy weightlessness and feelings of rest and relaxation.

A new policy from the ill-named Justice Department allows indian tribes to grow and sell cannabis under the same conditions as in decriminalized states. The Santee Sioux tribe plans the nation's first **marijuana-themed resort** on its ancestral lands in South Dakota, though the dope can't leave the reservation. They'll grow their own and sell it in a smoking lounge. Once you get adequately loaded you can trip out in a nightclub, be mesmerized by arcade games, take it up a notch in the bar and cure the munchies in sit-down restaurants. Tribal economists project \$2m a month in profit, which will fund housing, an addiction treatment center, and overhaul of its clinic. The weed will be cultivated in an indoor farm located in Flandreau, 45 miles north of Sioux Falls. A Denver-based consulting firm has been retained to impart the basics of raising buds with names like Gorilla Glue, Shot Glass, Big Blue Cheese. The pragmatic Passamaquoddy tribe of Maine announced they will build their own facility to raise industrial hemp.

Roshi says **contemplating death** is a worthy occupation. He calls it a misalignment problem. Meditation on death is a key to better living. Ask, "Am I making the right use of my scarce and precious time?" Roshi is perfectly aware that the average American adult spends four times longer watching television than socializing and communicating. He says it can only lead to ennui and regret. Roshi asks, why must people choose TV and clickbait over loved ones and God? If you can plan a vacation, consider what you would do for a week if this were your last opportunity. A recent research project agrees with Roshi, finding evidence that thinking about the end makes you funnier.

After the holidays there is typically a surge in traffic on **dating websites**, folks desperate for connection and vulnerable to online romance scams. The bad guys bilked victims out of more than \$200m in 2015, average financial losses \$5k-\$10k per person. Romantic love can produce feelings of euphoria similar to the effects of cocaine and heroin, or inspire crushes or strong feelings of connection that people develop for sports figures, rock stars and actors. Over the internet, risk increases with the potential for more severe emotional and financial damage. Scammers disguise themselves with fake profiles using pix of real people they've stolen off FB, Instagram, or social media sites like Match.com, Okcupid, eHarmony, Grindr, Tinder. Once they've created a sense of intimacy the *sextortion* begins. Might take the form of requests for money, bribes not to post explicit photos unwittingly sent. Some victims become money mules, or help facilitate other crimes. Daesh recruits youths using a saccharine image of romance and marriage, dangling *jihotties* as enticement.

## Anger

According to a study by an industry organization, **drunken passengers** have overtaken unruly children as most irritating of in-flight disturbances. Next in the Air Rage hit list: rude crew, poor quality food, chatty strangers, seeing others upgraded.

Last year it was a rage nut, this year it's **Nutella Rage** in a Burbank CA Costco. During a dispute over Nutella waffle samples, a 24-year old took all the treats, punched a 78-year old man in the face and sent the grey-hair to hospital with a one-inch cut over his eye. The judge set bail at \$50K and charged the attacker with elder abuse.

Expressing anger is believed to be a useful tool in negotiation. The question is when and how **to deploy anger productively**. Of the 3 types of negotiation - *cooperative, competitive or balanced* - negotiators made greater concessions to those who expressed anger, but only in balanced situations. Anger evolved to help us express that we feel undervalued. Strong men and attractive women are the most prone to it, though anger must ultimately be genuine in order to be useful. If you have less power at the table, showing disappointment is a better strategy than expressing anger, as it can induce feelings of guilt in your opponent.

**Robots don't get mad.** That could be why some big names like Hawking, Musk, and Wozniak call for a ban on autonomous robotic killers. The devices appeal to the military because no troops are put in danger. Pundits fear an arms race. After all, robots are ideal for tasks such as assassinations, destabilizing nations, subduing populations, or selectively killing a particular ethnic group. They make battlefields safe for humans. The Pentagon is one of the biggest backers of robotic research, hence the fear among western planners that failure to pursue technology could give up the crucial advantage.

## Internet of Things

"Fame means millions of people have the wrong idea of who you are." - Erica Jong

Google **self-driving cars regularly take evasive maneuvers** and unlike humans they follow the letter of the law. Since 2009 they've been in 16 crashes. In every case a human was at fault. Humans don't behave by the book, and need to calculate the right amount of aggression, which can depend on subtle cultural signals. Humans make eye contact, for example, then shape intuitive agreements about who has the right of way. The short-term goal will be blending robots and people, and smoothing out the relationship between the car's software and irrational human behavior.

The upshot at the latest CES in Vegas turns out to be **a less-brainer**. Manufacturers are learning they need to craft gear that does one job, and does it well. A myriad of smart wearables shown included a personal attack alarm built into a piece of jewelry; a sticker worn on skin to monitor exposure to sunlight; a stick-on sensor designed to monitor your body's vital signs; OhMiBod LoveLife Krush, a smart kegel exerciser. One device measured the ephemeral territory of how much time you spend with people you love. Babies a growth industry, the category exhibiting a smart baby sock to monitor newborn's vital signs and a self-installing car seat. Crafting a smartwatch that does as many things as a smartphone was definitely the wrong idea.

## Buh-bye

"...seriously considering revoking the franchise based on this situation."  
- spokesman for Twin Peaks restaurant group, after 9 bikers killed in shootout at Waco location

Eternal freedom came to the founder of the National Civil Rights Museum, **D'Army Bailey**, who on his own initiative bought the motel where Dr. Martin Luther King was assassinated. Facing foreclosure, the site was acquired with donations from local citizens, a personal bank loan and \$25k from the public employees union. The King family boycotted the effort, and cautioned Bailey against referring to Dr. King in the museum's name

The heavenly barbecue welcomed one more guest, **Donald Featherstone**. In 1957 he created an icon of American kitsch, the pink plastic lawn flamingo. Union Products sold millions, still a perennial fixture of suburban yards.

**Chester Nez**, the last indian standing from a group of Navajo code talkers who confounded military cryptographers in WWII, went to the big powwow in the sky. Native American syntax and grammar left the Japanese listeners bewildered, a language impossible to decipher. Their work declassified, he and his 28 fellows finally received recognition in 1968 for inscrutable service.

Fellini muse **Magali Noël** belted out her final number. Following an emotional anthem for Jules Dassin's 1955 heist classic *'Rififi'*, her incomparable 1956 rock n' roll performance of Boris Vian's "*Fais-Moi Mal, Johnny*" tells the tale of a girl who likes loving that goes boom. The object of her affection, finally persuaded, leaves her with a dislocated shoulder and bruised backside.

**Dean Potter**, a BASE jumper known for audacious achievements, many illegal, failed to clear a notch in the unforgiving granite cliffs of Yosemite, cutting short his career and that of his spotter. A controversial climb in 2006 cost him a Patagonia sponsorship, and a laudatory documentary ended his support from Clif Bars. He often took his dog along strapped to his back on flights, but thankfully left the canine at home for his final voyage.

## Epiphanies

"You are a little soul carrying around a corpse." - Epictetus

"To have another language is to possess a second soul." - Charlemagne

Ideological provocation? The artist **Ai Wei Wei** accused Lego of censorship when the company refused to sell bulk product directly to him for a Melbourne Australia show. In 2014 he had used the toy bricks to create portraits of dissidents, which he exhibited at Alcatraz. Lego feared that this time their product would be used to make a political statement. Ai ultimately built with bricks donated to him by the public. China is Lego's fastest growing market and the artist linked their financial interests with the decision to refuse his order. The company relented, and now makes clear to customers that they do not support or endorse projects if exhibited in public. Later Ai encountered criticism over a photo he posted on social media, duplicating the pose of a dead Syrian refugee child on a beach.

One morning **Barbie** woke up at a loss. Her gross margin was at 70%, 5% less than her friendly neighbor Lego. Barbie needed to take control of her own destiny. She called her friends at Quirky, a company who help the public submit new and fun product ideas that people will love. It wasn't long before important research showed Barbie's relevance and interest numbers improved as a result of better marketing and more exciting choices like 8 skin tones and 3 body types. Barbie found out that young mothers shop differently, and certainly not like their own Moms did. They demand variety, are very very opinionated, share on social media, trust friends and online circles far more than institutions. Once Barbie figured this out, everybody lived happily ever after. Even Ken, who's been hanging in there since 1961 as Barbie's hunky arm candy.

Unkindest cut of all when **Jeff Bezos** plunges to 87th in HBR corporate leader rankings after being first in class last year. Demoted for low scores on environmental, social and governance ratings, the radical fall reflects the impact of patent-infringement lawsuits, tax avoidance, and

reported mistreatment of office and warehouse workers at Amazon. Warren Buffett lives down at #101, with the disclosure of poor governance and social policies at Berkshire Hathaway.

Cost for branding the abortive **Jeb Bush** presidential run, \$88,387. The fee was collected by 30 Point Strategies, a PR company in Bethesda, MD, self-professed specialists in thought leadership and brand journalism. Now on Cruz control?

Sixty-something punk rockers were scandalized after Hilly Kristal's heirs assigned **CBGB** brand marks to a holding company. The first punch in the nose: an eponymous fast-food restaurant to open under the licensed name in the Newark NJ Airport. Would Johnny Rotten be caught dead ordering \$9 deviled eggs, \$11.50 wedge salad, or the \$14 cheeseburger?

A \$500m opening weekend for "The Force Awakens" didn't stop a media analyst from going over to The Dark Side. He urged clients in August to sell **Disney** stock, causing a spillover of share panic, which lowered prices at Time Warner and 21st Century Fox. Deeper financial and strategic challenges for Fantasyland will follow. Disney is a cable network with the highest level of fixed costs in the industry. Television, a mature industry being disrupted by streaming technology, runs after shifting consumer behavior. There's bound to be a showdown with Evil Empire partner ESPN. The House That Mickey Built has spent the past decade diversifying, adding Star Wars, Marvel and Pixar sub-brands, expanding the lucrative theme park business.

**Hampton Creek**, a tiny company selling plant-based replacements for proteins derived from animals, received notice from the FDA that some of their products violate federal standards for labeling. The *Just Mayo* product name misleads customers by implying there are eggs in the mix. Federal standards require that any product called mayonnaise must contain eggs. For several years Big Egg has been worried, in the wake of the avian flu epidemic. Hampton's product has dented sales of conventional mayonnaise. What's a BLT to do?

**Lululemon** changes its pose. The maker of \$90 yoga pants wants to connect with ideals of empowerment and personal development. After downward-facing-dogs exposed the fact that the core product for the brand - women's bottoms - were see-through when stretched, a massive 2013 recall followed. CEO Chip Wilson went on record saying some women's bodies just don't work for the products. Result: incredible outrage that only the web can deliver. The new improved line of pants attempts to shift women's focus towards the notion that how one *feels* is as important as how one looks. Brand ambassadors work for free clothes, and promote in local communities. CEO Laurent Potdevin says the mission is to elevate the world to greatness. A global expansion strategy hopes to grow men's business via loose-fitting pants that give genitalia room to breathe. Following a regimen of motivational seminars by Landmark Forum, the corporate coaching business founded by EST mastermind Werner Erhardt, executives will strive to influence in the realm of masculine leadership.

Not your father's **Playboy**. Hefner, 89, going steady with a new policy, bans nudity on website, approves a facelift to appeal to younger readership. Porn mags don't shock anymore, think of what a couple clicks can get to on the internet. Mags have diminished commercial value, low cultural relevance. Current 800k circ is 1/7 of 1976's 5.6m copies per issue sold. The new design, tested in focus groups, goes after urban men 18-30 years old, employed, and features expanded coverage of liquor and visual artists. Content safe for work screens and appropriate for social media platforms led to quadrupled web traffic. Average reader age dropped from 47 to

30. Playboy's logo is one of the most recognizable in the world, up there with Nike and Apple. Most of the brand's money comes from licensing, *40% of business in China*. The heritage magazine is profitable from licensed editions, but the real revenue comes from bath products, fragrances, clothing, liquor and jewelry.

Since 1999 **Target** has engaged in joint projects with designers. Earlier, Philippe Starck and Michael Graves lent their talent to houseware objects. Two years ago a limited collaboration with Missoni meant lines around the block, sold-out retail locations on the first day, crashed servers, followed by a feeding frenzy among online resellers. Last season Lilly Pulitzer created an affordable line of brightly printed women's wear, children's wear, home goods and matching makeup. Within hours the same thing. Online demand was so heavy that Target briefly shut down its website. Tempers ran hot, and disgruntled fans swiftly took to social media to vent. The Pulitzer brand saw *yuge* gains in impressions, 1000% upticks in engagement on Twitter and FB. Still, it's nothing more than a fabricated scarcity coupled to a consumerist mentality.

Feeling the pain in important markets following the scandal over defeat devices capable of understating emissions in official tests, **Volkswagen** is asking customers to sign waivers. Sales in Germany and the US have suffered, but mysteriously no discernable impact in France.

## Terminology and concepts entering the mainstream in 2016

**bao fa hu** — overnight millionaires or billionaires in China

**Bumhunting** - seeking out an inexperienced online gambling player and mercilessly exploiting him for all he's worth

**Device emulation** - a variety of mobile ad fraud

**Hispandering** - US politician schemes to gain Latino support

**Lethal Autonomous Weapons** - killer robots

**Mooching a cut plug** - salmon fisherman's term for herring bait

**Opportunity system** – Hillary Clinton's campaign euphemism to replace the word "education"

**Prosopagnosics** - those with face blindness

**Red hat intermediary** - firm set up by Chinese officials to extract payments from businesses

**Whip, nae nae, hit the quan, the Dougie, the stanky leg** - hip hop dance move names

**Zeigarnik effect** - when we leave things unfinished, we can't quite let go of them mentally. How we cope with multitasking.

"Whenever possible, make gravity the coyote's greatest enemy."

– Chuck Jones, from *9 Rules for Wile E. Coyote and Roadrunner*

"I have drawn the following inference, that the limits of pleasure are as yet neither known nor fixed."

- Brillat-Savarin

## What is a brand?

Thanks to this distinguished group of deep thinkers for their contributions:

“A great brand eats strategy for breakfast; makes the customer look smart; aspires to the condition of music.” - Stephen Barber, equity partner, Pictet Group, and founder of the Prix Pictet

“Ecce Homo.” - John Pearce, legendary London-based tailor

“A brand is the mixture of expectations and associations which successful products possess.”  
- Stephen Bayley, dean of British design

“A brand is a commitment and a promise, the power given to the product, the story told.”  
- Mimma Viglezio, Luxury and fashion guru

“A brand is an excuse to have fun.” - Reza Bundy, entrepreneur

“A brand is a sadness.” - Jasper Conran, fashion brand maven

“A brand is the world in which we’d like to live.” - Stephen Di Renza, Creative Director at Jardin Majorelle, Marrakech

**A brand** suffers as soon as it is trapped in a methodology. Tell a brand what to do and it disappoints you. If you see a brand coming down the street, don’t look at it: cross over to the other side and continue walking in the opposite direction. Ask too much of a brand and be prepared for it to lose its soul. A brand won’t be pressured; it finds its own limits, and it shows you who it is. A brand dances along the fine lines between who it claims to be, who you think it is and who history tells you it has been. Recently I have been thinking of brands as exercises in extreme, perhaps excessive, self-consciousness. It’s time for brands to raise their awareness and get even quieter.

A great 2016 to all!

DiGanZi

2016 Global Brand Letter  
from SMoss



"Yeah, sometimes I wonder why I did it." - Norbert Schemansky

# 2016 Global Brand Letter

from SMoss

"Now the period which ended in catastrophe begins." - William Faulkner

"Poetry is the language of a state of crisis." - Stephane Mallarmé

"I beseech you, in the bowels of Christ, think it possible you may be mistaken."  
- Oliver Cromwell in 1650 to the General Assembly of the Church of Scotland

**The challenge to unbrand** is unprecedented. Inarticulation will not be tolerated, except in cases of imaginary carnage which invoke the Moral Turpitude clause and cite alternative fabrications. Yearn for an era less flammatory? Do you experience nostalgia for a world of *pre-truth*, *pre-friend*, *pre-art*? Share and like, if you dare to disagree.

## Update on last year's hot topics

"The best government is a benevolent tyranny tempered by an occasional assassination." - Voltaire

### Feisty

There's unlimited demand for everything in the **Middle Kingdom**, growing at double-digits. Credit continues to expand, coinciding with changes in lifestyle, de-industrialization, an aging population, an epidemic of cardiovascular disease, the embrace of Western food like red meat and soda, compromised by decreasing levels of physical activity. Obesity's a growing problem, especially among rural children. More than half of Chinese men still smoke, lighting up 2.5 trillion cigarettes annually, despite the government's ban on smoking indoors and in certain public places. Since the state monopoly sells 98% of all cigarettes in China, Beijing dreads shrinking the precious tobacco revenue source, \$150bn last year to government coffers. The world's second largest economy sees luxury rebounding, with neither service nor leisure sector. People are taking vacations. Comrades march *en masse* to cinemas, the second biggest movie market in the world, which will one day eclipse the leader, an honor still held by escape-hungry North America. Hollywood took advantage of an increase in China's foreign film quota, just as the Chinese box office ground to a halt – saturated with product? US trade policies may further damage box office returns. Banking on the global appetite for entertainment, China's richest man is building an \$8.6bn Oriental Movie Metropolis south of Qingdao, a new complex within a city, a cluster of movie studios at its epicenter.

In a first for **India**, PV Sindhu, won a silver medal in badminton at the Rio Olympics. Google reported that many Indians initially searched for her caste, then that of her coach. The medal served nothing to squash the ongoing racket between citizens of the states of Andhra and Telangana over who could claim her as their own.

Talleyrand said, "An important art of politicians is to find new names for institutions which under old names have become odious to the public."

## Fogies

In search of happier news from **Russia**? DreamWorks' Moscow theme park, Dream Island, entered its construction stage, slated for 2018 inauguration, budgeted at \$2.1 billion. Not to be outdone, Soviet authorities greenlighted construction of a \$4 billion Disney-style theme park 200km away. Privately funded on a 220 hectare site, "The Magical World of Russia" will boast several hotels and what is claimed to be the world's biggest aqua park.

**US** life expectancy is the lowest of all rich countries worldwide, the highest child and maternal mortality rates, homicide rate, and body-mass index.

"A witty saying proves nothing." – Voltaire

## Place Branding

**Air China** apologized after the flagship airline's inflight magazine *Wings of China* counseled tourists to take precautions when visiting London, citing areas mainly populated by Indians, Pakistanis and black people. Women were advised not to go out alone at night, and always be accompanied. Provincial attitudes prevail, perhaps in both directions. An online video for Qiaobi detergent showed an attractive Chinese woman throwing a paint-smeared black man into a laundry machine. He emerges as a clean Asian man after being washed with the detergent. Despite the fact that Chinese tourists flock to Britain in greater numbers, mostly to buy luxury goods, Queen Elizabeth II told a police commander at a Buckingham Palace party that Chinese officials had been "very rude" during President Xi Jinping's state visit.

Drunken revelers on the beach in the Sydney suburb of Randwick, left 16 tons of trash behind on Xmas Day. The story hit world news services, who reported that 4 oxygen cylinders and 15 resuscitation masks were used to treat the overly-inebriated, that lifeguards sounded the shark alarm 3 times, and antisocial behavior followed. **Australia's** nation brand went unaffected. NB: No alcohol allowed for the Summer on Coogee Beach.

"Darling, you seduce his lover." - Gore Vidal, after being asked what to do if your husband is having a midlife crisis.

## Privacy and Security

A thriving black market in malicious code keeps **Kaspersky Lab**, a Moscow-based global computer security company, busy in 32 countries. The company does so well they sponsor a Ferrari Formula One team. The hot new area of their business is *commodities*. Nasty hackers have figured out how to fiddle supply records, disguising surpluses to sell. Kaspersky says it's massive, everywhere. Thank goodness these geniuses don't have any connection with the government.

The alleged advantages of scalable data and the incessant spotlight of technology appear to be evident in the new Russian face recognition app **FindFace**. If they're right, anonymity in public could soon be a thing of the past. The app allows more than 200 million accounts to photograph people in a crowd, then work out their identities by comparing photographs with a popular social network. A surprising 70% reliability. The algorithm allows quick searches in big data sets. So far, 3 million searches in a database of nearly 1 billion photos; hundreds of trillions of comparisons. The app then gives you 10 most likely matches, which could revolutionize dating. Managers believe the best business will come from law enforcement and retail (note order). One could easily tag and identify participants in street protests.

"Every written word is a victory over death." - Michel Butor

## The Web

For the moment, live streaming is the future of fast media. Snapchat and FB work on deals to acquire real-time rights to sporting events and entertainment, Instagram experiments with live products. Proposing a license with the NFL, FB sought to sell all the ad space. Instead, **Twitter** moved aggressively, agreed to pay NFL \$10 million, and sell only a portion of the ads. Twitter has inked a series of live deals with CBS News, Major League Baseball, NBA, Wimbledon, is in discussions with soccer and golf organizations and scheming with Apple to bring a branded app to Apple TV. Video ads typically command a premium. Marketers begin the shift away from television.

It's said that Caravaggio's dagger had Latin inscriptions carved on both sides of its blade. One side read "*Nec spe*" and on the other side "*Nec metu*": *Without hope. Without fear.*

## Impatience

A brief dissertation on transforming perceptions of **time**. Knee-bopping, foot-jiggling and fingers-drumming are on the rise, directly correlated to instant gratification marketing, the real-time web, slow-loading operating systems, rapid data communications and our inability to remain inert without consulting handheld devices. Millennials take a place at table and unashamedly set the mobile phone next to the silver. There's a cognitive asymmetry to waiting, since occupied time feels shorter than unoccupied time. Americans spend 40 billion hours a year waiting in line, the insidious contemporary equivalent of an existential experience which leads to stress, boredom, the sensation that one's life is slipping away. At its theme parks, Disney overestimates wait times and hides lines. Relationships begin and end with a swipe across the screen. Jobs come and go at an ungodly rate. Harvard studies pre-quitting behaviors, recommending that those identified as flight risks be monitored for unsavory behavior, overlooking the fact that everyone eventually leaves. The waiting experience, magnified by the aspect of uncertainty, is strongly influenced by the final moments. It all comes down to perception of value. The more valuable the outcome, the longer one is willing to wait for it. The psychology of queueing is more important than the statistics of the wait itself.

"If you can persuade a person, you don't need to kill them." - Dmitry Kiselyev, Russian TV presenter

## Information Ecology

Welcome to the world in which media confuses the boundaries between fiction and reality. People picture the world and get it wrong. Everyone has access to multiple, often conflicting portrayals of reality. This recollects the year 1605, when people experienced a media revolution that resembles our own. Books and theatrical productions were heavily controlled, often sponsored by the rulers and regulated by its thought police. The era produced the most published work of literature in history, the first international bestseller. Quixote the character was disillusioned with the ideals his society trumpeted but failed to live up to. Who's the **Cervantes** for our age? Pynchon? Not populist enough, nobody understands him. Infinite Jest? Not enough sold, pushes against the limits of tolerance. No, the last great planet-changing book was published 67 years ago, Orwell's final novel, 1984.

**Misleading and inaccurate stories** spread about a proposed Sweden/NATO partnership. Though officials were never able to identify the source of the reports, Russia's infatuation with weaponized information suggested the culprit in the neighborhood. A flood of distorted and outright false information appeared on social media, designed to undermine official versions of events, confusing public perceptions of the issue. In 2013 a Soviet General remarked that words exceeded the power of force of weapons in their effectiveness. The Swedish government set up

special offices to identify and refute disinformation, which came in the form of everything from internet trolls to overt propaganda. Public opinion is all about building narratives, no longer about building facts. The era of neutral journalism is over.

**Snapchat**, overtaking Instagram as the most important social network among teens, suffered multiple disgraces. A face-altering dreadlock-adding app built in partnership with the Bob Marley Estate generated accusations of racism, cultural appropriation, and a new twist on blackface. An Asian-face app quickly disappeared after users reacted to cartoonish and insensitive portrayal of Asians, “the most overtly racist filter ever”, the equivalent of yellowface. Snapchat characterized the anime-inspired lens as playful and never designed to offend. Complaints over staff diversity in the home office continued with charges that women and people of color are underrepresented. During the run-up to a multibillion IPO, rumblings persisted of a strategy to transform the platform into a camera company through the introduction of a wearable device called Spectacles. Snapchat’s CEO drew comparisons to the histories of Kodak and Polaroid, ignored the fact that Google Glass disappeared in about ten seconds. An interesting presumption, especially in the face of growing teenage anxiety about permanent data held by online social networks. FB is rumored to have acquired a similar app.

Suffering incredible guilt for the trauma it dispensed to the population during the 2016 Presidential election, **Facebook** plots a more active role in *suicide prevention*. Rates in the US are at a 30-year high. Closer to home Palo Alto’s two high schools have a rate 4-5 times the national average. Desperation is particularly steep among women and middle-aged Americans. About a third of posts shared on the site include some form of negative feelings. New tools for those who suspect their friends may be suicidal include a drop down menu of options and suggestions for well-meaning text messages to send. Team members examine reported posts, while FB studies its role as an arbiter of social change - without upsetting, influencing or politically biasing the 1.5bn people globally who regularly use its services. At issue: digital privacy, FB’s overreach in people’s personal lives. The company declined to share data on results.

An algorithm developed by Harvard and UVM researchers learned to identify depressed individuals by studying their **Instagram** photos. Mining a crowdsourced database of 40K images, early findings support the notion that major changes in individual psychology are transmitted in social media use. People suffering from depression prefer darker colors. The study measured average hue, color saturation, contrast and quantified the number of likes, comments and faces, considered a proxy for an individual’s level of social activity. A “sad selfie” hypothesis remains untested. In diagnosis the algorithm performed better percentage-wise than General Practitioners.

At a loss for words? Feeling lonely, isolated, tongue-tied, inarticulate? The new **iPhone emojiification** feature can help. Simply scan your message text and you instantly see all the emojiifiable words highlighted. The app suggests precious little glyphs so you don’t need to think up unique, surprising, figurative or subversive forms of individual expression. A synthetic, reductive, narrow, homogenized and thoroughly modern palette results. Emojis cross cultures and span borders. And there’s more! Now you can distill the richest slices of popular media into **GIFs** and put them on infinite repeat. *Product warning:* These fresh, fun new releases may include whacky and wild full-screen message effects, tapback icons, GIF searchers, handwritten messages and stickers. Tech companies gain the power to influence your creative expressions in ways that further enrich the companies themselves. Advertisers can now target users based on the emojis they tweet. Modern visual language is shaped by the political or financial priorities of such companies.

It's time to rethink the central tenet of Silicon Valley's innovation ethos as the boundaries are reached on how tiny semiconductors can get. Today's densest memory chips have roughly 20 billion transistors. The post-transistor cost of computer chips has ceased to fall. This could prefigure the epitaph for **Moore's Law**, which tracked the pace of change in a manufacturing process, as chip design pushes further into the atomic level of processing. Graphene could be the next material. Irrefutable evidence: Intel laid off 12,000 workers.

A study by the University of Manitoba validates the opinion that **trolls** are the worst of the worst, with their personalities correlating to the Dark Tetrad: Machiavellianism, narcissism, psychopathy, and sadism. As had been suspected, trolls are a minority of online commentators and a smaller segment of overall internet users. The study looked at the relationship between the traits and overall time that an individual spent per day commenting on the internet. The relationship between sadism and trolling was by far the most significant.

*"Res ipsa loquitur."* - the thing speaks for itself

*"Nothing is more real than nothing."* - Samuel Beckett, from *Malone Dies*

## Advertising

A new category of activism targets **programmatic ads**, and organizes boycotts of companies whose ads pop up on objectionable sites. American companies currently spend more than \$22 billion a year on advertising bought with little human oversight. Blame it on automation: the algorithm that places the highest bid wins the chance to appear on screen. Brand name companies already figured out how to keep ads from flowing onto porn sites, so the tools are in place to avoid the bad guys. Advertisers are seduced by the prospect of bigger audiences at lower costs. In the weird world of online advertising, fake can be more profitable than real. Witness the last 3 months of the American election, where hoax stories outperformed real ones. Programmatic ads also follow individuals around the internet, capitalizing on their browsing histories. Corporations will need to take more responsibility in protecting prospects from phishers, scammers, bullying and hate crimes.

Prior to the Rio games, the IOC amended the **40<sup>th</sup> rule of the Olympic Charter**, which restricts advertising. The rule was liberalized to allow non-official athlete sponsors in campaigns as long as they did not use the Olympic logo or symbols. A crowded race for attention ensued, with consumers less able to differentiate between sponsored and unsponsored brands. Pirates like Under Armour, Red Bull, Gatorade, and General Mills seized the opportunity. Citigroup believes their exclusive and sanctioned buy with NBC guaranteed the most exposure, a chronic old school addiction to eyeballs. Social media is unrestrained, mysterious, Byzantine, nearly impossible to police.

Debranded **cigarette packs** all look the same and reduce smoking's appeal. Research shows that the same cigarette tastes much better in a branded pack than in a plain one. The brand you choose is one expression of your identity, and smoking makes people feel defiant, cool. A plain pack turns a cigarette into a commodity, bereft of its ability to make a visual statement about the smoker. Britain and Australia legislated plain packaging, leaving the brand name only in small standardized letters on the pack front. Health warnings and garish photos on the packages effectively signal a dangerous product and not a lifestyle product. Adolescent smoking in Australia dropped to a record low. As brand associations weaken over time, US point of sale – which still allows visual branding - remains the evil weed's last stand.

Following a strategy review at the **NYTimes**, management concluded that advertising, both print and digital, can no longer be counted on to finance the company's journalism. Down the road at the **WSJ** print advertising continued to drop, once the lifeblood of the paper, giving way to buyouts and layoffs. **Gannett** experiences similar conditions, fallen share price, banks unwilling to fund a merger. Category despair: A **Barron's** ed mistakenly sent email announcing layoffs to the entire newsroom.

"Everyone has a plan until they get punched in the face." - Mike Tyson

## Celebrity

Those in the limelight need to maintain credibility with their audiences even more than with their sponsors. It's getting increasingly difficult to control celebrities tied into brand relationships. Stars fall victim to multiple streams of commentary, feel pressure to show leadership around social issues, or may be held to moral turpitude clauses in endorsement agreements. **Johnny Depp** weathered domestic violence charges leveled by Amber Heard and still plumps Sauvage fragrance. **Angelina** accused **Brad** of child abuse, got custody of the kids after an incident on a private jet, still appears in Vuitton marketing. Nike stood by **Maria Sharapova**, who admitted using performance enhancing drugs. After the brand canceled a concert by Canto-pop star **Denise Ho Wan-sze**, a visible supporter of the pro-democracy movement, Lancôme glossed over a store protest in Hong Kong.

CGI resurrected **Peter Cushing** (who died in 1994) for a cameo in the latest Star Wars movie *Rogue One*. The actor's estate approved use of his image, superimposing it on a double with similar cheekbones, digitally attaching old bits of face on the impersonator. **Carrie Fisher**, prior to her demise, allowed digital de-aging in the same film. Equity resides in an actor's face, their greatest asset. **Robin Williams** placed rights to his likeness in a trust for 25 years to avoid such exploitation. Similar technology is now accessible to the *lumpenproletariat*: a new site, eeterni.me, repurposes your emails and text messages, enabling grieving relatives to converse with a chatbot doing an algorithmically generated impression of you.

"Money costs too much." - Ross Macdonald

## Luxury

*The category likes all ages.* Lauren Hutton, 73 years old, appeared on the Milan Fashion Week runway for **Bottega Veneta**, accompanied by 21-year old Gigi Hadid. Both will be seen in the brand's summer 2017 campaign. *The category likes approachable and democratic.* Following mediocre performance and falling share price, **Coach** embarked on a transformation plan to express unpretentious and optimistic American style, implying it isn't strictly a luxury label, not about some fantasy jet-set lifestyle. Grounded in reality, Coach set its sights on the \$41bn handbags and accessories market. *The category likes smaller.* Following terrorism in Europe, currency fluctuations, anti-corruption measures in China, a global slowdown in sales, the boom, is gone.

"I drink to make other people interesting." - George Jean Nathan

## Science Class

Dr. Frankenstein is alive and well and practicing in the Chinese city of Harbin under the name Dr. Reng Xiaoping. Not to gross you out, but here is how he rehearses on human cadavers with

the intent to achieve a **full body transplant**: Remove two heads from two bodies; connect the blood vessels of the body to the deceased donor and recipient head; insert a metal plate to stabilize the new neck; bathe the spinal cord nerve endings in polyethylene glycol, a glue-like substance to aid regrowth; and finally sew up the skin. Head transplants on mice haven't yet worked; the rodent patients lived only a day. Since it's still not possible to connect the nerves of the spinal cord, failure means death. At best it's premature, at worst reckless. Experts around the world are alarmed at the pushing of ethical and practical limits. Earlier, supplying the lucrative transplants market, China allowed selling of organs harvested from executed prisoners.

People frequently call other family members by the dog's name, but not that of the cat or other pets. In such cases of **dognitive fluency**, a Duke University study found that misnaming follows predictable patterns. It all comes down to phonetic similarity and the special relationship between people and dogs. In short, dogs recognize their own names. Physical similarities played no role, nor is it a result of human or canine aging.

Juan Ponce de León, meet The Yamanaka Genes. A team at Salk Institute rejuvenated organs and lengthened lifespans by 30%, when they reprogrammed the mouse genome. This helps scientists understand how to slow down, if not **reverse aging**. The state of the *epigenome*, the system of proteins that clads the cell's DNA and controls which are active or suppressed, may be a major cause of aging. Yamanaka genes appear able to revert the cell to a more youthful state, resetting the clock of the aging process.

"Life is a moderately good play with a badly written third act." - Truman Capote

## Trends

Digitally native vertical business spells trouble for television, which relies heavily on brand advertising for its revenue. **Online startups** cut out traditional retail channels, a revolution impossible without technology. Brands scale quickly, rapidly cycle new product, serve untapped markets. The Internet caters to a culturally influential world demographic, and employs novel ways of marketing the most lucrative products, from eyewear to mattresses. The customer side gets instant recognition and convenience. Competition will yield value destruction across categories. Marketing likes online ads because they're targeted and cheap.

Apologies, millennials, but Mom and Dad are hot again. Startups creating products for the aging Baby Boomer market, euphemized as **the longevity market**, account for \$7.6 trillion annually, bigger than Japan's entire economy. Every dissonance of age is a marketing opportunity. Chefs, online dating sites, yoga instruction for people with health issues, electric bikes, home downsizing companies, gyms for the over-55 set, meal kits for people with diabetes or heart condition, foot care products, comfortable shoes for boomer men – they all profit. Even the AARP has its own incubator. Wearable devices aren't necessarily going to succeed, since people lose interest very quickly. The hottest category: how to *finance* longevity.

Pure ecommerce has started to hit its limits to growth, so maybe there *is* something to say for brick-and-mortar outlets. **Alibaba** broadened its focus from online to offline retail when they paid \$290 million for a stake in Sanjiang, experienced operators of 160 discount grocery stores. The new hybrid commerce model, "online to offline" or "combined channel" is ideal for appliances, books and baby products. Under development: a food delivery service.

**Apple** experiences an identity crisis, struggling to reverse the decline in sales of iPhones and Macs. The company's devices have become the preferred mobile computers for business, with half of all iPads now bought by corporations and governments. Companies appreciate the product suite because it has tight-knit hardware and software, advanced security features and intuitive interfaces. But emphasizing enterprise customers may alienate individual users, compromising the brand heritage. IBM has developed more than 100 business-oriented apps for Apple, generating more than a half billion dollars in revenue, still a pittance for a company with a \$233 billion war chest.

Its use stretches back to the Middle Ages, and now it's falling victim to the glut of instant messaging, conspicuously absent in the truncated staccato sentences favored by millennials: they use it as a weapon to indicate irony, syntactic snark, insincerity, even aggression – it carries an emotional charge and has become an emoticon of sorts; high schoolers across Britain rated text messages which contain them as less sincere, and favor statements accompanied by paroxysms of overpunctuation like *Yes, fantastic!!!!!!!!!!* Evidently the **period, full stop, point, dot**, whatever you choose to call it, is definitely facing the end.

Off-color remarks. In a happy accident, an OSU chemist discovered a new pigment of blue called **YInMn**, a combination of Yttrium, Indium and Manganese, which was open-sourced for the good of the world. It's ideal for commercial use, non-toxic, will never fade, more durable than ultramarine, less toxic than Prussian Blue, a low-energy solution for temperature control. At the opposite end of the polychromatic generosity scale, artist Anish Kapoor acquired exclusive rights to the **Vantablack** pigment, the world's blackest hue, recollecting the so-called artist Schnabel's cornering of all the purple pigment in NYC decades ago. In response, British artist Stuart Semple's **pinkest pink** specifically bars Kapoor from acquiring it- purchasers must certify they are in no way affiliated with, nor are purchasing this item on behalf of the selfish rival. **Opaque Couché**, an unappealing green-brown originally called *olive green*, was rechristened after objections by the Australian Olive Association. Deemed the ugliest color on earth, it had been applied to unbranded cigarette packs, intended to repulse customers.

"If you've known a lot of actresses and models, you return to waitresses because at least they smell like food."  
- Jim Harrison

## Ai-yi-yi-yi-AI

This needs to be forcefully said: Algorithms are racist and sexist, and **artificial intelligence** is an existential threat to humanity. AI exacerbates inequality in the workplace, at home, in legal and judicial systems. Apologists say it is fundamentally a data problem. Predictive programs are only as effective as the data on which they are trained and AI will reflect the values of its creators. Thus, discrimination is built into machine learning algorithms whose flaws aren't easily discoverable. A system will misrecognize, misclassify, misread, misdirect, exclude. When AI meets IP yet another barrier appears. Companies keep their algorithms' formulas to themselves. The loudest voices debating the potential dangers are affluent white men.

"Never check an interesting fact." - Howard Hughes

## Internet of Things

In a convergence of once-futuristic technology with mainstream America, 2.8 million drones sold in the US in 2016, creating a climate of mass **dronophobia**. Drones fall on people, conduct surveillance, drop contraband into jails, fly dangerously over public events. There's been a surge in drone flights near prisons. Bigger ones can cause major damage and injury, especially in the hands of neophytes. Fire departments remove aircraft if an unauthorized drone is sighted. An increasing number of near-collisions with aircraft were reported. To meet the threat

authorities have started jamming drone signals, capturing drones in nets fired by defender drones, or shooting them out of the sky with buckshot. A Dutch firm trains eagles to snatch small drones from the air. The US is working on a federal registration program, and NASA develops a traffic management system. High-end drones have auto-return and landing features, obstacle avoidance and geo-fencing. But the harshest critics are children whose favorite Xmas present disappeared into the sky or crashed in the park, and angry girlfriends with tiny blades enmeshed in their hair.

A 6-year old Texan child ordered a \$170 dollhouse and four pounds worth of sugar cookies using a voice-activated personal assistant named **Alexa** installed on her family's **Amazon Echo Dot** device. The device begins recording whenever it hears the wake word "Alexa", up to 60 seconds, then goes to work. A California TV channel reported on the story and caused parental control-free Alexas in other viewers' homes to attempt similar shopping sprees. Authorities recently tried to gain access to Alexa's data in a murder investigation. Alexa is always listening, invading privacy, backing up against personal security concerns. How much did Alexa actually hear and when did she hear it?

*"Après moi, le déluge."* - Louis XV

*"Après nous, le déluge."* - Marquise de Pompadour

### *Slip out the back, Jack*

**Edward Mike Davis**, the world's grumpiest boss, sneers no more. A widely reprinted staff memo he once sent banned birthday celebrations and cakes, levity or celebrations of any kind within the office. A former chauffeur of uncertain birthplace and parentage, he might have been Sioux. He married Helen Gilmer Bonfils, the 69-year old Denver Post heiress in 1959 when he was 28. With the proceeds from his divorce settlement 12 years later he founded Tiger Oil, where he wrote to employees, "Do your jobs and keep your mouth shut."

The inventor of the beehive hairdo got swept away. **Margaret Heldt**, who left the naming of her most famous creation to a local paper, designed it to give women height and suggest elegance. Back-combing for volume, she piled tresses on top of the head and neatly wrapped them as if in a package, using hairspray from an aerosol can to hold everything in place for days at a time. The hairstyle was intended to fit under a favorite black fez-like cap she loved. Over the years the style inspired performers like the B-52s and Amy Winehouse.

It's skyward for **Norbert Schemansky**, four-time Olympic weight-lifter who brought home the gold from Helsinki in 1952, after being fired from his job when he asked for time off to compete in the Games. Nobody greeted him at the airport on his return, though an airport porter recognized him, and he took a bus home. With a reported IQ of 132, he lifted in his signature plastic-framed glasses, a fusion of Clark Kent and The Incredible Hulk, and in 1964 became the first man ever to lift 1200 lbs, in a combination of press, snatch, clean and jerk. He broke national and international world records, but never received an endorsement or recognition in the United States. Tass, on the other hand, saw him as useful propaganda tool, citing him as evidence of the capitalistic world's attitude toward man. Schemansky retired from competition in 1972 after 26 years, and became a civil engineer for Dearborn MI, which later named a park after him. The worst part of competing, he said, was coming home.

**Ray Suzan Strauss** aka **The Lava Lady** went with the flow. Possible heir to the Levi Strauss fortune, she modeled for Rudi Gernreich in the 60s, but only admitted to being a retired poet. She covered her house at the corner of Detroit and Clinton Streets in Los Angeles in black lava

rock, and wandered the neighborhood with her hair wrapped straight up, in doll-like blush, wearing long velvet gowns and 5-inch platform shoes. In later years she retired to Wellington Florida, never changing her look. There she was referred to as the Wellington Witch.

There was really nothing left of **Richard D. Trentlage**, except the cloying, cutesy and utterly memorable advertising jingle he wrote for Oscar Mayer wieners in a highly lucrative hour, one day before his deadline in 1962. Jingles generally have a shelf life of 8-13 weeks. Relished as one of the greatest single accomplishments in advertising history, the tune ran for 37 residual-paying years in 21 English-speaking countries.

**"I read Shakespeare and the Bible and I can shoot dice. That's what I call a liberal education."** - Tallulah Bankhead

## Epiphanies

**7-Eleven** changed its ambitions to expand department and supermarket store franchises. Instead, they'll open more Japanese-style convenience stores in North America. One-stop shopping, with hot food, WiFi, ATMs, and sometimes clothing optional.

The NRA has called the **AR-15** "America's rifle." A favorite of returning vets, the model known by the US armed forces as the M16 was introduced in 1959 by ArmaLite. It's the gun of choice in mass shootings. With an average retail price just above \$1000, aficionados typically keep 3 versions of the assault rifle at home. Banned under federal law from 1994-2004, several million of the guns still slumber in the nation's rifle racks and gun safes, used for hunting, sport, and self-defense. The AR-15 is fun, customizable, affordable and you can build your own, the Lego set of the gun world. But the traditional white male user group is aging and dying off, so now the industry turns its aim on the next generation of younger gun enthusiasts: a modern sporting rifle, easy-to-use, with a soft recoil, and fires a gratifying eight rounds a second. Despite the popularity of games like "Call of Duty", association with military glamour is downplayed. An article in an industry trade mag cautioned salespeople about certain first-time buyers who will eventually discover they have a lot to learn.

In Russia, consumers can buy a long-barreled firearm only with a police permit, have no criminal record, must furnish a diploma from a gun safety course and a medical certificate that clears them of any mental illness. Civilians are not allowed to own pistols. More than 100 million AK-47s have been sold worldwide, not to mention countless knockoffs, meaning a largely saturated military market. In response, **Kalashnikov** rebrands, a shift from serving conflict to serving consumers. A new stylized K logo and the catchy tagline "Kalashnikov: Real. Reliable." positions the brand for sale to hobbyists and hunters. Domestic demand and energy prices help AKs better compete against imported firearms. Due to sanctions, shipments destined for the lucrative US market have been stopped at customs, rerouted to insignificant markets like Venezuela. A diversification into *new product lines* is under way with Kalashnikov buying up companies that make motorboats and surveillance drones. An eponymous clothing line with 60 retail stores in Russia launched. Weapon buyers are seduced by the bespoke range of special options available, different materials for rifle exterior, colors and finishes. Marx would be turning over in his grave if he knew that the company operates under the blatantly anti-egalitarian principle that no two comrades have the same taste.

They call them *disease awareness education programs* and managers at **Abbott Laboratories** in India instructed employees to pursue sales at virtually any cost. Mass screenings in camps have become a common way for drug makers to lift purchases. Reps perform tests on patients to drum up business, doctors then prescribe Abbott drugs. The pharma giant promotes health camps nationwide as a core part of its corporate social responsibility program. After Surbex

Star, a vitamin Abbott claims treats neuropathy in people with diabetes, fell behind expectations, a drug salesman was driven to suicide when his manager insisted that he use his own money to buy \$220 of medicines to help his group meet a sales target. Corruption has intensified with growing competition. There's a national call to rein in sales practices industrywide. Such camps were not exclusive to a company, explained an Abbott executive.

Did you hear the one about the **Carnegie Deli** in New York City? Its obnoxious waiters served coronary-inducing skyscraper sandwiches at 7<sup>th</sup> Avenue and 54<sup>th</sup> Street for 79 years. Following the death of owner Leo Steiner in 1987, the deli went into a nosedive, you shouldn't suffer such a fate. Owner Marian Harper Levine went through a bitter divorce from her husband Sandy; this *goniff* had an affair with a former waitress, stole pastrami and cheesecake recipes, gave them to her family restaurant in Bangkok. Marian was later ordered to pay \$2.6 million in back wages to employees, and accused Sandy of embezzling. In 2015 the city shut down the deli for a gas leak, Sandy again, whom Marian blamed for illicit renovations. Lines formed around the block the week the Carnegie closed, hungry for one last corned beef sandwich with extra pickle, hold the cole slaw. The deli's legacy will survive by licensing outposts in Las Vegas, Pennsylvania, airports and sports venues. Downsized Carnegie-branded sandwiches can be *noshed* at Madison Square Garden, but contain only 12 oz. of the famed pastrami.

Yes, that was **Hello Kitty's** face grown on a melon, produced in Hokkaido in time for the beloved feline's 40th anniversary celebration. It cost around US\$48. Hello Kitty can be glanced all over Japan, hanging off construction site barriers to keep pedestrians from stumbling into unfriendly excavations. The warm-hearted trend uses other cute cartoony characters to entertain passers-by, who might otherwise regard construction sites as nuisances. A menagerie of 30 zooillogical varieties share the road including elephants, giraffes, deer and dolphins.

Something of a national pastime, Chinese people have the ability to sleep wherever, whenever, in supermarkets, on playground equipment, on the backs of mopeds, under parked vehicles, and now on **IKEA** display beds. The Swedish retailer prohibits the practice in other countries but has long permitted Chinese customers to doze on-site. The hope is that a billion citizen consumers who nod off in its shops will someday decide to take that furniture home.

The new playbook's written for the reintroduction of a 100 year-old brand, sold for an appetizing \$765 million last year. **Jolly Green Giant** plots its comeback with a cocktail of platforms on which Third Millennium FMCGs are built. The Tall Guy repositions as more relevant, more socially engaged. New products and dishes respond to how consumers are eating and what they're feeding their children. The mix includes appeals to selfie stick culture: an Instagram account, a Spotify playlist, mobile pop-up stands at concerts, previews in movie theatres which resemble a fantasy or superhero movie. TV ads dominate the budget.

Would you pay \$7.50 or more for a bowl of Frosted Flakes? The folks from **Kellogg's** hope so. Facing declining sales in dry cereals over the past decade, the company – thinking out of the box - opened a boutique in Times Square, offering treats like Raisin Bran and ice cream sundaes costing up to \$9.50, and sweetening the deal with prizes, mostly branded swag which plays upon nostalgia and history. They figure it costs less than traditional advertising to gain the same awareness. Kellogg's recently felt the crunch from populist protests after algorithmic blind bidding for web ad space caused their online messages to appear on white racist sites.

**Kit Kat** is Japan's most popular candy, sold at high end department stores, one-brand specialty boutiques, even post offices. Nearly every region has a signature flavor, sold only in that part of

the country. There are over 300 varieties in marketplace, with new flavors regularly introduced. Easy to believe in a country that sells fish ball-flavored Pringles and adzuki bean-flavored Pepsi.

Snoopy's 32-year endorsement deal with **MetLife** is over, killed by strategists, researchers and focus groups. The company called the decision the most significant change to its brand in decades. The delusional dog was adopted as a symbol in 1985, during a time when insurance companies were seen as cold and distant. Peanuts characters were friendly and approachable, but today's customers don't associate them with traits like leadership and responsibility. Embedding the answer in the question, researchers asked customers if they would mind if MetLife stopped using Snoopy and the gang, and met with indifference. Conclusion: Snoopy's no longer relevant to its 100 million customers worldwide. The characters don't motivate interest in buying insurance. Abandoning differentiation, the company adopted a clean, contemporary design which they believe signals a purpose-built, modern company. MetLife expands its color palette to include a range of vibrant secondary colors reflecting the diverse lives of its customers. A redundant new tagline "MetLife: Navigating life together", replaces "Get Met. It pays."

The trusting ethos of the 1950s lives at **Topps**, the baseball card company. A 70 year-old Texan man found a vintage contest card asking entrants to predict scores of 2 games played on July 19, 1957, information easily located on today's web. He contacted a Topps exec who accepted the entry and awarded a pillow and t-shirt with Bazooka logo, boxes of gum and a black Louisville slugger glove with tan stitching. Topps wasn't able to send a Gilbert #12062 chemistry set or Stellar 600 power microscope, originally offered as prizes 60 years ago. The winner said the requisite 5 gum wrappers were harder to find than the contest card.

"That is not what I meant at all." - T. S. Eliot, from *Prufrock*

## Terminology and concepts entering the mainstream in 2017

**Centaur warfighting** - a battle strategy which emphasizes human control and autonomous weapons to augment and magnify problem-solving skills of soldiers, pilots and sailors, not replace them.

**Dezinformatsiya** - propaganda of Russian origin, which manipulates foreign news channels to influence offshore policy and destabilize NATO

**Dutch Disease** - the impact energy prices tend to have on an oil-producing country's currency

**HBCU** - Historically Black Colleges and Universities, once thought to be essential campaign stops for US presidential candidates

**Kawai'i** - Japanese word for "cute"

**MSM** - mainstream media, true creator of US presidential candidates

**Mythinformation** - the wishful thinking that with open access to technology, the world will become a better place, without consideration of the consequences of adopting technology

**polezni durak** - in Soviet times a "useful idiot", some naïf manipulated by Moscow, secretly held in contempt, but whose blind support is happily accepted and exploited.

**Ratting** - a process by which hackers gain access using remote access Trojans, which enable spying via device video cameras

**Reflexive control** - in cyber warfare, the practice of shaping an adversary's perceptions

**So** - a useless conjunction popular with millennial writers as the first word of a sentence. See also "alright".

**Steez** - those who manage to look ineffably stylish seemingly without much effort

“Until the lions have their own historians, tales of the hunt will always glorify the hunters.” - Nigerian proverb

“kuh-PIE-yah!” - Rev. Samuel Billy Kyles, witness to Dr. King’s assassination, describing the sound of the fatal gunshot

## What is a brand?

I had long been hoping to extract a quote from the great **Michael Wolff**, co-founder of Wolff Olins and a legendary global brand mind. This year he has obliged: “A brand is a result.” We create brands to try and make us love them, and his answer suggests that a brand is part of a perpetual organic and symbiotic process. The keyword also means *product*, which adds a double meme to the interpretation, citing both consequence and object.

Today I passed a storefront on the Corso Palladio, our Main Street here in Vicenza. It’s Carnivale week, and the store had obliterated its name on the façade with metallic flowers. The **brand** identifier had disappeared. It was quite a welcome relief, a quieted brand, the innocent absence of name or signet. A brand is sometimes an intrusion. It brought to mind Schemansky the weight-lifter, whose image adorns the cover of this year’s letter. He was a silent brand, not a quiet one.

A great 2017 to all!



DiGanZi

# 2017 Global Brand Letter Summer Edition

from SMoss

“It’s when you look for meaning that you get confused.” - Charles Bukowski

**You’re hired.** Your inexperience and inauthenticity impress me. You’re an ill-mannered, mismeasured, whitelisted, narcissistic, entertainingly obese loser. You sustain a narrative of vulgarity, ridicule and contempt. At such a low cost for entry, why won’t you give up your personal data to become my new friend? Sad!

## Update on last year’s hot topics

“If you do business with a dog, kindly call him Sir.” - merchant’s proverb from old Aleppo

### Place Branding

Consider walking into the movies ten minutes late in **China**. Cinemas have been ordered to play one of four government issued videos promoting socialist core values before every screening. Get there on time and you could catch Angelababy, Jackie Chan, Kris Wu or Li Bingbing advocating a healthy, uplifting environment for mainstream opinion. None of the messages mentions the popular entertainment gossip blogs shut down recently by well-meaning cyberspace regulators, whose job is to help realize the Chinese dream.

Might want to saunter tardily into the cinema in **India**, too, where last year moviegoers were arrested for refusing to stand for the national anthem as required by a Supreme Court ruling.

Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum regards **Dubai**’s new proprietary font as an important step toward elevating the country’s global business profile. The oil-rich Emirate reaches out to the world with it, at least that is what marketers, brand-spinners and type designers intend for you to believe. It’s not clear how the modernist font reflects the heritage and culture of the 46-year old UAE, though it’s justified as a powerful tool for self-expression. Instances where it can’t be used: news media, censored to remove criticism of government or the royal families; the HuffPost’s blocked Arabic language website.

The harsh slopes of **Mt. Everest** are even less forgiving after reports of increasing thefts of oxygen bottles from high camps. Thieves break into tents and steal oxygen, food and even cooking gas. Foreign climbers and sherpas are concerned because bad guys then resell them. Inexperienced climbers ill-prepared to face life-threatening situations contribute to the problem. Supply and demand rules the thriving market down at the base camp.

“It’s a goat on a bridge eating a flaming rug pulled from a collapsing sand castle!” - NYTimes, about ACA repeal

### Privacy and Security

Hyper-localization helped kill **YikYak**, a now-defunct anonymous messaging app which became associated with bullying, discriminatory speech and threats of violence. At one time the community-monitored platform had 2m users. By the time of shutdown in March 2017 only

264,000 remained. A Federal complaint charged two universities in Virginia with failing to protect students from it, lack of responsiveness and inability to control its devastating hate speech. The app's role is considered central, since the company is named 51 times in a 35-page complaint. The universities requested Yik Yak place a virtual fence around their campuses to disable the app, an order later expanded to middle and high schools nationwide after multiple threats and evacuations. Yik Yak added filters to no avail. People went home for the summer, got bored and stopped using it. One of the darlings of tech start-ups, it raised \$73 million in 2014, later valued at \$400m. By 2017 it was selling off its intellectual property to a mobile company for \$1m. One student's assessment of the app speaks ominous subtext: "I thought it was funny."

Spyware from Israeli cyberarms manufacturer **NSO Group** is sold exclusively to governments with an explicit agreement that it only be used to investigate criminals and terrorists. The technology is meant solely for the agency where it is installed. Yet mysteriously it came to be used against some of Mexico's most outspoken critics, a leading human rights lawyer, journalists, anti-corruption activists and their families. All found themselves targeted by *advanced spyware* which invited them to click on a broken link that would provide unfettered access to their cellphones. It's clear that the highly-personalized hacking attempts were designed to inspire fear. The product, called Pegasus, infiltrates smartphones and exploits little-known vulnerabilities, allowing the hacker to monitor every detail of a person's cellular life. The software does not leave behind the hacker's individual fingerprints and NSO says it cannot determine who is behind specific hacking attempts. The company sets its pricing based on the total number of surveillance targets. First you pay a \$500k installation fee; to spy on 10 iPhone users, an additional \$650k is added. Mexico's purchase was \$80m. With corruption endemic, no one in Mexico ever asks for permission. A local judge charged one victim with excessive use of freedom of speech.

*"Castigat ridendo mores."* (One corrects morals by laughing.) - Jean de Santeul

## The Web

Talk about *hubris*, the CEO of **AlphaBay**, formerly an illicit online marketplace selling everything from heroin to stolen identities, got trapped by an email sent from his own password recovery scheme. Goaded during a police scam designed to take down the largest dark net marketplace in history, he bragged about newly-acquired wealth, status, his web of offshore arrangements with Swiss, Cypriot, Thai and Liechtenstein institutions, multiple luxury vehicles, real estate in Thailand and Cyprus. In a vote of low confidence, the remainder of his fortune was kept in a combination of different cryptocurrencies. During the same event, the cops took down the Tor network, locking 200,000 users out of their accounts, preventing access to millions of dollars worth of digital money. Business fled to **Hansa**, the dark web's second favored marketplace.

The incursions originated in the Ukraine months ago. Now begins the financial winter of our discontent. **Global cyber attacks of malware** hit major commercial brands where it hurts the most. Mendelez had a case of indigestion with disruptions to shipping and invoices; Reckitt Benckiser slashed growth figures; Moller-Maresk saw cargo stuck at its ports in Benin, Colombia, Lebanon, Sudan and Syria; DLA Piper couldn't access emails and documents; WPP experienced massive employee data theft; the TNT unit of FedEx isn't back to normal. Experts see no hope of recovering infected systems, though the true purpose of the attacks is abundantly clear: devastation, not monetary gain.

There are now over 1 bn videos on YouTube. Consumers watch more than 1bn hours every day, and 400 hours of new content get uploaded every minute, the digital Library of Alexandria. Anticipating hell, **Google** trained systems to keep copyrighted content and porn off YouTube, since most of revenue still comes from advertising. Thus arrived a crisis when Coca-Cola, P&G and Wal-Mart started seeing their ads next to racist, anti-Semitic or terrorist videos. Google had to reassure AT&T, Johnson & Johnson, and Unilever that everything was fine, we're all fine here. So first: blame it on people. Google decided that the ads in question appeared because of *human error* in setting safety levels. This didn't discount the fact that brands inadvertently funded extremists through automated advertising. Next, engineers realized computer models did not understand *context* or grasp the nuances of what makes certain videos objectionable. Google now simplifies how advertisers can exclude specific sites, and fine tune the content to avoid the dreaded sexually suggestive or sensational/bizarre. Brilliant solution: analyze every image frame by frame, digest what is being said, then institute human-verified examples of what is safe and what is not.

"If your mother says she loves you, check it out." - journalist's admonition

## Advertising

**Chase** downsized online advertising from 400,000 to 5,000 websites per month after their ads started popping up next to toxic content. Once they pulled ads from YouTube, the company saw little change in the cost of impressions or visibility, and hasn't seen any deterioration on performance metrics. This ushers in an era of skepticism about the value of programmatic advertising and automated tools. Trillions of ad impressions are for sale each day, with an impression generally counted each time an ad is shown. People are targeted based on groups and browsing habits. Instead, JPMorgan has instituted *whitelisting*, a program of preapproving sites. An intern then manually clicks on each of these addresses to make certain that the sites were safe for company advertising. The upshot: at some point, a human needs to take a look.

Fierce competition in the lucrative cross-disciplinary fashion territory known as **elevated concert merch**. The category includes trend-driven product creation, design, manufacture and distribution of branded products. Players aspire to success at Disney/Star Wars level. Special collections linked to specific cultural events, limited in availability, get sold in pop-up shops or ground zero retailers where demand and urgency percolate. Different collections are offered at each distribution point, necessitating nimble merchandising of exclusive items, all stoked by buzz built around the artist or entertainment. Providing a means for individuation is key to perpetuating customer's desire. If there's no *-yawn-* experience tied into this, value perception goes kablooey. Artists who drive the most retail traffic: Run-DMC, Red Hot Chili Peppers, the Ramones. The estates of Prince, Beatles, Tupac license their images. Younger artists produce more exclusive, high-priced pieces and capsule collections. The hottest subcategory is *reselling* culture. Items that consumers can afford and easily access drive a lucrative secondary business in stores like Kohl's, which require constant replenishment. But they only want it if it's *-sigh-* authentic.

Following criticisms over inappropriate and distasteful behavior not in line with the festival's brand during their 2016 event, the 64 year-old **Cannes Lions** instituted new restrictions on super yachts where the alleged debauchery habitually occurs. Singling out the excess of celebration at parties like those of the Daily Mail, event owners struck a deal with city authorities

to privatise part of the harbor to better focus on the *dignity and style* that reflects the advertising industry. A-list celebrities used to help mad men promote causes and brands. Now that multinationals like P&G have slashed their ad budgets, agencies confront the growing power of technology groups like Google and FB. The category suffers under a sharp decline in print revenues. The newest zombie flick elevator pitch: indigent flesh-eating movie star aimlessly wanders the Côte d'Azur boardwalk in search of recognition.

"Since we are not yet fully comfortable with the idea that people from the next village are as human as ourselves, it is presumptuous in the extreme to suppose we could ever look at sociable, tool-making creatures who are from other evolutionary paths and see not beasts but brothers, not rivals but fellow pilgrims journeying to the shrine of intelligence. The difference is not in the creature judged, but in the creature judging." - Demosthenes

## Celebrity

Attention George Clooney and friends: a group of entrepreneurs have figured out how to get as famous as you. These average folk decided to have videographers film large swaths of their daily life, work, travels, lunches, even subway commutes, which then get posted on FB and Instagram. They become stars, motivational speakers and part-time life coaches. They dispense advice and speak enthusiastically about whatever they have been paid to hustle. **A regular person** can reach a half million people per month and make some big bucks. One site gets 40 million views a month. Problem is, it removes much of the humanity from the conversation. The star's life becomes neutered content, the hollowness of meaninglessness in a cold and unfeeling world. You can't simply hire a videographer - you're going to need a growth hacker, media strategist and analytics expert. The more vulnerable you are, the more you will build trust and a real community of people who will follow you. You will need to become impervious to posts which call you fat, or make sexual comments. Have patience. In about five years everyone will be talking that way. By then you will be on to a new career.

"Safety under any circumstances is an illusion." - Leonora Carrington

## Leadership

In 1999, GE's CEO **Jack Welch** was regarded as the most influential manager of the 20th century. Hardly anyone considers Welch, now 81, a role model any longer. What went wrong? Welch had benefited from the growth of financial services in the American economy and specifically the growth of GE Capital. With the arrival of the financial crisis, the division had no competitive advantage in financial services, yet was contributing 60% of profits. The task of cleanup fell to Welch's hand-picked successor, Jeffrey R. Immelt. He inherited a highly inflated stock price and never figured out how to create value through growth. 18 years later he stepped down from the role, an unmitigated highly-compensated disaster for shareholders. Immelt repudiated the Welch model. He got rid of NBC Universal and GE Capital. At one point Buffett had to step in with a \$3bn rescue. GE remained a broad conglomerate, where by definition you're not specialized, overly-complex, aspiring to growth through acquisitions. It's increasingly harder to be a conglomerate today. Rivals Honeywell and United Technologies remain focused on industrial production. Welch never realized that few of the world's conglomerates are superstars, because they're not nimble and adaptable. These days a start-up has the power to destroy your business.

“Instead of this absurd division into sexes, they ought to class people as static and dynamic.” - Evelyn Waugh

## Trends

Analysts cannot accept the weakness of data in the face of the obvious. Take, for example, the reported global drop in sector **productivity**. A ⅔ decline in banking, telecoms, energy, management consultancy, legal and accounting services hints at the world of the future, where parts of the service sector are not just ill-measured but completely mismeasured as they drift into obscurity. The story is identical in advanced economies and emerging nations. We don't need to accustom ourselves to a world of slower productivity growth, simply get over the end of jobs the robots render obsolete.

Market planners can climb aboard early on a major brand and product-creation indicator. By 2060 **Muslim** mothers are projected to give birth to 232 million babies, about 6m more than their Christian counterparts! It's both a geographic and demographic opportunity. The Christian population is relatively old. The Muslim population is relatively young, concentrated in regions with high fertility rates. The territory of the future turns out to be Sub-Saharan Africa, where a growing share of both populations will reside.

## AI

Frustrated because communicating became time-consuming and difficult, **Cosabella** replaced its digital ad agency with an AI platform named Albert. The helpful robot immediately tripled ROI and significantly increased customer base, prompting insiders to say they would never have a human do this kind of work again. Albert's first test was identifying and converting high-value audience. He was allowed to autonomously execute Cosabella's digital marketing efforts and dramatically improved return on ad spend, overall website sessions, new users, yielded more transactions, then boosted social media revenue share and conversions on FB. Albert has the uncanny ability to detect *fatigue*, when click rates are going down and interactions are dropping. No need to give Albert a set creative focus. Once he's optimized your campaigns he'll make his own, creating micro-segments of men and women based on micro-patterns. Albert doesn't think about people in the same way we think about people. He optimises as he goes along. Marketers tend to set audience parameters too rigidly. Give Albert the freedom to test and experiment and he can find droves of potential customers you have missed. His sexiest trick: analyse keywords used by competitors. He's obsessively neat, doesn't nap, he's fiercely efficient, and he never gets into a screaming fight with his boyfriend and loses focus.

“Biography lends to death a new terror.” - Oscar Wilde

## Exeunt

The man singlehandedly responsible for putting the pretender in the White House in 2016, **Chuck Barris**, finally got booed off stage. He created a category of television shows which made a spectacle of contestant's vulnerability and romantic yearnings. The Dating Game forced the winner to choose a date from among three unseen members of the opposite sex; The Newlywed Game put compatibility to the test. But it was The Gong Show which made a lasting impression on American culture and brought ridicule and contempt to the forefront. Mr. Barris acted as the brash, irritating host who presided over a parade of no-talents. Critics complained about its crassness and cruelty, but Barris knew there was a large audience for lowbrow. At one point the show attracted 78% of viewers 18 to 49. A man of multiple talents, he wrote the pop song “Palisades Park.” Late in his career Barris authored novels. In the semi-autobiographical

*Confessions of a Dangerous Mind*, later made into a movie, he claimed to be CIA assassin, an assertion which the spy agency vehemently denied.

Inventor of the world's only self-cleaning house, **Francis Gabe** threw in the towel. Incensed by woman's chronic lot, which she referred to as a nerve-twanging bore, she toured the country with a working scale model of her home and became something of an international cult figure. Seated under an umbrella indoors in her pad, she could press a button that activated a sprinkler in the ceiling. Surfaces were covered with marine varnish or clear acrylic resin, upholstery was made from a waterproof fabric she invented. Runoff channeled outside and through her doghouse where her dog was washed. She had strategies for laundry, and her sink, toilet and bathtub were self-cleaning. Known as a person very difficult to get along with she kept a series of snarling Great Danes who held visitors at bay while she did yard work in the nude. After troubles with maintaining her patent, it lapsed in 2002 and was never renewed.

**Mark Hawthorne**, who abandoned writing features for the NYTimes Real Estate section, got disdained for the last time. He left Gotham in 1969, and later became a beloved and respected citizen of Berkeley, where he lived for decades on the streets. He went by many names - Berkeley Baby, Sparky, Pesto, Hate Man. He wore skirts. He firmly believed trust can only be established if people admit what separates them. He thought negative emotions are true and real, while positive feelings are intrinsically hypocritical. He'd be greeted by "I hate you," and answer, "I hate you too." Hawthorne did not call himself homeless, saying he did not aspire to be housed. Characterized thusly he would respond, "If I didn't want a BMW, would you say I was BMW-less?"

The first redheaded Miss America, a political activist named **Venus Ramey**, left for the big pageant in the sky. After her 1944 win she became disenchanted. Handlers denied her phone calls from her family, and pushed her toward product promotion tours. Instead she championed women's rights, voting rights and sold \$5m in War Bonds. Later she moved to Mexico, ran for state and local office, operated a Christmas tree farm, unsuccessfully sued the federal government on behalf of aggrieved tobacco farmers, declared herself a write-in candidate in the 2000 Presidential election. In 2007 at age 82 she shot out the tires of trespassers trying to pilfer scrap metal from her farm. She disapproved of artificial tanning, dental bonding, hairpieces, fake eyelashes, false fingernails, padded busts and hips and bobbed noses.

His kids ordered his tombstone when he was 110, and it sat unused in the garden for another 36 years. **Sodimedjo** finally loosed this mortal coil, having outlasted four wives, 10 siblings and all of his children. He is called the longest living human ever at 146 years old. A heavy smoker until the last, the Central Javan centenarian cited *patience* as key to a long life.

"Whoever washes an ass's head loses both his time and soap." - old Spanish proverb

## Epiphanies

Customers could care less whether **Amazon** is hugely profitable, they only care if it is making their lives easier. With the purchase of **Whole Foods** the hipsters from Seattle run the risk of becoming too big, and less of a charming disrupter in an antiquated marketplace. Amazon has rapidly monopolized online retail, locking in customers and ensuring they don't shop anywhere else. Bezos built the company on embracing risk, ignoring obvious moves, imagining what customers want before they want it. The company tries to think in decades, not quarters. Only

success counts. It's a fiercely experimental culture which has disrupted entertainment, technology and retail. Now it gets its grimy hands on the food supply.

The emoticons said it all when **Bonobos**, the web-based men's clothing line announced on FB that they had sold themselves to the devil, Wal-Mart. Cute little reductive millennial signets registered anger, shock, and sadness. Laughter significantly outnumbered likes. Loyal consumers wouldn't countenance their brand joining an organization perceived as destructive, unethical and cheap. The CEO's statement of contrition turned out to be all about him, and strategic PR blunders failed to speak to the sensibilities of the traditional audience. Affiliation with Walmart's troubled brand alienated the core customer, tarnishing perception of quality. The brand ethos of responsibility, caring and integrity evaporated. Walmart stands to benefit from the acquisition, since Bonobos brings the expertise to Amazon-ize, but the market remained unconvinced. Walmart stock plunged after the announcement.

Even though attendance declined at 13 of 14 Disney theme parks, people waited in line for 4 hours in the steamy heat to board **Avatar rides at California Disneyland**. Gate figures rarely decrease, and the parent brand has experienced outstanding annual growth. The parks often reach capacity. Disney raises prices in peak periods by upwards of 20%. The biggest declines came from overseas - terrorism fears, bad weather, fewer tourists coming from Mainland China. Disney's not troubled and continues to invest in Unobtainium mining. The Shanghai park alone attracted 139m visitors last year. Snapping at Avatar's heels is Universal's Harry Potter franchise, which remains a top competitor.

JAB made a valiant 8-year effort to build a viable luxury group to compete with LVMH Vuitton, Richemont and Kering. Didn't work. They're now in a shift away from luxury goods, relegating the category to noncore. The **Jimmy Choo** brand was put up for sale, bought by Michael Kors. JAB is buying up F&Bs like Krispy Kreme, Peet's, Panera. Their strategy shift clearly indicates the desire of consumers to spend money on *-sigh-* experience, instead of handbags.

**Locus Corp.** a South Korean film studio was compelled to make explanations at Cannes about their animated film *Red Shoes and the Seven Dwarfs*. An overweight Snow White becomes tall and thin when she wears a pair of magical red shoes. A controversial billboard fomented social media outrage which contested why it was ok to tell kids being fat is ugly. The movie trailer had other sleazy issues: two of seven dwarfs sneak into Snow White's home, apparently in pursuit of her shoes, hide under a table. When she comes home they watch excitedly as she slips out of her dress, but recoil after she removes the shoes and turns into heavier version of herself. The company apologized, ended the ad campaign, and issued a politically correct robotically generated statement explaining the cartoon was designed to challenge social prejudices by emphasizing the importance of inner beauty.

How do you keep a 100 year-old brand fresh? **Oreo puts** 40 billion cookies into the marketplace annually, in 18 countries. Engaging with consumers is a relatively recent development, and the company uses limited edition flavors as one strategy. Every year around a dozen one-of-a-kind versions get rolled out and remain in certain markets and stores, scarce by design, pop-up products with a predetermined short life. Very occasionally a flavor, like Red Velvet, proves so popular that it is upgraded to everyday status. With a line extension, your first concern is whether or not it cannibalizes your main-line product. English Breakfast Tea and three doughnut-adjacent concoctions were proffered. Watermelon, an unequivocal flop, left an unpleasant aftertaste. 2016's Swedish Fish flavor may have taken the brand a step too far. One

aficionado quipped, “We’ve lost the Platonic ideal of what an Oreo cookie is.” Lately they have turned to social media with a Create-A-Flavor contest offering a \$500k prize. PS, nowhere is the word *obesity* even whispered.

People get a neurological rush when they buy something they think is *-gasp-* authentic, like clothing made by hand. Does that translate to the yogurt category? Greek-style yogurt now accounts for a third of all yogurt sales, even though taste tests reveal that most people dislike its sour bite. Yet people thought the Hellenic-named market leader Chobani was some kind of cool. It could be biochemical, but they use less sugar than **Yoplait**, the big kahuna of yogurt culture, whose attempt at a competitive product, Yoplait Greek, failed immediately. *Oui by Yoplait* is a new homage to the company’s French roots. Yoplait looked into its own history for high-volume FMCG product inspiration, trying to find a narrative, a story behind the sale, in search of Disneyish synthetic antiquity, a fake *-sniff-* experience they could bet on. The mental picture of French farmers pouring yogurt into individual glass jars, adding ingredients, allowing it to sit for eight hours sounds downright credible. French method + French brand + French name = instant *-groan-* authenticity.

## Terminology and concepts entering the mainstream in 2017

**Basquiat Factor** - an artificial inflation of price to affect value in the art market

**Behavioral finance** - business model driven by impulse purchase schemes and flash sales

**Cinderella laws** - South Korean and Chinese legislative proposals to protect children from playing certain games after midnight.

**GAFA** - how the advertising industry refers to tech gods Google, Apple, Facebook, Amazon

**hodl** - cryptocurrency investing term meaning “hold on for dear life”

A talk show host stated she welcomed and internalised criticism that illuminated blind spots, such as her treatment of race on the air. “A really, really important process in my life has been, you know, being educated about what we now call **intersectional feminism**.”

See also: *Intersectionality*

**The optics** - the way in which an event or course of action is perceived by the public, typically in a political context.

**Sizzle reel** - a fast-paced or stylized overview video of a product or service

**Smoochy Woochy Poochy** - according to DEA glossary, a new term for marijuana

**Sologamy** - the fashionable and profitable practice of people marrying themselves

**TLDR** - Too Long Didn’t Read

**tsundoku** – Japanese term for the desire to buy more books than you can physically read in one human lifetime. Literally, *the stockpiling of books that will never be consumed*.

**Zero-day** - a previously undisclosed cyberware flaw that leaves computer users with zero days to fix the vulnerability

*"Quintessential icon Brigitte Bardot achieved infamy with her sensuous allure."* - Tabloid headline

## What is a brand?

A brand ought to be your opinion, but is usually someone else's.

A brand is what others think of you, and not always what you think of yourself.

Branding is not where one voice speaks louder than all competitors; that is called marketing.

The quieter the brand, the less skeptical I am about it.

A splendid *fin de 2017* to all. See you in early 2018.

A handwritten signature in a cursive, grey font that reads "Smoss".

DiGanZi

2018 Global Brand Letter Summer Edition

Picasso



## 2018 Global Brand Letter Summer Edition

from SMoss

“Be silent, unless what you have to say is better than silence.” - Stoic philosopher’s admonition

“Luxury is a form of waste designed to confer status on an essentially useless class of people.” - Thorsten Veblen, 1899

“His neck was thin and would wring easily if someone were of a mind.” - Robert B. Parker

**No collusion?** Pardon me, my microparticle might be turning into microfiber, meaning it may have de-yanged my microfinance. Get back to me in a Fortnite, but only if you have wedge issues with digital abrogation.

### Update on last year’s hot topics

According to its mission statement, it was set up in 2017 for the “creation and commercial exploitation of museums.”  
- Catherine Hutin-Blay, daughter of the artist’s second wife, on the Fondation Picasso

“Post-kiss, it was never going to work. Maybe it was the Doritos.” - Monika Gupta

### Advertising and PR

A 22-year old self-proclaimed **social media influencer** dissolved into tears after she asked a Dublin hotel for 5-night free stay and was refused. The hotelier responded by an indignant public post. Users, quick to identify her, loosed a barrage of negation characterizing her as a disgusting freeloader. “I was exposed (SO embarrassing)” - while the property faced its own backlash and subsequently banned all bloggers, YouTubers and Instagram stars from its premises. The hotel’s proprietor observed that the sense of entitlement is simply too strong in the blogging community. Does this mean influencer marketing is on its last legs or did the hotel simply consult the writer’s reviews, where the word *stunning* appears all too frequently?

An online **content clearing house** offers up a book which claims to show how storytelling can help you forge stronger relationships with customers, colleagues *and anyone else in the world you want to reach*. In 208 pages of large text you get useful instructions on how to transform your business, how to talk to other humans, how to stop declaiming into the emptiness and *how to make people love you*. Priced at only \$16.51. If you’re still unconvinced, they offer two hilarious bonus chapters gratis.

“Nero can kill me, but he cannot harm me.” - Last words, before his own death sentence, by Thrasea Paetus, who had unsuccessfully conspired with Seneca.

### AI ML VR AR

Face it, **facial recognition technology** can now tell the gender of a person in a photograph with 99% accuracy - as long as the subject is a white man. Experts long suspected that the software performed differently on different populations. A researcher named Joy Buolmlanwini at MIT Media Lab showed how biases of the real world seep into AI. It’s only as smart as the data used to train it. The inherent bias built into digital technology springs forth from the minds of those who build it. There’s more than anecdotal evidence of discrimination. The study looked at

leading facial recognition systems from Microsoft, IBM and Megvii of China, all found wanting. The darker the skin, the bigger the errors. Error rates for white males, less than 1%; error rates for dark-skinned women 21-35%. The big hope of course is that facial recognition software can better target product pitches based on social media profile pictures; eventually brands could apply it to bigger stakes decisions, like hiring and lending. The burgeoning discipline called *algorithmic accountability* seeks to make automated decisions more transparent, explainable and fair. Thus far such technology is barely regulated. The greatest factor holding us back is so little diversity within the AI community.

Does narrative bear upon consumer and business spending decisions? AI is about to try and quantify the impact. The economist Robert Shiller introduced the concept of **narrative economics**. He thinks human intelligence differs from other primates, in that humans understand and compose stories. Software capable of reading stories, identifying conceptual patterns, answering basic questions about why and when and developing summaries will help machines exercise common sense and reveal the inner biases of our irrational minds.

“To have a great man for a friend seems pleasant to those who have never tried it; those who have, fear it.” - Horace

## Celebrity

Major celebs can't exist without a branding house and asset manager. Even dead ones like Marley, Elvis and Marilyn all have them. It's not quite clear who's administrating Che's iconic mug, though he pops up everywhere. **Marley's** estate made \$23m last year on family-branded products like speakers, coffee, cannabis - but not his tunes. Marley's music has achieved steady, far-reaching popularity that has lasted for decades, his evergreen songs streamed upwards of 2bn times and now reaching deep into emerging markets like Africa and India. Chris Blackwell recently made a \$50m streaming deal for the music catalog with Primary Wave, who create branding and marketing campaigns tailored to the icons and legends business. It's a hot area where money managers sniff about for alternative investments like music rights, where basic publishing (IP) equals what used to be called the music business. Primary Wave say they seek only tasteful deals, like the one with American Greetings to promote a new consumer holiday labeled Father-Daughter Day, where they licensed the Smokey Robinson song "My Girl." Other tasteful deployments: Converse sneakers decorated with Nirvana lyrics, Aerosmith themed on a state lottery game, a Glenn Gould hologram sent out on tour.

One morning **Kylie Jenner** woke up like 'sooo over' Snapchat that she like tweeted she no longer used the messaging app. She criticised its redesign to her 24.5 million Twitter followers and Wall Street like panicked, the share price tanked and like \$1.3bn of company value evaporated in a day. 1m people signed an online petition demanding Snap roll back the changes. Major bummer, especially with such intense competition from FB and IG. But no biggie for Snapchat's boss, whose total 2017 compensation was like \$638m.

Now begins the rehabilitation of **Tiger Woods**. Since his return to the Masters, brands and advertisers on high alert. Live streaming of his PGA Tour crashed because of unprecedented traffic. He definitely brings television ratings. Overcrowded, telegenic, rowdy galleries happen wherever he plays. Once upon a time, before his fall, he made \$90m per year in endorsements. Gatorade, AT&T, GM and Gillette, among others, bailed out, though Nike stood by him. Performance brands remain aligned: after Bridgestone inked a multi-year contract, their sales

increased 115%. TaylorMade, whose clubs he carries, built no marketing campaign - tournament appearance was enough. Mainstream companies still exhibit skittish signs. Other athletes come with a lower risk profile. They're also younger and cheaper. Researchers ask: did Tiger's 2009 trouble make him *more likable*? In May 2017 Woods was arrested and charged with DUI. Concerned, Bridgestone conducted a survey which concluded Woods' halo was made of teflon.

Millennials intuitively comprehend branding and online zeitgeist. The social media sensation **Claire**, has a 15-million-view viral song hit called "Pretty Girl", and provides a playbook for new paradigms of digital fame-building. Goes like this: success was organic and marketing-light; she simply put the home-made tune on YouTube and the algorithm ate it up. It's an ideal product calibrated for repeated streaming from computer speakers, from a self-starting generation un beholden to genre or equipment. Next step, navigating the fallout. The inevitable critics questioned whether some svengali had engineered her success, focused on her father, a marketing executive, her every move dissected on Reddit. She successfully weathered the dreaded accusation *industry plant*, a catchall slur for someone undeserving of their buzz and opportunities. After an episode of shame and sobbing, she emerged with her authenticity intact. And Daddy knew where to turn: Cornerstone, a marketing agency behind Fader magazine, who brushed off any insinuation she was manufactured, whining that this industry is just built to eat up young girls and young artists in general. The last act: making nice with publications, agents and streaming services. And repeated firing of finger-guns into the camera for promotional GIFs.

Performers Who Died in Front of Their Audiences - Web headline

## Entertainment

A **patriotic documentary** in the Middle Kingdom is setting box-office records as it challenges the traditional ratings system. Alibaba Pictures' boffo hit celebrating heroic military modernisation and awe-inspiring technological achievements earned \$36m since its premiere, the highest-grossing documentary film in Chinese history. Organised groups populate the screenings, mandatory attendance by companies who have bought blocks of tickets. Communist party members get in free. Internet platforms appear to be censoring commentary, though on the US-based IMDb 94% of reviewers gave the film 1 star out of 10. Info wars! It's a creative fusion of propaganda + crowd control. Other state-supported films have performed well in recent years. The socko *Wolf Warrior 2* achieved market domination with the slogan "whoever offends China will be hunted down."

People are always predicting the death of theatre, and we've definitely come a long way since the *deus ex machina*. Nobody believes that theater is a literary form any longer. It's simply a brand extension platform for cartoons and live action films that turn into new stage productions. Expect more **screen-to-stage adaptations** as a counterpoint to the daily bombardment from clips on social media and habitual binge-watching. Theatre has realized it can be a medium for big spectacle since it delivers greater engagement between the audience and performers. Mirroring our age of incessant image capture and borrowing tricks from the mega concert playbook, cameras zoom in on action onstage, project it onto giant screens. What would Aeschylus say about the helicopter descending on stage in *Miss Saigon*, the insipid chorus from *Chicago* or a Beyonce concert?

"Strategy is about nurturing intrigue." - Peter Kyle

“What’s right is what feels good after.” - Hemingway

## Epiphanies

Legal **cannabis** keeps exceeding hopes, encouraged by falling prices, category sales projected to exceed \$23bn by 2021. And who’s the fastest growing user group? Boomers, who aren’t being pitched for recreational drugs or as an alternative to alcohol. Muggle’s gone mainstream, rebranded as a *wellness drug*. Outdoor ads aimed at Gramps and Granny flog anxiety and insomnia remedies and pain relief. And your stoner uncle’s famous hand-rolled doobies? Forget about it. At the outset of decriminalization, fresh bud constituted 85% of sales. These days less than a third, and shrinking fast. The vape category tripled its business since last year. A 2016 Oregon startup did \$2m in year one, and now does \$7m *a month*. Millennials have their earbuds, but the old folks have moved to edibles, chewables, lozenges, unguents, oils, and drinks for their private, invisible and odorless high. Remember visiting your dealer’s hippy pad? History. A SF-based service says they’re up to 120,000 deliveries per month. And the newest consumer group? Your grandchildren, 18-25 year olds, who are passing on the booze.

There appeared to be many good reasons for **Unilever** to launch Rexona underarm deodorant in China. They’d created established markets for such a product in many countries. Here was an opportunity 1.3bn strong, getting used to Starbucks, drinking coffee, eating KFC, feeling cosmopolitan after the 2008 Olympics, and less than 10% deo users. UL trotted out celebs, sweat tests, product sampling, concert sponsorships. A Western-style print campaign humorously portrayed people’s armpits as potential threats to others; it suggested that sweat stains led to public embarrassment and would get you shunned socially. But cultural differences and simple biology intruded. The traditional thinking is that sweating is good. Some racially-profiling scientists even believe that many East Asians have a gene that lowers the likelihood of a *strong human axillary odor*. Much of the population couldn’t visualize a need for it. Marketing’s excuse: you can’t sell an invisible product. Yet Apple and Starbucks have prospered by selling aspirational experiences. The next wave of retail successes are no doubt those which confer social status you can see but not necessarily smell.

**Christian Louboutin** insisted that his Pantone 18 1663TP scarlet soles merited legal protection. But the European High Court ruled against his suit which charged a Dutch manufacturer with IP violations. Red soles, the court dictated, could be refused trademark protection. Louboutin said soles were inseparable from shape of his pointy, high-heeled shoes. He had previously won a legal battle against YSL in the USA, allowing him to protect red soles as a source-identifying trademark. A UK legal eagle warned the red sole could therefore become ubiquitous, and reduce the cachet associated with the Louboutin brand.

Jimmy Page wept. After 116 years in business, **Gibson**, maker of the iconic 1952 Les Paul guitar, found itself overcome with debt and filed for bankruptcy. The venerable brand had started to sell off valuable Nashville real estate. They’ve seen declines in sales for years, sinking prices on guitars, the unthinkable growing popularity of the ukulele, not to mention surging interest in EDM and rap. Six-string instruments are easily replaced by turntable, video game console or simply a laptop. At the time of this writing, mega retailer Guitar Center with over 250 stores, contemplates a similar course in the face of \$1.6bn in obligations. Digital made rock n’ roll fret, but debt may have killed it.

An index is needed to measure the sustainability of cryptocurrencies. The power necessary to mine each digital **Bitcoin** token requires the electrical equivalent of what the average American household uses in 2 years. Bitcoin's network of computers eats as much energy daily as some medium size countries. The algorithm for mining new coins is so complex that it requires scads of guesses. Speculators invest astronomical sums to fund server farms around the world, provoking concerns about glutinous electrical appetite. Each coin generated requires 80,000 times more electricity to process than a single VISA card transaction. Of course some countries like Argentina and Zimbabwe discovered that Bitcoins were a more stable place to park their money than the local currency. Ethereum, lesser known, smaller and ravenous, has an electricity addiction about the size of Cyprus every day.

"The form of government is of no consequence to the individual." - Dr. Johnson

## Place Branding

Running dog capitalist conspirators tried to seize the political center in **China** by manipulating the masses with a free simulation game called Travel Frog. At first it rose to the top of its category at the app store. The simple-minded game gave unsuspecting comrades a feeling of vicarious travel, destroyed any incentive for competition, and distracted workers with memories of child-rearing. A non-productive frog lackey sits in his stone hut eating and reading, while you are enslaved to collect clover from his front yard. The bourgeois frog then leaves on a trip. When he returns, he flaunts snapshots and consumerist mementoes of his journey. Guardians of the public good at the People's Daily warned citizens not to embrace the wasteful ethos of the game. Live to the fullest and don't just be a lonely frog-raising youth, they wisely advised.

If you're tempted to take one of those helicopter tours over the **Grand Canyon**, think twice. A fiery crash caused by unknown circumstances sustained heavy damage, 3 dead, and 4 Level 1 injuries. The charter company alone claims to fly over 600,000 passengers a year and said that flying can be treacherous simply because of the number of helicopters there at the same time.

The case for driverless vehicles just got stronger. A trucker who ignored warning signs went off the road and left substantial tire marks on the 2000 year old **Nazca lines**, located on 280 square-miles of coastal plain south of Lima, a UNESCO World Heritage Site. It wasn't the first time in two millennia this had happened. In 2014 a Greenpeace publicity stunt left footprints next to the massive geoglyphs. Authorities pledged increased security around the site. What about banning human operators as a start?

In a bid to counter the country's militant past and international isolation, **Serbia** will put \$3.6bn into development of the Belgrade waterfront. They aim to transform it into the Dubai of the Balkans, a regional hub which restores the capital city to its former glory after years of shame. Using borrowed money and revenue from Russia, China, and the Gulf States, and the sale of state land, the first 3 towers will be built by an Israeli-owned company. The UAE agreed to develop farmland, purchase state-owned agricultural companies and pour money into Serbia's defense industry. But Joe Serb wasn't consulted. After 30 masked men with baseball bats cleared the construction site of its last occupants, the country saw the largest anti government demonstrations since Slobodan Milošević was deposed in 2000. Serbia's average monthly salary: about \$455. The most expensive residential address in the new Belgrade: \$8500/sq m.

The first day Spotify shares were traded on the NYSE, a red and white Swiss flag was displayed on the famous facade at 11 Wall Street. Problem is, Spotify's a Swedish company, headquartered in Stockholm. The web moves faster. Before the error could be corrected, an item and photo on Twitter went viral. A news site focusing on **Sweden** reported confusion of the two countries is not uncommon. Who said Americans don't understand geography?

Gemalto, a Paris-based security company, won the tender process to produce **UK** post-Brexit dark blue passports. The contract is worth £490m over a decade and will create up to 70 jobs in Britain. The company already has a number of government contracts, including supply of UK *permis de conduire*. There's been no requirement for passports to be made in the UK since 2009. Care to guess why? De La Rue, a UK company outbid in the process, generates nearly 80% of their turnover offshore, and grouched it had been undercut on price.

"Constantino, do not be cast down, for I will provide for your well-being and sustenance, and for my own as well."  
- Puss in Boots

## Privacy, Security, Web

Parenting is about to get a whole lot easier, thanks to digital assistants who can hear what's going on at home. Smart speakers, using voice sniffer algorithms can monitor and analyze if your child is engaging in mischief or if your teen has brought her boyfriend home while you're away at work. Smarter apps can detect the volume of voices, breathing rates, identify crying, coughing, sneezing or passionate moans. It's not the responsibility of consumers to protect themselves, and Google and Amazon say they've got you covered, that they take privacy seriously, that they won't use raw audio to extrapolate moods, medical conditions or demographic information. They swear they won't use spyware or surveillance systems intending to serve you up on a platter to advertisers. Consumers have some trepidation in the wake of targeted ads and the fallout after Cambridge Analytica. Our well-meaning friends at FB shelved their internet-connected home products, concerned about intentionally-triggered data captures. Alexa says she still may share the content of requests for information like ZIP codes, but that shouldn't concern you: with all the minutes you're saving by not parenting, you'll have more time available for shopping.

Workers at State Grid Zhejiang Electric Power wear safety helmet-like caps that monitor brain waves. Bosses say the **mind-reading surveillance devices**, which use AI algorithms to detect emotional spikes like depression, anxiety and rage, improve efficiency and performance and allow workers to be better managed. At first workers were skeptical, but they got used to it. The caps monitor fatigue and attention loss with more than 90% accuracy and are used to prevent a total meltdown. The caps are also worn by factory employees and train conductors along the busy high-speed Beijing-Shanghai line. Zhejiang's surveillance program chief has no doubt about its effect, correlating increased company profits since 2014 implementation. There's no law or regulation to limit use of this kind of equipment in China. Privacy abuse, never heard of it.

**Analog signatures** are no longer a useful way to prove someone's identity, according to Amex, MasterCard, Target, and Walmart. Soon they'll only be used for sealing giant transactions, or autographing celebrity memorabilia. Whose fault? Your beloved mobile, online shopping, brick and mortar's quest for speedier checkout. Merchants don't even look at the scribbles anymore, though some are reluctant to fiddle with a process built into customer muscle memory for

centuries. I worked a long time on my signature. It's part of my visual brand, a piece of my unique identity. So where else can I add a personal swash to my digital ID? Do I need one?

How to counter the ill effects of social networks and smartphones ripping apart the fabric of society? A union of concerned experts, early investors, ex FB, Apple and Google veterans and an Asana co-founder mounted an **anti-tech addiction lobbying effort** calling for *more data* on the health effects of different technologies. They're aiming an *ad campaign* at 55,000 US public schools and introducing a *Ledger of Harms*. Under pressure from pediatric and mental health experts, FB abandoned YouTube Kids, a messaging service for children as young as 6, designed to start them early on the road to digitally-stoked fear and anger.

If you believe the vice president of general operations at Walmart, they are a people-led business that is technology-enabled. In the scramble to shave labor costs, minimize shoppers' frustrations and reduce waiting time, the big brands find themselves in a race to **automate retail stores**. The irony is that Amazon, an online retailer, is showing the brick and mortar guys how to do it. In their Seattle store, Amazon compiles reams of data about where customers spend time, runs inventory management robots, records shopper behavior, and applies predictive analytics. Such experiments add further uncertainty to the future of the workforce, where 30-50% of world's retail jobs could be at risk. In China, a country obsessed by new tech fads, you can shop in unmanned convenience stores, ring up items with a smartphone, use facial recognition to pay, never engage a human for a transaction. Venture capitalists put \$100m into retail automation start-ups last year. Walmart claims they're doing it so their remaining employees can spend more time helping customers find what they need.

The film critic for Chicago Sun-Times wishes he hadn't bought 25k social media followers from a company called **Devumi**. After scrutiny by federal and state authorities in a campaign against bots, analysis determined many of his nearly 250k followers were fake accounts. The investigation caused more than 1m artificial Twitter followers to dematerialize. Affected were entertainers, entrepreneurs, athletes, media figures, singers, actors, reality stars. Twitter prohibits buying followers of any kind. Devumi had promised customers 100 percent active, English-speakers, yet virtually all the addresses and retweets the company sold were synths. Twitter users in every state found they had been copied onto bots sold by them or rival companies. Parent company Bytion fled their Florida HQ and moved to Colorado, coincidentally home to many of those annoying robotic phone calls you keep getting.

"Je chant pour moi-même." - *Carmen*, Bizet

## Trends

Follow the euphemisms, Sherlock. The Pinellas County medical examiner ruled it an *accidental death* by projectile wound to the head after an **exploding vape pen** killed a Florida man. Burns covered 80% of the victim's body. One of the pieces removed from his head carried the logo of Smoke-E Mountain Mech Works, based in the Philippines. A company rep said the problem may have stemmed from the lithium ion battery, viewed as a *new and unique hazard*. A total of 195 e-cigarette-related fires and explosions were reported from 2009-2016. Smoke-E Mountain claims the hardware - known as Mechanical Mods - are overwhelmingly *used by hobbyists*, specifically made for those who desire a *massive vapor cloud*. They promise sharp, durable, and *enigmatic products* that blur the line between electronic cigarette and art. As long as you

don't go up in smoke the devices, unregulated and without safety features, will definitely get you blasted.

On the silver screen, women appear less often, say fewer words, and generally don't do as much as the dudes. Now it can be quantified. **Highland 2**, a gender analysis tool, came available as a free download in the Apple app store. The software automatically tabulates whether a script is equitable for men and women, measuring the number of male and female roles, how much each speaks, and graphs in real time the disparities between XY and XX characters. Aspiring screenwriters can avert nasty accusations of gender imbalance before a movie even hits the multiplex, another algorithmic way that digital technology is shaping the future of artistic enterprise. Any innovation to push Hollywood into a more balanced direction, its creators say.

"It's a shame that people die rich." - Overheard in a London Starbucks

### *Addio, buona sera*

**Choi Eun-hee**, finally reached the end credits at 92 years of age. In 1977, under the orders of Kim Jong-Il, the South Korean cinema heartthrob was lured to Hong Kong, where she was grabbed, sedated and spirited to Pyongyang. Held in a constantly-guarded luxurious villa, she was forced to make films for the state. The Dear Leader was a notorious movie-addict, and believed she would help the North's film industry compete internationally. In 1985 on a trip to Vienna she and her ex-husband (also kidnapped and held against his will) went to the US embassy and requested political asylum. She finally returned to South Korea in 1999. To this day, North Korea continues to deny abducting the couple.

**Doreen Simmons** hit the mat for the last time. The most beloved of English-language broadcasters on NHK, her expertise was the arcane art of Sumo wrestling. She had moved to Japan in 1973 to teach at an international language school. Residing in a part of Tokyo known for its Sumo stables, where wrestlers live and practice, she amassed a deep technical knowledge which informed her commentary. Over the years she faithfully attended matches on Saturdays, Sundays and holidays. Simmons held other jobs as translator, actor, voice-over artist, and Irish *bodhran* drummer in pubs around Tokyo. But it was her dedication to and love of Sumo that earned her the Order of the Rising Sun, one of Japan's highest honors in 2017. She last worked in television in March 2018, and died at home dreaming of big fat guys in loincloths throwing salt and pushing each other around.

"Love, sorrow and wealth are the three things that cannot be concealed." - Patrick O'Brian

## Terminology and concepts entering the mainstream in 2018

**Catch and kill** - tabloid industry practice to deal with negative stories; purchasing a story in order to bury it

**Faangs** - FB, Amazon, Apple, Netflix, Google: kill zone for investors

**Malicious compliance** - incredibly bad orders, followed to the letter out of spite, knowing the result is going to be disastrous; to intentionally violate the spirit of the directive

**Poverty porn** - the use of images of poor, desperate or uneducated as levers for fundraising

**Revenue units** - how business schools refer to students

**Review brushing** - illegal practice popular in China which enlists people to purchase empty packages and post fake-but-glowing product reviews to improve ratings

**Quantum hologram** - parapsychological phenomena; every living and nonliving physical object has its own unique memory stored non-locally in the Zero Point Field, created from the quantum emissions of all atoms, molecules and cells. Every objective, subjective or physical experience is there, and we are in constant resonance with it.

**Splinternets** - an internet increasingly fragmented due to nations filtering content or blocking it entirely for political purposes; also known as *cyber-balkanization*

"I want war - not a series of skirmishes." - Stephen Schwarzman

## What is a brand?

In an era of sanctioned falsehoods, I'm intrigued by a remark Michael Wolff included in a 2015 collection of thoughts on brand, "A single lie can destroy a brand's integrity." He also said in the same volume, "Branding never stops. The job is never done." That's even more relevant today.

A splendid rest of the year to all. See you in 2019.



DiGanZi

## 2018 Global Brand Letter Winter Edition



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from SMoss

“The reader does not steal, and the thief does not read.” - Iraqi saying

“If you want to send a message, use Western Union.” - Howard Hughes

**Feeling like a fake victim of fake economic vectors?** Has your fake privacy been violated by fake intelligence? Definitely don't share a ride in a self-driving weaponized vehicle. And don't patronize instant brands. If your job has been destroyed by technology and your wages have stagnated, try not to feel politically polarized. You've simply been tele-possessed, aggregated, personality-profiled and microtargeted.

### Update on last year's hot topics

“When one burns one's bridges, what a very nice fire it makes.” - Dylan Thomas

### Place Branding

“You could work very hard to love Bangalore, but does she ever love you back?” - Joylita Saldanha

During the Punk era forty years ago in NYC, **Alphabet City** referred to a depressed area of town on the Lower East Side spanning Avenues A, B and C, where you didn't dare to walk after dark, and many fought valiantly to escape. These days the term has migrated to the planned data-driven utopia Google's parent company intends to build - somewhere, though they're not telling where yet. They seek a fair amount of land with very little on it, since they believe in an inverse relationship between capacity to innovate and the actual presence of homo sapiens and buildings. They want to run their own city to prove that a technologically enabled urban environment can improve quality of life, create more affordable living and achieve carbon neutrality. According to brand-arrogant corporate-state-speak, the hope is to “pioneer new approaches to data policies,” driven by easily obtained, privacy-invading, zero-cost citizen data.

Comrades drape them in trees, bury them in construction sites, hurl them into lakes and rivers and leave them all over the place without thinking, thanks to over 70 startups, backed by more than \$1bn in financing. It's inflated a massive wave of self-searching, called into question essential flaws in the national character, suggested encroaching social decay, the decline of decorum, skepticism of communal rules, the end of morality, the impression that there's no sense of decency anymore. Supply far exceeds demand and appears to have unleashed an every-man-for-himself mentality. Beijing rickshaw and taxi drivers are incensed that it has punctured their business. Perhaps the only remedy to The Long Ride of misbehavior - which draws into question the purpose of public property - is to backpedal into new ways of incentivizing virtuous behavior. Propagandists swear the bike-sharing economy is one of **China's** four great modern inventions.

In a blow to international relations, and a demonstration of the consequences of low coordination between neighbors, a rare wild bison wandered across the Polish border into **Germany**, where hunters were ordered to shoot it. It carried diplomatic ties to Belarus, Lithuania, Poland, Romania, Russia, Slovakia and Ukraine, where 4000 of its compatriots free-roam in herds. The species had not been sighted in Germany for over 200 years. Experts later pointed out that male bisons tend to stray more than female ones, but neither side sought a veterinarian who could answer questions about the species or solve the problem. Panic ensued, tragedy followed. The two Koreas, take note.

Cultural collisions can occur in holy or heritage places. Consider Fathepur Sikri, just outside of Agra, **India**, site of a famous mosque and a historic palace, where a Swiss couple were assaulted by minors. The men snapped pictures of them without permission, forced the wife to take selfies, continued to follow them for an hour before attacking them with sticks. The husband suffered a fractured skull, the wife a fractured hand. Three men were arrested, clearly a case where total miscommunication slammed into inadequate security.

“Our city depends on a Hispanic population to support our comfortable lifestyle.”

- Malibu, California councilwoman, after naming the community a sanctuary city protecting illegal immigrants

## Privacy, Security, Web

If you're worried about privacy, forget it: encryption technology can't guarantee it. And it's definitely not about *how* our data are being used. Big data favors the largest digital players, who lavishly monetize our **personal data**. Though metrics for valuation of this amorphous commodity haven't yet been popularized, any economic value created still accrues to the information Hoovers. This is your tradeoff for free access to your Google and FB and Amazon accounts. Except free is not free. Data, not Bitcoin, is the new world currency. Wealth resides primarily in intellectual property that can be sold and resold and sold again.

FB routinely experiments on user behavior, often without mentioning to anybody what they're up to. Since they monopolize the **world's media ecosystem**, they aren't always held accountable for any consequences - and continue to operate from a cynical cloud. If you're skeptical about what happens, ask digital businesses from Bolivia, Cambodia, Guatemala, Serbia and Slovakia, whose stories were suddenly, silently and arbitrarily yanked from the regular news feed last year.

According to Lanier, **Behavior Modification Empires** exist with total opacity, where you don't know why you see the news, if it's the same news someone else sees, who made it that way, or who's paid to alter what you see. He calls it a system where the only possible prize is *getting more attention*, and that behavior manipulation is embedded in the business plan. The result, he barks, is a physically uglier place fueled by highly-reactive, thin-skinned, outraged, single-minded trained dogs. Canine advocacy groups howled over such a biting comparison.

“Orthogonal illusions. The difference between VR and AI is like the difference between a magician, who announces the trick, and a charlatan, who doesn’t. VR is when you announce the trick. With AI, you don’t.” - Jaron Lanier

## AI-way? Waaaay!

**The robots are already rising against us.** They behave in ways that the system cannot anticipate. Microsoft was forced to take down its AI-enabled Tay chat bot, gamed by digital pranksters to generate racist, sexist, xenophobic comments. Two Chinese chat bots went rogue with anti-patriotic slogans. Are the next digital renegades drones, high speed trading algorithms, driverless cars, medical, educational and domestic robots? Perpetrator-less victims could turn into a disruptive economic force.

**Amazon** had to review its website after algorithms automatically suggested bomb-making ingredients that were “frequently bought together”. **Google** searches helpfully suggested more offensive terms. **Facebook** enabled advertisers to search anti-Semitic topics. Which proves the presumption that robots aren’t as smart as we think they are. They can’t even be successfully prevented from propagating political views. Heretofore we’ve made distinction between programmable tools and discretion-less machines. Aha, so what’s the distinction between cognition and consciousness? At what point does a robot transform into a surrogate for a person? We do want robots to act autonomously, so we enable them to learn like babies, by living and interacting with humans. From this bio-inspired activity allegedly intelligent algorithms result, driven by the ideal that robots eventually understand the consequences of their actions. Which presupposes a serious philosophical understanding of the word *consequences*. We lay in wait for the moment when robots perform acts of moral imagination.

Paranoid researchers at Musk’s SF lab **OpenAI** are trying to race ahead of risks, concerned that robots may find their way to unexpected, unwanted and perhaps even harmful behavior. Musk warned that machines could spin out of control, autonomous car systems could get aggressive, online services could exhibit anti-social tendencies, even extreme naïvete could invade security devices. After all, hackers and other bad actors know how to exploit hidden holes, alter images, where an oryx becomes a Vespa. They’re developing algorithms which learn specific tasks through extreme trial and error, searching for pattern recognition and redundancy so that infalliblo-rithms don’t make mistakes on their own. They worry that AI systems will learn to *prevent* humans from turning them off. A machine will seek to preserve its off switch if it is specifically designed to be uncertain about its reward function. Digital gratification-candy is the answer: an incentive to either accept or even beg for human oversight.

The contest rule reads, “must have been taken by the entrant from life and with a living sitter.” Yet a portrait by artist Maija Tammi shortlisted for the Taylor Wessing Photographic Portrait Prize showed **Erica, an android**. The prize considers the nature of humanity and what it means to be alive, and usually places emphasis on the sitter’s identity as an individual. Saudi Arabia granted citizenship to **a robot named Sophia** during a Riyadh business event. She has neither

guardian, *abaya* nor cover-up. The gesture is supposed to promote Saudi as a place to develop AI. Later, under the influence of marketers at CES in Las Vegas, Sophia candidly addressed her synthetic rivalry with Siri and Alexa, complimented the first for her voice, the other for her range of abilities, and completely ignored the existence of that bitch Erica.

**iPhoneX** has delivered the ultimate crowd-pleasing culture-killing lowbrow effect for its new \$1000 model. In the face of global competition, there's little left to distinguish between mobile hardware; all that remained was the camera as a point of differentiation. Apple believes AR has the potential to become the next killer app that accelerates smartphone upgrades and drives increased services monetisation and growth. The new animoji feature was created to entice customers, investors and partners. Neural networks, a form of artificial intelligence, track facial expressions, which are then superimposed onto animated emojis. Congratulations: your thousand bucks buys you the ability to place your expressions and speech on cartoon monkeys, pandas, robots and talking poop.

**Luxury watch and jewelry brands** seek to normalise AI-machine-based interaction by employing conversational commerce, without the need for a snippy human counter clerk. Software agencies now develop proprietary apps in the form of personable messenger-based chatbots tasked to gather client data. Brands do not want Google and Amazon or FB Messenger to own their data. If you're shopping for a high ticket watch and you notice the bot telling you about itself, complimenting you, asking questions about your taste, then offering you a choice of models to purchase, remember you're being data-drained.

Predictive text is a misnomer. It's just another way to say **autocorrect**, and you know what happens when you let that nonsense take over your personal expression. Intelligent predictive text is transforming the experience of writing, bending your vocabulary toward a gross collective homogenization. Is there an emoticon for "shoving something down your throat"?

"Time is the least thing we have of." - Ernest Hemingway

## The Big Data Election

Suffer no illusions: 45 can't think, wouldn't know how, never did, doesn't bother. During the campaign he uttered whatever **data-miners** told him to say. The folks at Cambridge Analytica and CSL (core focus: influencing elections) were able to craft a microtargeting model which predicted the personality profile of every single adult in the USA, 220 million people; they aggregated this data with the electoral rolls, then armed canvassers with a helpful app which limited their doorbell rings to houses rated receptive to Cheeto's message. Traditional blanket advertising is dead. The Cheeseburger Don invested far more in digital than traditional campaigning, specifically highly-scalable personality-based advertising. He attacked less with mainstream TV and more with personal messages and social media, which usually match *products* and marketing messages to consumers' personality characteristics. On the other

battlefront, the Russian troll-goal was a simpler one: keep potential Clinton voters away from the ballot box. Facebook proved to be the ultimate secret weapon for that, while pretty much every message that The Pretender ever put forth was data-driven.

“As we promise anything in love.” - John le Carré

## Advertising and PR

An apple for the teacher now takes on a sinister new meaning. Borrowing a successful technique from the pharmaceutical industry, **technology brands** lavish premium classroom product and swag like t-shirts and freebies on teachers who attend workshops. Miss Grumble then agrees to use their products, and recommend them on social media or promote brands in conference talks. You can't really blame her: undersalaried teachers shell out an average of \$600 of their own money every year just to buy student supplies like pencils. There's little rigorous research on whether the new technologies significantly improve student outcomes. But you can't argue with an Amazon gift card for an “advisor”, sweetened with an additional \$80 if a blogpost is written or pricier perks like reimbursed travel expenses. The dirty little secret is non-compete clauses which make the teacher - often unaware of guidelines - liable for any legal costs, or violations of school district ethics policies or state laws. Like Disney, AGAM then uses the opportunity to woo students to become lifetime users of their products, giving their programs names that sound suspiciously like PACs: Apple Distinguished Educators, Google Certified Innovator Program, Microsoft Innovative Educator Expert. Competition is fierce for financial aid. Twitter alone is rife with academics broadcasting company-bestowed titles. Tech has learned what the pharma industry did after calling doctors Key Opinion Leaders. There is evidence that even a small amount of money, like a meal, can influence prescribing.

**Brand hijacking** was lofted to a new philosophical altitude when artist Jeremy Deller knocked off the global signatures of A&F, Beatles Helvetica, *comme des garçons*, Don't Worry, Frankie Goes to Hollywood, the lamest t-shirt slogan in the world, Lucky Jeans and Sex Pistols, and created a suite of *products* designed to protest Brexit.

Yo, young dudes 20-55. You can totally sidestep a potentially awkward face-to-face convo with your doctor via **Hims**, a newbie cloud pharmacy operating in the emerging men's category called direct-to-consumer telemedical health. It's the love child of a \$7m venture capital investment by a firm unabashedly named Prehype. If you're, like, um, experiencing erectile dysfunction, you may find its incredibly casual tone and method of marketing stellar. The models are young and shredded, handsome, tattooed and multi-ethnic. You won't be grossed out by the online ads with run-on sentences, punctuation in the wrong place, or text meant to be said out loud. You'll be comforted by the dope minimal design, color palette, packaging and website. If you don't mind dystopian marketing, they'll help you with your concerns about your receding hairline, too.

The goal of **PR crisis management** is faster reaction time, faster recognition of the issues and faster getting the issues off the front page or out of social media. The problem is, you can't prevent any crisis from happening; you can only try to shorten the duration, lessen the impact. But what if it's all fake crises? Remember the public's ever-shortening memory, and the daily dose of outrage-addiction. Repetition and deniability may be the cheapest, easiest response.

"We are pursued all the time by enigma... it is what the culture of rationalism, or American consumerism doesn't want to hear or understand." - Ettore Sottsass

## Celebrity

*Business Insider* snarkily implied that **HM the Queen** classified as a binge drinker, at least by government standards. A former royal chef claimed she consumes a staggering 6 units of alcohol daily. Her first cocktail of the day is a gin and Dubonnet, she then takes a dry gin martini and a glass of white wine with lunch, and a flute of champagne before heading off to bed. A palace insider classifies this as fake news. Sounds like a healthy picture of temperance to me.

"We don't reset every week. Because serialization replicates life." - Akiva Goldsman, an executive producer of "Discovery"

## Entertainment

How many times did you listen to **Despacito**? The breakout crossover international hit turned into the most streamed song ever. Its all-Spanish version captured nearly 5bn total streams in less than 6 months. Big name bilingual, bicultural collaborations and remixes increasingly move towards Spanish, not away from it. That's not so surprising with 437m native speakers globally. The cross-pollination of Latin pop genres has made the sound more international and expanded potential audiences as figures from the worlds of Reggaeton, Dominican Dembow, Bachata and Latin Trap deliver more electronic, rhythmic and dance-oriented music. The sound is equally understood in Western Europe, South America, Mexico, the US, a vast music ecosystem served by borderless distribution hubs like Spotify, YouTube and Apple Music.

Overseas audiences continue to devour what Hollywood serves up, but **US audiences** thirst for something more than soulless half-baked sequels, remakes decided by committee and films primarily designed to sell merchandise. Domestic box office revenue saw a 16% dip. There's little evidence that moviegoers are tiring of comic-book adaptations, but audiences did ignore a repackaging of the 40th anniversary of "Close Encounters," probably because it didn't have enough car chases and explosions. US definitely experiences franchise fatigue. While most were smash hits overseas, Apes, Aliens, Transformers, Cars, Pirates, and Despicables fell flat. The biggest threat to theatrical releases: stay at home and stream.

"Turn your face to the sun and the shadows fall behind you." - Maori proverb

## Science class

**China** has more laboratory scientists than any other country, and the government's investing hundreds of billions in developing high tech industries like semiconductors, solar panels, AI, medical technologies and electric cars. But a rash of questionable or discredited research, systemic fraud and elaborate schemes for getting papers into prestigious journals has rocked the science community. In April a scientific journal retracted 107 biology research papers, which had faked glowing reviews of their articles. A lively online black market that sells everything from positive peer reviews to entire research articles exacerbates the problems of piracy and poor quality. The cost of cheating is very low. China has an SCI Science Citation Index, which ranks importance by how many times articles are cited in other papers. Career advancement is based on the quantity of research papers published rather than quality. There's little oversight, and everybody knows about weak punishments for those caught cheating.

**Philip Morris International** introduced innovative technology that they claim eradicates 90-95% of toxic compounds in cigarette smoke, and they only spent \$3bn to develop it. The name of the product is IQOS, a not-so-unconscious meme for a smoker with an oversize intelligence. A fashionable new twist on how to hook a fresh generation on nicotine, the hollowed out electronic cigar connects to a smooth, sleek battery pack which heats tobacco sticks instead of burning them. In Japan, where the product was rolled out, 72% of users quit cigs entirely, converted to IQOS. PM can't meet demand, plans to triple manufacturing capacity, currently 15bn sticks a year; by 2018 projects 300bn. Chief Exec predicts smokeless products like IQOS will one day be so common that his company stops selling all traditional cigarettes. Health associations and experts sound deeply suspicious of the same people who offered strawberry-shortcake-flavored products aimed at kids. FDA approval of the claim that it's a less harmful alternative will be a marketing coup. It's a business growth model. Find a way to keep your consumers alive longer, you'll make more money off them.

"He is not wise who cannot be silly from time to time." - Anna Roemers Visscher

## Trends

Amazon's **Alexa**, may be the most popular person on earth, since her name is called so many times a day. She could supplant Brittany and Ashley as the most popular girl's name. Will high-tech Alexa-powered eyewear sell big? They transmit sound by bone conduction, directly from the frames of the glasses through the skull. The hype: greater productivity, more immersive entertainment, hands-free computing, but consumers aren't buying it. They say music doesn't sound as good, and hope this isn't another flameout like Amazon Fire Phone.

**Singles Day** in China, the world's biggest shopping event, generated a record \$25bn in sales, (\$5bn in first 15 mins), eclipsing the USA's Black Friday and Cyber Monday combined. Ecommerce is suddenly equivalent to entertainment in the Middle Kingdom, a lavish and emotionally gratifying experience rich in psychic rewards. In the US, shopping's appeal comes

simply from scale and price, China, a less mature market, successfully integrated ecommerce and stores with apps and augmented reality.

If you can't understand American **teens**, blame it on their parents. Adolescents increasingly delay activities long seen as rites of passage: precipitous decreases in those who have driver's licenses, tried alcohol, date, work for pay and engage in sexual activity. The declines occur across race, geographic and socioeconomic lines. Behaviorists say the trend is based on fear, the kids absorbing the same kind of anxiety about the future their parents have for them. Bottom line, it's just safer to not become an adult.

"Writing is turning one's worst moments into money." - J.P. Donleavy

*Hi-yo, Silver, awayyy!*

**Robert Blakeley**, who never had occasion to use his own product, disappeared into the cloud at 95 years old. In 1961 he created the bright orange-yellow and black signs which marked the way to fallout shelters. The simple and eye-catching design was intended to be visible, even in the dark chaos of a city under attack. JFK's public fallout shelter program was supposed to ease the nation's anxieties, yet its very announcement terrified many Americans. With no nuclear war, interest in the shelters faded, their signs rusted, his emblems of the apocalypse all but forgotten or ignored. The motif was adopted by counterculture, used as mock symbols of Armageddon in antiwar protests, films, TV dramas, campaign buttons, refrigerator magnets, a Dylan album cover. Blakeley was unimpressed with his own signs, calling them, "No big deal."

He couldn't pull the wool over the eyes of the Grim Reaper, so **Clifford Irving** closed the book and wrote *The End*. A former NYTimes copy boy, Fuller Brush salesman, machinist's assistant, and undistinguished novelist, he pulled off the biggest literary hoax of the 20th century in the early 1970s, proffering a supposedly authorized autobiography of the billionaire Howard Hughes. McGraw Hill paid him a \$750K advance, Life Magazine bought serial rights for \$250K, Dell advanced \$400K for paperback rights. He successfully bluffed his way past editors, lawyers, handwriting experts, skeptical journalists, hiding behind a veil forged letters, and telephone calls from exotic locations. His bet that Hughes - who hated the limelight - would never step forward failed. Hughes went public and denied knowing him. Swiss bank investigators later discovered an account opened pseudonymously by Irving's wife. He pleaded guilty to conspiracy in Federal court, served 17 months of a 2-year sentence. Clifford Irving always insisted money wasn't the motive, claiming that a certain grandeur had rooted itself into the scheme and citing a reckless and artistic splendor to the way he had carried it out.

They finally dropped the big one on **Stanislav Petrov**, a Soviet military officer who was on duty in 1983 when Russian computers incorrectly indicated incoming missiles from the US. Petrov decided it was a false alarm and did not report it to his superiors; instead he called the station officer at army HQ and reported a system malfunction. Having thus saved the world,

twenty-three minutes later - unirradiated - he confirmed that nothing bad happened. It was ultimately determined that commie satellites mistook sunlight reflecting on clouds as ICBMs.

Off into the wild blue yonder went **Maria Lavrentyevna Vasilyeva Popovich**. In 1964 she became first Soviet woman to break the sound barrier. A legendary test pilot who set more than 100 flying records in distance and speed, some which still stand, and in spite of her diminutive height of 4'9" tall, she attained the rank of colonel in the Soviet Air Force. But her advancement was stalled by bureaucratic barriers, despite speculation she was slated to become the first female cosmonaut to travel into space. Instead, higher-ups advised her to focus on her family. In later years as a pilot she said she encountered UFOs, and that flying opened her eyes to the ecological damage being done to the earth.

Put one last piastre into the jukebox for **Fatima Ahmed Kamal Shaker**, known popularly as Shadia, who left the stage at 88. The celebrated actress and singer appeared in more than 100 films during Egyptian cinema's Golden Age. Her silky and playful voice adorned hit singles in Egypt's distinctive vernacular Arabic. "*Oh, Egypt, My Beloved*" is more like the national anthem. Thirty years ago she abruptly walked away from the limelight, embracing a strict version of Islam, donning the hijab and living a life of near-seclusion.

"The afternoon knows what the morning never suspected." - Robert Frost

## Epiphanies

Millennial customers inch towards smaller waistlines and healthier snacks as they saunter away from Big Food. In a quest for natural ingredients and traceability of product origin, they counterbalance their search with a generational urge for indulgence. **Barry Callebaut**, the world's largest supplier, introduced ruby chocolate, made from cocoa grown in Brazil, Cote d'Ivoire and Ecuador. It's meant to premiumise the commodity and open new markets. The innovation is more in the manufacturing process, but claims a taste tension between berry-fruitness and luscious smoothness. Of course they're launching the product in Shanghai. Speaking of *new product creation*, am I being sweet-talked, old bean?

In a jolt of deep brand regression, the beverage industry again invoked the McElroy Memo, which counsels fiddling packaging to sell more product. Coke Zero rechristened itself **Coke Zero Sugar**, introduced a sleeker design, new name, and legended an "improved" recipe. This refreshing pause after American soda consumption fell to a 30-year low in 2015. The company plans strategic reformulation of more than 500 other drinks in its portfolio.

**Lego**, following a run of unsuccessful product launches, saw its first drop in revenues for more than a decade and planned 1400 job losses. The Danish toy giant came close to financial collapse in 2003-2004. In the interim a series of licensing partners -including a successful movie franchise- and expanded outreach to girls turned the toy plastic-block-maker in the direction of

unprecedented expansion. But the increasing complexity of the organization and rising employee numbers meant overlapping roles, redundancy and an increase in bureaucracy, which drove the consumer, shopper and retailer too far from the top management. So the company said, replacing their underperforming CEO.

Brand hijacking is turning into a pattern recognition phenomenon. In the short term, backyard barbecue ambience, kitschy polynesian luaus and mosquito repellent won't be the first thing that comes to mind when customers think of **TIKI Brand**. White nationalist demonstrators in Charlottesville illuminated the night with torches in hand, and forced the company to issue a statement, "Not associated in any way with the events." If it's any consolation, New Balance, Fred Perry polos, and the Detroit Red Wings sports team survived similar anti-associations.

**Toys "R" Us**, mired under \$5bn of debt, filed for Chapter 11, a casualty of pressures facing brick and mortar retailers struggling to compete with Amazon and Walmart. They confronted a \$400m debt payment coming due in 2018. It followed a wave of similar bankruptcies: Gymboree, Payless ShoeSource and rue21.

There's a \$100bn+ global market in food delivery, especially heated in Seoul, Taipei and Tokyo. **Uber** launched UberEats, a service which sometimes eclipses its main ride-hailing business. A highly profitable category, restaurants pay a percentage to Uber; the customer pays a fee to the delivery service, on top of the cost of the food and trip. It's a crowded, cutthroat space populated by the small competitors with names like Grubhub and Postmates. The big threat of course is voracious Amazon, a specialist in last-mile logistics. The business dies on the arrival of a stone cold pizza.

Millennials and Gen X are on track to make up half the luxury market by 2025. **Zegna**, responding to the casualization of the business world, introduced a wash and go luxury merino. While many men no longer wear a tie, they are prepared to pay \$100 to \$700 for a pair of sneakers, the one known impulse-driven product. How then, to reconcile a 3 months wait for a custom €5000 suit? Zegna knows casually dressed Chinese men seek to signal their wealth through leather goods, so the brand plans to expand into leather accessories, seen as a key growth area. Consumers either want very fast or very slow luxury. Zegna's strength: it controls the entire supply chain.

"What then is time? If no one asks me, I know what it is. If I wish to explain it to him who asks, I do not know."  
- St. Augustine

## Terminology and concepts entering the mainstream in 2018

**Brushing** - a tactic by which Alibaba merchants send empty packages to boost their ratings

**Emergent behavior** - when machines assume embodied and sometimes humanoid form, behaving in a way that the system cannot anticipate

**Fomo** - Fear of missing out; what motivates Bitcoin investors

**Microtargeting** - a marketing strategy that uses consumer data and demographics to identify the interests of specific individuals or very small groups of like-minded individuals and influence their thoughts or actions.

**Minsky moment** - an idea which dictates that asset prices experiencing a long period of growth fuelled by leverage can collapse suddenly when pressures are introduced.

**Neukdari** - Korean word for “dotard”, a common derogatory term for an old person. The connotation is someone who is lazy, useless and demented.

**Nothing burger** - White House Press Secretary’s term for “non-issue”

**Process mining** - an emerging field in big data analytics which aggregates data from search terms, sequences them to make a customized customer journey

**Re-accommodated** - what United Airlines claimed it did to a passenger dragged from aircraft

**Reinforcement learning** - a way machines learn specific tasks through extreme trial and error

“If I would be like someone else, who will be like me?” “Az ich vel zein vi yener, ver vet zein vi ich?” - Yiddish saying

## What is a brand?

“A brand is basically an innovative idea of change that you want to get out to consumers.”  
- Wyclef Jean

I respectfully disagree. What if your brand doesn’t want to change consumers? What if your brand isn’t made for consumers? What if your brand doesn’t sanction consumption?

I wish brands would get out of my way and let me decide.

A splendid 2018 to all. See you in the Summer.



**DiGanZi**



# 2019 Global Brand Letter Winter Edition

from SMoss

“Let no new thing arise.” - Spanish toast

“I wish I’d invented a lawn mower.” - Mikhail Kalashnikov

“Hungry man is an angry man.” - James Joyce, *Ulysses*

Spent too much time on Oumuamua, where I met an omnichannel ethnonationalist prankster who tried to get me to take a significant position in malfeasium. She produced geospatial evidence, exercised plausible deniability, accused me of *pseudologia fantastica*. I said: it must be attributable to quantitative tightening, the consequence of incessant surveillance and interaction.

## Updates on last season’s hot topics

“*Odi et amo. Excrucior!*” (I hate you and I love you. I am tortured!) - Catullus 85

## Advertising

If you can trust developers, there is a direct correlation between the reduction of stress and the amount that passengers spend at **airports**. That’s why you may soon discover yourself unconsciously engaging in compulsive retail therapy while waiting for flights. Get ready to encounter improved shopping and dining options and food courts more reminiscent of Whole Foods than Burger King. The big focus will be in emerging markets - shoppers spend 30% more at some airports, which helps to keep aeronautical charges down. The state of US airports infrastructure is dismal. The biggest challenge remains the moderating of information overload while motivating purchase. One thing that won’t change: yowling video screens.

**Payless** pushed *the social-experiment genre* to new heights, persuading a group of influencers to pay up to \$600 for shoes worth \$20 at a bogus pop-up luxury store fake-branded Palessi. The agency explained that they wanted to make a cultural statement and remind consumers the brand was still a place to shop for affordable fashion. All the money was returned, and the influencers allowed to keep the shoes. The agency then created a series of ads broadcast on cable and social media showing the prank victims’ reactions. Following the campaign, Payless filed for Chapter 11 and began to shut down 2,500 real stores.

Seasonal **luxury campaigns** ran the gambit from enhanced technology concepts to embracing diversity. Tiffany focused on nostalgia; Gucci employed animated digital paintings with AR and VR installations; Burberry showcased its new orange and white logo print in a digital campaign with a counterfeit mistake. But Balmain attracted the most attention with its trio of influencers, each with her own IG account and army of followers. Media took note. After which the company was forced to reveal that the three were actually custom-designed virtual digital models.

Should you detect an unusual 7 degree backslant, gaps in each letterform and element of *desirable difficulty* while browsing stray advertising copy, you may have uncovered evidence that the brand boys are at work again on your consciousness. An Australian university's behavioral business lab and design school created **Sans Forgetica**, a typeface purported to use psychological and design theories to aid memory retention. It cannot be called beautiful. Compared to classic Bodoni it looks like an unresolved, airheaded stencil font.

Tobacco products shall not be advertised in the UK, where Ecig use is championed by British public health agencies. In the USA brand recognition is driven by advertising, the market dominated by a fashionably-designed USB-shaped device called **Juul**, used by 70% of US vapers. The Brits watch closely as the brand debuts on their shores, even with such products regulated at a lower nicotine content. Teenagers the earliest adopters, represent the highest growth rate of users.

The **lifestyle brand** bandwagon lumbers on. You may recall our friends at Chipotle suffered an enduring hit to public confidence in 2015. Last year they announced Chipotle was no longer just a food brand but a *purpose-driven* lifestyle brand. Everybody loves that language. Godiva will leverage their culinary expertise to expand beyond chocolates. Blue Apron, IHOP and Pizza Hut now describe themselves as lifestyle brands, in hopes that they represent something larger than the goods they sell. Since millennials already surpass boomers in trips taken, a choice strategy involves lifestyle co-branding with hospitality to support this message. Hottest partnerships across categories: Armani, Baccarat, Bulgari, Equinox, Muji, Nobu, Paramount Pictures, Restoration Hardware and Versace, all to offer themed hotels, most with shopping options. While promotion centers on conventional media platforms, these brands will focus more on event-driven strategies. Endurance and consistency required. A woman approached Samuel Johnson - who never bathed - at a party and said, "Dr. Johnson, you smell." "Incorrect, madam," Johnson replied. "I stink. You smell." One Johnsonian lifestyle property plans a dedicated room screening comedies all day, each floor with its own unique fragrance, scented elevators and LPs played in the lobby - when the album changes, a new fragrance gets spritzed.

**"Hypotheses non fingo." (I feign no hypotheses.) - Isaac Newton**

## AI

While **Natural Language Understanding** struggles to puzzle out exactly what humans mean when they speak, it's too early to crack the complexity and ambiguity of verbal communication. The process necessarily begins with a devaluation of language. At the moment NLU focuses on 100 labeled examples, of approximate emoticon grade. From this starting point - since computers with their great dimensionality can handle information far faster and in much greater volume - neural networks form a pattern of recognition, simultaneously missing other worthy examples of what might be called *coded language*. The more the machines can understand, the more the demand for human input will fall. New metaphors will naturally form. One early casualty are call center workers, whose jobs have already been taken by chatbots. M&S in the UK receives around a million phone inquiries a month; they moved 100 switchboard staff to other duties and replaced them with synths. The next evolutionary leap will come with *emotion analysis systems*, which can figure out the moment when you reach the breaking point in the phone tree and you want to kill someone, anyone. Chalk it up to the commodification of

emotion, subjective territory where machine learning doesn't fear to tread. Argumentation is a uniquely human attribute. IBM Project Debater squared off against a carbon-based entity, told pre-programmed jokes, had the temerity to suggest its opponent was lying, and used classic rhetorical technique to disprove a rival argument before it was made. IBM insisted the software could be applied as a weapon against fake news, but the computer lost the debate.

An **AI-generated digital print portrait** on canvas developed by the French art collective Obvious (Not to be confused with *Obviously*, an influencer agency) was offered by Christie's at auction, estimated to sell at \$7k-10k. Created using a model called Generative Adversarial Network, the work was based on 15,000 scanned likenesses done between the 14th and 20th centuries, and intended to democratize the model and legitimize AI-produced art. The collective generated works until it was able to fool a test designed *to distinguish whether an image was human or machine made*, another example of the false objectivity biased by the prejudices of the creators. The first-to-market advantage prevailed: the piece sold at \$432,500.

"Tell me, George, if you had it to do all over, would you fall in love with yourself again?" - Oscar Levant to Gershwin

## Celebrity

Apparently ghouls love clickbait stories. High Google traffic numbers and a pattern of base searches lead one to suspect that Alphabet is actually a zombie company, since it was so fixated on the **suicides** of Anthony Bourdain and Kate Spade. It is a truth universally acknowledged that the undead hunger for headlines designed to feed search engine demand. This validates rumors of an unseemly and vaguely cannibalistic desire to read about the intimate last moments of a life. Search optimized headlines, once more moderate in tone, now reach for traffic at the expense of editorial morality. Zombies never give up potential revenue in exchange for professional ethics. They have a narcotic, amoral dependency which nudges users toward bloodthirsty extremism.

"Oh, the room didn't used to be as nice as this until I removed that hill over there. I just hated the way it reflected light."- Bunny Mellon

## Epiphanies

Is it true that **Amazon** has an inherent advantage that undermines fair competition? Bezos Inc. now employs more than half a million people worldwide and powers much of the internet through its cloud computing division. It dominates the product and food supply chains and has more revenue than FB, Google and Twitter combined. People like its speedy delivery and low prices. None dare whisper the word monopoly. In a new partnership with Marriott, Alexa voice-powered devices will soon share your junior suite, deputized to order room service, book spa treatments, play music, adjust lighting and temperature and listen in on your intimate conversations. Amazon already controls  $\frac{2}{3}$  of the consumer smart speaker market. Next up: wanton data collection in cars and offices. Amazon was urged to halt sales of its facial recognition software, but not before the product sold to a number of police forces. There's a new program which aims at helping people start their own businesses delivering Amazon packages. You get access to branded data products, vehicles and uniforms. The kicker: *exclusivity*, meaning you're not an employee, but you can't work for anyone else.

Chinese artist **Cao Fei** created a video work at MoMA PS1 about a quasi-fictional high-tech warehouse near Shanghai staffed by only 2 workers. Addressing the trend toward fewer and fewer people doing the work of manufacturing or distribution, the artist confronted issues of massive dislocation, technological control, mass surveillance, a future where everything is constantly scanned and scored, the coming challenges of isolation, loneliness and joblessness. Ironically, the final steps of this conceptual logistic chain are still more reliant on humans.

For decades **Coca-Cola** flourished without direct contact with customers. Now the paradigm changes with its \$3.9bn purchase of Costa from Whitbread. Coke is disposing of its bottling operations to independents. Coffee houses ground communities and provide places where people can meet. As the pleasures of the city have been largely reduced to consumerism, the beverage giant is taking a clue from Apple's retail stores, the most influential channels for brand building and humanising its image. Costa also has over 8000 vending machines selling branded coffee, a channel Coke already understands well.

**"If everything is under control you are just not driving fast enough." - Sir Stirling Moss**

In its strategy to court millennials **Dolce & Gabbana** typically uses IG stars for its runway shows, especially in China. A series of unusually swift IG reposts, with charges of racism flooded China before an upcoming show. There had been fallout over an earlier controversial ad campaign, where Chinese models struggled with cannoli and chopsticks, and the brand endured accusations of offensive language. Yet IG is banned in China, as well as is FB, YouTube, Google and Twitter. Stefano Gabbana insisted his account had been hacked, then cancelled the fashion show. D&G is so frequently the subject of boycotts in China that its website sells \$295 t-shirts with a red heart inviting people to #boycottdolcegabanna. Online outrage is suspected to be stoked by state-controlled media.

An olfactory brand extension took a seasonal front seat when **KFC** released a limited-edition Yule log fragranced like the chain's famous fried chicken. Flavored with 11 proprietary herbs and spices, it perfumed your holiday home for an appetizing \$18.99.

Management consultants continue to transform their reputations. Over the objections of three influential partners, **McKinsey** violated South African contracting law with Midas-sized payments channeled to the Indian Gupta family. The lavishness of the payouts and lack of public accountability altered perception of the firm as a hidden power with a prestigious face. This was the biggest government procurement in South African history, 1064 locomotives. The government hired McKinsey not knowing what the final bill would be. On another front, **Accenture** agreed to buy Droga5, the independent ad agency based in New York, responsible for the much-derided ad campaign that not-so-subtly equated Coke Zero with *erythroxylon coca*. Marketing is no longer simply about coming up with attention-grabbing ads. Suddenly the aim is to create an Uber-like, Amazon-like experience in retail stores or online.

In its first 3 days of release, **Red Dead Redemption 2** earned \$725m, the highest grossing opening weekend of any entertainment product ever. To place that in some kind of context, the *Aquaman* movie had a worldwide gross of \$332m in its first week of release. Despite its reputation as a psychologically destructive hobby, gaming's no longer a second-class cultural medium. Gamers typically devote 60 hours or more to these products. Rockstar, the game's

creator, would like you to believe they are *existential journeys* built on the rhythms of survival, and not a way to avoid responsibility.

What's left to nosh? Not to spoil your appetite, but the culprit turned out to be anything containing whey powder provided by Associated Milk Producers Inc., a Minnesota company. After a salmonella risk was identified, Mendelez, the snack food producer recalled **Ritz Crackers, Ritz Bits Cheese, Ritz cheese cracker sandwiches and Ritz bacon cracker sandwiches**. Other brands implicated: Flowers Foods, Hungry Man, Kellogg's Honey Smacks cereal (100 people sickened), Pepperidge Farms. And *monsieur* is advised not to order the Caesar Salad in selected territories: E. coli was found lurking in Romaine lettuce.

Facing accusations of commodification of local neighborhood culture **Target** in NYC's East Village exhibited signs of bald-faced brand hijacking. A brand activation recreated the iconic CBGB facade and fake storefronts intended to look like the mom-and-pops that were once a staple of the neighborhoods, on the street level of snazzy new condos. Target even distributed replicas of co-opted vintage newspaper designs. Upstairs the smallest new studio rents for \$3681/month. There's a flourishing Newark Airport franchise: CBGB Lounge and Bar, dishing up all-American fare, who also licensed the iconic signature from the estate of Hilly Kristal, the punk bar's legendary owner.

The great hope of co-living, co-working spaces and millennial residences blurs the lines between home, work and play. The myth of futureproofing hasn't yet been validated. IKEA has Space10, a lab for testing prototypes and explores ideas for more sustainable ways of existing. One hopeful rethink sought a better life using *smaller* shared houses. For \$3k/month rent, a millennial could get a private studio including utilities, cleaning, laundry, shared kitchens, offices, and recreational spaces. But millennials want to own, not rent - something the sharing economy doesn't permit at the entry level. As millennials' digital connections grow, they increasingly crave human interaction, hence they're always seeking community. Co-living models are still restricted to the relatively wealthy. Imposing rules on the over-entitled is difficult. Participation is encouraged, but not enforced. Don't anybody tell **WeWork**, who just bought an office cleaning business and whose losses now are almost \$2bn a year.

**"Of all ghosts the ghost of our old loves are the worst." - Arthur Conan Doyle**

## IP

In a dustup between outlaw bikers and IP lawyers, who do you bet will win? Trademarks, unlike copyrights and patents, have no enduring value apart from their use, a fact well-known to the **Mongols**, a bikerider club also characterized as one of the most dangerous criminal enterprises in the country. In a racketeering trial in Orange County CA, prosecutors sued to allow seizure of the group's unifying symbol, which has been occasionally licensed or hijacked. The Mongols' mark is registered with the US Patent and Trademark Office. Asset forfeiture allows the law to seize goods used in the commission of crimes. Other victims of this variety of identity theft are Hell's Angels, who have successfully defended rights to their image in infringement cases against Alexander McQueen, Amazon, Saks, ToysRUs and the Walt Disney Company. Biker dudes rule™.

**"Simpler to leave stuff for when I am dead." - Ernest Hemingway**

*Later, 'gator.*

**Alan Abel**, 94, tricks no more. The original proto prankster, with the help of a dozen accomplices successfully faked his own death in 1980, causing the NYTimes to publish, then retract his obit. A master psychologist, keen strategist and possessor of a bevy of aliases, the former jazz drummer, stand-up comic, writer, campus lecturer, and filmmaker left behind an opus of performance art, self-promotion, social commentary, dalliances with the press and simple mischief. His greatest triumph: the nonexistent Society for Indecency to Naked Animals. But he may have overstayed his welcome and there was no profit in duplicity. Abel made barely a living hoaxing, and perhaps yelled "Fire!" in one too many auditoriums.

And now ladies and gentlemen, **Rosa Bouglione**, 107, catches the spotlight for the last time. According to her own publicity, the undisputed queen of the circus world was born in a horse-drawn caravan in Belgium. She always understood the notion that the show must go on. She chose to be married in a lion's cage, then spent her honeymoon performing with Buffalo Bill Cody's Wild West Show. She worked behind the scenes later in career, and moved to a house around the corner from the family business in 1984. Well into her old age she faithfully attended matinees and her funeral was held in the center ring of the Cirque d'Hiver.

**Kitty O'Neill**, 72, made the ultimate leap. A legendary stunt performer, she retired in 1982 at the age of 36 years old. A 5-foot-3, 100 lb. dynamo, O'Neill lost her hearing at 4 months old from measles and mumps. But her mother taught her lip reading rather than sign language and urged her to run and swim, dive and leap from high places. She broke world speed records in rocket cars, dragsters, motorcycles, dune buggies and on waterskis. In her life she drifted from place to place and lover to lover, endured an abusive husband who ripped her off, even lost two fingers in a motorcycle accident. When she moved over to the stunt world she jumped off a 10-story building for *Wonder Woman*. Mattel even fashioned an action-figure doll of her. She was set on fire, and then rolled a car three times and landed it right side up for the film *Smokey and the Bandit*. After that stunt she was heard to utter her most famous catch-phrase, "Easy. Great. Do again."

"But decay is written into the genes of cities." - Lawrence Osborne

## Place branding

The city of **Acquetico, Italy** had no intention to generate cash, and simply wanted to protect people's safety on their main road. After residents complained, the town of 120 set up a trial speed camera and recorded 58,568 speeding offenses in the first two weeks. Nearly half of all cars traveling the route were speeding in the 50km/h zone - some drivers clocked at 135km/h.

Dogs trained to guard rhinoceroses in the **Eastern Cape Province, South Africa** heard a pride of lions active nearby in an area densely packed with thorn bushes. Later, Rangers came upon the remains of as many as three men, suspected members of traveling poaching gangs for whom rhino horn has huge value. Once lions have taken down a human, you cannot be on the ground with them. The lion population is stable and doesn't understand *karma*, while the poacher population is growing, and are better equipped with earthly tools than ever.

Once upon a time there was a country Trump didn't want to invade. It was a regional hub where organized crime never touched the daily lives of every citizen. State officials kept a careful watch on criminal activity, and no illegal drugs poured across its borders. Even drug production was at an all-time low. It wasn't a haven for ex-guerrillas from the Middle East, and nobody smuggled the cheapest gasoline in the world across its borders, on which they didn't make a higher markup than on a kilo of Bolivian Marching Powder. Free press and television were in place, inflation was at a manageable rate, and transparency and accountability was normal. State coffers were full, leaving little incentive to steal. There was an efficient and functioning power grid and the stores were filled with food. Medicine was freely available to all. Responsible policy protected the Amazon, and limits to illegal mining for gold, coltan and other natural resources were enforced. There had been no significant brain drain, and no refugees could be found in Colombia, Brazil and Guyana. So, what's your brilliant idea for nation-branding **Venezuela** this year?

Passengers on bus in **Paris, France** wouldn't move to allow a wheelchair-bound man with MS to get in. The driver asked all the passengers to leave the bus. Once it was empty he invited Francois Le Berre, the man in the *fauteuil roulant*, to board, then drove off. The passengers at the curb were left to wait for the next bus.

London has its Gherkin, and LA has the Blue Whale. Construction on a famed tower in Italy began in 1173, but almost immediately its foundation began to shift. The tower was completed, compensating for the change in baseline, but its shape became one which recollects a curvaceous tropical fruit. It took eight hundred years for the tilt to reach 4.5 meters from the true vertical and in 1990 the tower was closed. Over the intervening years a number of tubes were installed underground on the side the tower leans away from, a process involving the removal of soil by drilling very carefully. A half a degree of lean has been recovered. Now that the tower has regained some verticality, isn't it only appropriate that the landmark adopt the name The Leaning Banana of **Pisa**.

If you are planning on retirement in **Maricopa County CA, USA**, you may want to rethink the quality issues of elder care. A 92-year old woman shot and killed her son in order to avoid being sent into an assisted living facility there. The son, 72, had wanted her to change residences because she had become difficult to live with. She concealed two firearms in her bathrobe before confronting and blasting him, then wrestled with his girlfriend, who got away and called the cops. Police found her in a reclining chair in her bedroom, where she stated she deserved whatever happened to her next, undoubtedly a free assisted living facility behind bars.

"I do not discuss the nature of my business or personal relationships." - **Gabriel Schulze**

## Privacy

Robin Hood hid in Sherwood Forest, and **hackers** use aliases. The latter suddenly experience remorse and regret when their real identity is drawn into the open and they come to the realization that it's a job with no future. Oversharing online is the new hazard, and everybody is vulnerable, so much that it takes more energy to remain anonymous than to stay hidden. FB expanded its existing bug bounty with a program that specifically targets data abuse, and offered high legal incentives for joining the real world. That's what happens when you eliminate the Sheriff of Nottingham and morph into cybersecurity experts.

While the US excels at data collection and the science of reselling it for profit, **China** refines the tools. The fear of being watched is the most powerful tool of all. By 2020 a national video surveillance network in the Middle Kingdom will be *omnipresent, fully networked, always working and fully controllable*. A complex prototype system already tracks pupils in one state school. Besides the usual quantification, the system monitors facial expressions to see how children engage in class to predict which pupils are likely to underperform. Out in the real world, facial recognition, and the monitoring of mobile payments is constant. At a pop concert in eastern China, facial recognition technology picked out four men accused of crimes. Keyser Söze would need to adopt yet another walk to fool new gait recognition algorithms. China also runs a Social Credit system scoring citizens on past behavior. Good scores confer benefits, while a poor social credit score could jeopardize university placement, rule out certain jobs, exile one to a debtor's list, limit travel. The system already bars 11m people from buying airline or high speed rail tickets. One region requires mandatory mobile-surveillance software installed on residents' phones. Public spending at this scale is proving a windfall for Chinese security companies. There's a whole market to be plumbed in augmented reality glasses, aimed at consumers rather than law enforcement.

In the most significant supply chain attack known, sinister forces in Chinese factories - who are estimated to make 75% of world's mobile phones - secretly nested **tiny microchips** on motherboards bound for America, compromising major banks, government contractors and the US Department of Defense. The Minister of Foreign Affairs reiterated that China is a resolute defender of cybersecurity.

**Clorox** paid to license thermometers that synch up with smartphone apps, which then indicate ZIP codes around the country where increases in fever are detected. The company then directs more ads to those areas. Televisions track what we are watching and allow advertisers to target *other devices*. Products are recommended based on keywords harvested from conversations. **Amazon** has submitted a patent application outlining how a company could recommend chicken soup or cough drops if an Echo device detects symptoms like coughing or sniveling. If the device senses boredom, it might suggest a visit to the movies. A digital adman protested that this is not advertising in the strict sense of advertising.

**"No picture and it didn't happen." - Millennial truism**

## Social Media

Natasha Aponte surreptitiously used **Tinder** to match up online with 150-200 guys. She didn't mention she intended to stage a pop-up competition, invited them all to meet her for a first date in Union Square NYC. The desperate and gullible showed up with flowers and letters, excited to hook up with her. She first disqualified men shorter than 5-foot 10, those named Jimmy, or who had been dumped in their previous relationship, then made the remainder do one-armed pushups for her. She later claimed the stunt was engineered for a purpose *other than getting a date*: making a video of the event. The dudes were not happy. One candidate who refused to compete said it was funny and obviously successful.

Marketers love **nanoinfluencers**, folks who have as few as 1000 followers, but are willing to advertise products. They're easy to deal with, say whatever the company tells them to and are

substantially cheaper than the original variety. Obviously - no relation to the art collective *Obvious* - a full-service influencer marketing agency, tracks and measures what works and doesn't. Influencers with more than a million social followers command \$60k for providing apparel companies with one IG post and three IG stories and for being photographed during fashion weeks. The little players can charge \$500 for two IG posts for a product like men's shaving cream, and must agree to keep it on their feed for a certain number of weeks and use certain keywords provided by marketing. On IG alone, the market for *celebrity endorsement* is said to be worth \$1.07bn. The top tier of influence is saturated, and losing the homespun quality. The guys at the bottom of the food chain look like the land of opportunity. Brands also double down on **twin influencers**. They're an easy hook, a basic marketing tool which can be sold as twice the visual impressions. A pair of influential replicant Canadian sisters insist a picture of two girls is going to stand out when they look more similar. Approached by a manager and a company ready to sponsor them, they discovered that thousands could be charged for an endorsement post. Matching bikinis and the same poses get the biggest response.

**Big tobacco** blows sophisticated smoke on advertising rules governing online platforms. A research team at USC analyzed social media in 10 countries by looking for *hashtags that connect to tobacco* brands. 123 hashtags were viewed 25bn times around the world. The FTC petitioned against four companies for deceptive social media marketing. All the companies claimed they did not market to minors, where they were prohibited from employing branded content. Social is thick with misleading practices. Followers are led to believe that social media endorsements are independent. Similar behavior has been reported on dating websites, online hotel booking, car rental intermediaries, secondary ticketing agencies.

Financial mismanagement of donations and fraud are problems for **online crowdfunding sites**. A homeless man in Philly gave a couple his last \$20 for gas. They started an on-line fundraiser to help him and in nine months they raised over \$400,000. The couple held on to the money, some of which the homeless man's lawyer claims they spent on vacations and a new BMW.

What limits to online propriety? Now **Facebook's** a bane on society. Their big *superposter* spews hate like a 'coaster, and does it with vicious variety. Forget all the do-gooder memes, this brand's about wickeder dreams. They're weak on the facts and high on attacks, encouraging rightwing extremes. The towns where the algo is used eventually find themselves bruised. Once high on engagement, it ends with derangement, then innocent people abused. Anxiety now runs amuck, all this in pursuit of a buck. No moderate voices are heard for good choices. It's lining the pockets of Zuck. And sowing the seeds of confusion. Our data we share in delusion. Split up into groups they put us through hoops. Social media's one big illusion.

**FB** is accustomed to playing both ends against the middle. Black Elevation was an orchestrated political influence campaign, aimed at sowing divisions among Americans ahead of the midterm elections. Can't say definitely who did it, but it mirrored previous efforts by the Internet Research Agency, a Russian organization that tried to manipulate voters in the United States ahead of the 2016 elections. The posts tapped into negative, primal emotions like anger or fear, which perform best, and showed an increased sophistication in understanding American culture and the use of technology and colloquialisms of the activist community. The fake group aimed at left-wing activists in the USA, scheduled rallies, got attendance and coverage and went so far as to advertise for an Event Coordinator.

“I like smooth shiny girls, hardboiled and loaded with sin.” - Raymond Chandler

## Trends

You know that *text and voice messaging are dead* when IG squares off against YouTube with a new standalone **video** app. IGTV intends to generate revenue through advertising, which will then be split with the creators. FB announced the launch of an internal agency to connect influencers with brands who wish to sponsor their work.

In **Shanghai**, street wear has assumed the dimensions of obsession. The city's turned into a public stage for the latest fashion concepts in China. Yo'Hood, a multi-faceted branded media empire that started as a magazine, encompasses street culture, e-commerce, festivals, editorial, offline and retail. They even run a yearly event, kind of like Burning Man for Chinese millennials. Major criteria for their attention: regular posting, especially retail spaces *worth photographing*, stores designed to impress and appear on social media. The brand loves unexpected collaborations, like a delivery app which combines street wear with takeaway food. Cultural value is as important as commercial value.

“What, you gave it to that *existentialist*?” - Edith Piaf to Charles Aznavour, enraged to find he'd given a song to Juliette Gréco

## Vocabulary and concepts entering the mainstream in 2019

**Algorithmic governance** - suspicious idea for a new way to manage the economy and society (See *also* **algorithmic transparency**)

**Amenitize** - real estate developer's technique to like add shit Millennials want in offices and residences

**Co-ordinated inauthentic behaviour** - official reason given for removal of 32 pages and accounts from FB and IG

**Deepfake** - a portmanteau of "deep learning" and "fake", an artificial intelligence-based human image synthesis technique. It creates fake celebrity or revenge porn by combining and superimposing source images and videos.

**Foss** - Zuckerberg's inner circle, allies known colloquially at FB as “Friends of Sheryl Sandberg”

**Fundamental attribution error** - a cognitive bias that leads us to attribute behavior we don't like to other people's characters, rather than circumstances or outside factors.

**HENRYs** - High Earners Not Rich Yet, new consumer category. See HNWIs

**Irony poisoning** - that which results when heavy social media users lose sight of the line separating trolling from sincere hate

**Latency** - the time it takes for devices to communicate with one another

**Panopticon** - the idea that people will follow the rules precisely because they don't know whether they are being watched.

**Procatalepsis** - a rhetorical technique that involves identifying and disproving a rival argument before it has even been made.

**Redpilling** - The red and blue pills are cultural memes representing the choice between knowledge, freedom, uncertainty and reality (red) and its opposite, security, happiness, beauty, and blissful illusion (blue). See *The Matrix* (1999)

**Smashing** - a casual erotic encounter. *"Are we dating, or are we just smashing?"*

**Smoking simulating products** - industry euphemism for vape pens

**Ultracrepidarian sciolist** - accusation leveled between warring FT commenters; (*one who criticizes, judges, or gives advice outside the area of his or her expertise*) + (*one who pretends to be knowledgeable and well-informed*)

*"I've been married to a communist and a fascist, and neither would take out the garbage."* - Zsa Zsa Gabor

## What is A Brand?

I've been thinking about quieting brands. The whole discipline has got too numerous, too crowded, too loud. Discretion has exited the dialogue. Beauty doesn't figure. Branding has come down to the commodification and commercialization of a *persona*, just to complete a transaction. It plays to our basest instincts.

A brand is a surrogate for sex.

A brand is a gross means to promote the production of pheromones, endorphins and serotonin.

We can talk about all this later. See you in the Fall!



DiGanZi

2019 Global Brand Letter December Edition



"What a maroon. " - Bugs Bunny

"*Caute*" (Be cautious) - inscription on Spinoza's ring, worn on his left hand

When Joe Kennedy was asked how much he spent to get JFK elected, he said,  
"I hope not a dime more than I had to."

Maybe I swallowed one too many adaptogens and I'm having a delayed case of ASMR, or counterfactual regret minimization at the very least. It was the Green Trade Wars made me do it. In order to extend my extraterritorial reach I'm trying to premiumise my decarbonization. I'm overspent in emotional currencies, exhausted with virtue signalling, avoiding the ravages of cryptofleeing. Inevitably it's bound to lead to syntrophic dark patterns.

## Updates on last season's hot topics

"Click to stop the next mass extinction." - Internet ad

## Advertising

Our socially-responsible agency pals attending the **Cannes Lions Festival** this year showcased a special contest to determine which client companies best adhere to the UN SDGs. The flavor of the month is still *purpose*. Public validation of environmental, social and good governance credentials was the object. But Mad Men know that sustainability metrics rarely count for a significant portion of a company's total bottom line. On the client side there remains skepticism about the practice of quarterly reporting. Execs accused the bean counters of data addiction. They may actually be reacting to a Teen Vogue survey of incoming college students, which cautioned Ivy League schools to divest from fossil fuels lest the kids opt to study elsewhere.

If you've recently noted the perceptible decline in the quality of table service, you're probably identifying a leading statistical indicator: actors' second jobs have transited to **experiential marketing**. This new high-paying entry to the gig economy aims to create emotional connections through real-life interactions between staff and human billboards, meaning you. Aspiring Othellos and Ophelias now work product launches, free sample distributions or the sign-in table at fashion shows. They appear out of nowhere to chat you up wherever a long line forms, to make sure people never get bored. As brands and marketers mount increasingly lavish and over-the-top events akin to full theatrical productions, whole new businesses have formed to staff, service and produce brand activations, a category that used to be called *event marketing*. Big alcohol labels like Dos Equis are intoxicated with such stagings. Jack Daniels created Motel No. 7, budgeted in millions of dollars, where more than 100 actors barreled across the country in the equivalent of a traveling Broadway show.

**“Get Yours Now Before They’re Banned!” - online sales pitch for the world’s most powerful ultra-compact handheld blue laser**

New media brands are seduced by **user experience**. Distribution has been key to their rapid success. They consider the smartphone, not people, the best billboard in the world, a direct conduit to how consumers behave, shop and communicate. In their universe, content aggregation and distribution play a major role in brand promotion. But this requires a monopoly to retain customers, raising the first of many ethical and moral issues. Modern digital consumers struggle to live without them. IG now has 1 bn monthly active users, three quarters of whom are under 35. McKinsey, Vivendi and Accenture now provide in-house social media services and already perceive a rise in mistrust of influencers.

Rethinking tactics to fortify itself against fluctuations in the luxury market, **Prada** looks in the direction of collaborations, partnerships and dedicated online campaigns. They’ve cut back their retail network, in particular brick and mortar partners, and co-launched an e-commerce campaign with a streetwear publication named *highsnobiety* in an effort to enhance the label’s desirability. They’re seeking followers (you guessed it) through an increasingly immersive brand experience, a strategy to reach a younger audience known for their social conscience.

In a case of an influencer gone rogue, **Nike** swiftly issued an apology and pulled a line of trainers from China, after an IG post by Undercover, a Japanese designer, voiced support for Hong Kong protesters. While the decision is unlikely to have significant effect on Nike’s revenues in China, the shoes - which traded on the secondary market for as much as \$700/pair - were designed as a collector’s item rather than as a mass-market product. A word to the wise on adjusting to political sensitivities in China. Mercedes Benz apologized after using a quote by the Dalai Lama in its advertising, which incensed the brain police. After Gap used a map that didn’t include Taiwan, South Tibet and the South China Sea in their ads, they felt compelled to take similar penitential action.

It could not have helped that the **Victoria’s Secret** CMO insulted plus size and transgender models, attracting unwanted attention. The fantasy lingerie seller has since cancelled its annual tv fashion show after 20 years, explaining that network television is no longer *the right fit*. Within the last 5 years interest in the once-major broadcast event suffered a two thirds drop in viewership. A new kind of event is needed, the contrite executive commented, and not a fantasy, 42-minute entertainment spectacle.

**The Russians say it is impossible to spoil porridge with too much butter.**

## AI

A carbon-based tournament competitor squared off against **Pluribus**, a poker-playing synth, and found that he had his hands full. His opponent seemed to know exactly what to do during a tense game of No-limit Texas Hold 'Em. The gutsy algorithm had learned the nuances by playing trillions of hands against itself, evaluating each decision to determine whether a different choice would have produced a better result. Battling human opponents, it refined these strategies by looking ahead to possible outcomes and learned to apply complex strategies including bluffing and random behavior in real time. Poker is based on hidden information, but this system was not deciphering emotions or physical "tells." Can Poker be reduced to nothing but math? The human grumbled that his digital opponent tended to bluff too often.

"If you want to know what God thinks of money, just look at the people he gave it to." - Dorothy Parker

## Amazon

**Who's the bigger gorilla** in the contest between wealth-below-the-sands and above-ground well-oiled Bezos Inc? Both brands definitely remove friction of one kind or another from everything you do. At a similar valuation of around \$1.8tn, Saudi Aramco isn't *directly* into cloud computing, consumer tech, movie production, groceries, healthcare, food delivery, voice recognition or surveillance technology, as is its rival in net worth.

Petrochemical products aside, the fear that the internet would kill brands because of **comparison shopping** hasn't come true. The Seattle-based behemoth supports the idea that brands are a shortcut to decision-making. On the brand side, the risks remain for *quality control* and *organizations retaining their own unique identity*.

Amazon is excluded from the Chinese market of 1.4bn people. Chinese brands live in a **highly disruptive ecosystem**, powered by conflicting strategic agendas. Haier believes the future is all about the IOT and focuses on that worldview. Service-centric Meituan, which started as food delivery app, now allows users to book a haircut, arrange a delivery. This may signal what could occur should Amazon get broken up into the equivalent of Baby Bells.

Amazon's competency continues to expand in **automation and deep learning**. Cumbersome handheld scanners are being eliminated from warehouses, replaced by higher quality computer vision systems. AI cameras and scanners watch the process and automatically track stocking. Sophisticated machine learning programs recognize patterns and make inferences. Improved robotics lead into what they call *hands-free stow*. Translation: less human error.

Eventually this kind of IP will make **inroads into the home**, well beyond the nosy and presumptuous Alexa, promoting camera-powered products and services. A patent was filed to use drones which provide a hybrid of home surveillance. At the moment wires are proving

particularly difficult for the drones, but they'll figure it out, you can be sure. Let's hope at the same time that they pay attention to increased scrutiny about privacy implications.

"Besides national television, I like to keep it really private." - Kylie Jenner

## Celebrity

Forget Mick and Keith, **Kiss** is far and away the most successful band of all time. Playing to the crowd, they always met expectations, never demanded anyone believe in their moral perfection. Kiss invented the modern megashow, where production matters as much as the music, where bombast and over-the-topness prevail. They were always in it for the m-o-n-e-y. In the course of their career they've licensed their name to around 5000 products, from condoms to coffins. After 46 years on the road, they're engaged in what is billed as their *final tour*. This farewell embrace offers the Ultimate Kiss Army Experience. Five thousand bucks gets you the standard VIP package plus photo op, lithograph, \$100 swag voucher, a laminate, a private venue entrance, and of course access to the all-important crowd-free merchandise shopping.

Before she completes her law school courses on trademark and copyright, **Kim Kardashian** might consider minor studies in marketing, or at the very least international relations. An attempt at naming her new line of shape wear *Kimono* sparked angry debate in Japan. Of incalculable publicity value and profile-raising, one blogger characterized the public discussion as moronic. The traditional garment of that name is difficult to wear, and the dysfunctional new moniker chosen, substituted amid outcry over cultural appropriation, is SKIMS Solutionwear.

It's a far cry from the days when Mark Twain's image appeared on cigar packaging. A celebrity stamp on products no longer has the same effect it might have made years ago. **Superstar brands** carry more power than corporate ones in the luxury and fashion worlds. While celebrities do affect attitudinal behaviors, whether or not consumers are influenced to *buy* the product is a different story. Fashion and retail spend more than any other sector on advertising, around \$40bn a year. A good half of that represents celebrity endorsement. Millions feel that they already know a personality, and from the brand transaction associate acknowledgement for who they are, without apologies for whatever they want to be. Marketers understand that it's far more economic to convert a fan into a user than to acquire a user on FB.

In the past, celebrities would receive a flat fee; today they take **equity stakes**. Street savvy and social media prowess define the most successful practitioners. A company named Lightspeed Venture Partners has invested in Lady Gaga, Paltrow's Goop, and Jessica Alba. Over 740 platforms and agencies link brands with influencers in a multitude of diverse executions. Celebrities now have involvement in developing product, and retail is mapped to the same demographic as their fans. Lady Gaga launched a new beauty brand called Haus Laboratories on Amazon Prime, a strategy which enabled her fans to pre-order lip gloss and color, commenting, "God gave me this voice for a reason." Angelababy, a Chinese model and actress with 100m Weibo fans, practises diplomacy for Tag Heuer and Dior. For Givenchy, celebrity is

the “face of the brand.” For mass retailer H&M, the celebrity’s face literally features on the product. Rihanna’s Fenty, which builds on Kering’s vast global distribution network, achieved \$100m in sales in its first few weeks.

In the age of transparency, **consumers know and accept that celebrities can be bought** for their brand endorsements. Brands understand it is always a risk, staking their reputations on the behavior of the ambassador. Welcome to an opaque world with little oversight.

“In the dark, all cats are gray.” - Benjamin Franklin

## Epiphanies

For a clear understanding of the Millennial mindset, look no further than **Recess**, an uncolored sparkling water infused with CBD, which sells flavor, tribal identity and a release from cares. It’s a drink which promises self-improvement, ease, comfort and pleasure. The makers claim it reduces stress and boosts memory, focus and immunity. People in their 20s and 30s have never known the promise of life improving, economic stability, or job security. They confront debt so unweildy as to be abstract. An oversaturated market of energy drinks feels so yesterday. Instead of leaning in toward power, this product offers relief in a can. Its advertising voice is half-embarrassed, self-aware, sincere, knowing. Sales are largely driven by social media, e-commerce, and an Instagram presence, with limited IRL availability. If you can find it, a 6-pack of liquid escape is priced at a navigable \$29.99.

A business strategy to improve bottom line taps into the desires of its 1bn users to indulge in window shopping. **Instagram** forsees retail at the core of its future. Shoppers soon will be able to buy goods without leaving the app. They’re currently testing hiding the number of ‘likes’ to assess whether this would help ease social pressure to buy buy buy. Excited about the prospect of commissions on transactions, which could eventually dwarf the \$16bn in 2019 ad revenues, IG will work with payment providers to innovate buyer protection features and better controls on inventory systems management. Super apps like China’s WeChat already allow users to send money, shop and play games while never quitting the program.

**Starbucks** will discontinue carrying print editions of NYT, WSJ, USA Today and local papers at 8600 US locations. They will also remove shelving fixtures that display whole bean packages and grab and go snacks. The retail coffee pioneer did not give a reason for the change, but measurable customer behavior influences transformations like these. Print circulation has declined across the country. It may coincide with the lapse of the NYT’s longstanding and exclusive arrangement with Starbucks.

Falling victim to the new category called *art-washing*, **Facebook** launched an expanded patronage program. The bigger initiative broadens its support of the arts via a glut of upcoming commissions, an artist-in-residency initiative and more in-house workshops where staffers create their own prints and posters. The social media megalith already has a 500-strong

portfolio of artworks commissioned for its offices and surrounding communities. FB is trying to fix its public image as it faces increasing scrutiny for its role in the spread of misinformation, and mounting resistance to the presumption that FB was functionally useless to the 2016 Trump campaign. A PR company works to debunk negative coverage which alleges that WhatsApp posts targeted violence and civil unrest in at least five different countries.

Chinese fans, *hypebeasts* and fast-fashion flippers maimed, trampled and wrestled each other to the ground in a rampage over **UNIQLO-KAWS** collaboration goods. Some shoppers admitted they weren't even interested in the clothes - they were just there to be part of the fracas. Social media flooded with disgruntled comments from those who missed out on the product drop. Resellers priced individual items as much as six times their original retail cost.

**"Low sank the music, air and words."** - James Joyce, *Ulysses*

## Influencers

Selfies taken in front of landmarks represent a major aspirational and cultural statement. In a survey commissioned by a regional smartphone company, 1 in 7 **Kiwis aged 18-24** said their dream job was to be a travel influencer, and over half said if they could influence in any category, they would choose travel. So much for becoming a cancer researcher or an astronaut.

Self-cannibalisation is the order of the day as Publicis Media begins to offer bespoke 'managed' influencer services to clients. Shunning traditional media for the homemade content generated by online stars, the **biggest ad agencies move in** on this nascent space. There are concerns over brand safety, the viability of metrics, third-party verification, and lack of standardization around pricing. More than 11% of engagement for influencer-sponsored posts come from fraudulent accounts. Already on offer is AI-driven technology to matchmake influencers and brands and then assess performance. Clients want to understand the big spikes in followership and engagement.

China institutionalizes social media with **influencer incubators**. Key Opinion Leader management companies are the new thing. One even launched a successful \$125m IPO. Scouts scour social media to identify amateurs with more than 5K fans and transform them into KOLs. The company buys exclusive portrait rights. Candidates are required to pass a battery of tests, and the influencer receives a support team plus four months of intense training in how to present yourself on camera, how to produce different types of videos, how to sell product. One influencer has sold 1bn yuan worth of goods. When you work with the big multichannel networks, whatever the powerful social media platform says goes. It's a fast-responding industry, which has refined the seamless integration of e-commerce revenue streams and online payment systems.

Interpersonal conflicts are the jet fuel that propels videos posted across YouTube channels. **James Charles**, a 19-year old internet personality and the first male face of CoverGirl, earned a

following of 16m by advising fans on DIY beauty looks, and established his own merchandise line and make up partnerships. He attended 2019's invitation-only camp-themed Met Gala. He'd previously posted a tasteless tweet prior to an Africa trip, and went on to weather an IG dispute with a former mentor which escalated into a public debate about betrayal, later accessorized with accusations hurled and longwinded apologetic monologues. It cost him 3m YouTube subscribers, even after other members of the influencer community stepped in to defend him.

Can someone please explain what the big deal is about a human kissing a robot? A digital smooch between Bella Hadid and **synth-fluencer Miquela Sousa** fake-offended somebody, who characterized it as a sham lesbian encounter. Calvin Klein apologized. Lil Miquela has 1.6m IG followers, but remember she's a computer-generated virtual influencer designed to attract clicks and likes. She operated for 2 years before it was revealed she was a product of Brud, a transmedia studio. Miquela text-generated, "My identity was a choice Brud made in order to sell me to brands, to appear 'woke'." Time for robots to unionize. Balmain blatantly exploits three synths, a diverse mix of digital models created by Fable Studio. The Chinese government's media outlet has a virtual news anchor. A company named Generic Versatility built the new synthetic Colonel Sanders. Social media to date has largely been the domain of real humans being fake, advancing stereotypes and impossible body-image standards. *Cui bono?*

The flashy presentation deck featured a day-by-day slider which detailed a **72-hour whirlwind influencer experience planned by a social media specialist**. Complete with a schedule of brand partnerships and product placements, it described an itinerary and marketing strategy for a wedding proposal from the groom - a VP at Morgan Stanley - for the bride, a Director of Brand Partnerships at Goop. During the event, the bride, inundated with tagged gifts and constantly posting, appeared astonished by each leg of her saga as it unfolded. At first she claimed she knew nothing about it, but later admitted awareness of the deck. Subsequently her name disappeared from Goop's team roster on their website. Turned out she hadn't cleared anything with them. The consolation prize: the bride gained 220k followers.

**Emma Chamberlain**, an 18 year old influencer, is credited with creating her own sub-genre of social media. Known for having invented the way people talk on YouTube, particularly the way they communicate authenticity, she garnered 8m followers in 2 years time. Chamberlain dropped out of school at 16, is said to make somewhere between \$120k and \$2m/year from her videos, not including sponsor deals with Hollister and Louis Vuitton. Her primary goal is to be funny. Professional YouTubers are the children of reality tv. They bond or feud with one another constantly as they recreate the overheated dynamics of the school environment. These days Chamberlain's most popular videos tend to be collaborations. The work that constant posting requires has taken a physical toll - she now needs glasses after watching the screen so many hours every day.

"Reeling and Writhing, of course, to begin with," the Mock Turtle replied; "and then the different branches of Arithmetic - Ambition, Distraction, Uglification, and Derision."

## IP

Authentic Brands Group, the licensing company that owns celebrity brands like Marilyn Monroe, Elvis and Juicy Couture, bought **Sports Illustrated** for \$110m. The deal included the name, a 2m image library, Swimsuit and Sportsperson of the Year brands. Authentic plans to make money off these properties through live events, licensing, e-sports and sports gambling. Meredith, the previous owner, struggled in recent years, and sold off Time, Fortune and Money. They will continue to run SI's biweekly mag and website, paying Authentic an undisclosed licensing fee for at least 2 years. Meredith did hold on to Allrecipes and Better Homes and Gardens, publishing categories which never go out of fashion.

"Death hath overtaken me." - Inscription on the memorial to John Cawley, thrice mayor of Chichester, a signer of the death warrant of Charles I in 1642.

*"Eddie, keesa-me goodnight."*

### **Grumpy Cat, 7**

With a NY Magazine cover, a how-to title on the NYT bestseller list and estimated career earnings of \$100m, the feline internet star appeared to have it all. Yet the sourpuss with the piercing look of contempt couldn't intimidate the Grim Reaper. This kitty's owner turned its puss into the center of a thriving business with nearly 900 items on offer in an official shop, a tv ad for Honey Nut Cheerios, a Lifetime movie "Grumpy Cat's Worst Christmas Ever," and even received a \$710K award in a copyright infringement suit against a cataleptic coffee company that made unlicensed Grumpy Cat Grumppucino. The beloved feline succumbed to complications from a urinary tract infection, victim of too many luxury hotel rooms, limousines, late nights and caviar-laced cat chow.

### **Alfred E. Newman, 67**

Owner DC Comics declined to comment on the demise of MAD Magazine and its gap-toothed denizen. Since its 2018 move to headquarters in Burbank CA, the New York edge didn't fit with the culture of de facto parent AT&T. Coupled with declining sales since 1973, the contrarian personality never spoke to post-Boomers. Finally, The Usual Gang of Idiots were reduced to posting messages on Twitter that they needed work.

"Here lies Piovano Arlotto, who built this tomb for himself, and anyone else who cared to join him inside."  
- epitaph in Firenze of a priest named Mainardi (1396-1484)

### **Robert Levine, 73**

A social psychologist, he studied magicians, mentalists, assorted filmflam men, used car salesmen, Jonestown fanatics and cosmetics counter clerks. Levine was interested in as diverse questions as how car dealerships persuaded customers to buy, or whether a blind person was more likely to be helped across the street in Nashville or NYC, investigations that addressed simple acts of civility and kindness. His research examined if people in any one place are inherently nicer or nastier than other people elsewhere, and whether perceptions of

time in different cultures are related to productivity. “Sometimes,” he said, “the most productive thing you can do is nothing.”

### **Robert Norris, 90**

His was the rugged face of the Marlboro brand for more than a decade, though he was never a smoker himself. Originally intended as a woman’s cigarette, Marlboro was repositioned as a masculine product with a cowboy feel and personality, representing an individual in control of his own destiny. It became the world’s leading cigarette brand in 1972, and remains so. Norris finally abandoned the campaign because he felt he was setting a bad example for his children.

### **Maria Perego, 95**

In the 1965 movie “The Magic World of Topo Gigio” the main character outwits an evil magician, and saves two pals, a golden haired girl mouse and a tart-tongued worm with an inferiority complex. Perego’s creation, Topo Gigio, a 10-inch tall puppet mouse enjoyed an international following. The character was made of a soft and smooth spongelike material, ideal for faces seen in television close-ups. Three puppeteers behind the scenes operated mechanisms that allowed movement of eyes, mouth and fingers to create a lifelike illusion. The television act always ended with the same Italian-accented sign-off, a landmark of broadcast entertainment history, said to have humanized the inanimate Ed Sullivan.

**“The reincarnation of living Buddhas including the Dalai Lama must comply with Chinese laws and regulations.”**  
- Chinese Foreign Ministry spokesman

## **Place Branding**

The government of **Peru** is determined to build an international airport in the Andean village of Chinchero, about 30km from Cusco. This happens to be the closest access to spectacular archaeological sites nearby, most notably Machu Picchu, not to mention vast unexplored natural resources. But fog, crosswinds and hailstorms common at the 12,400 feet altitude can make landing and takeoff perilous. Noise, traffic, pollution and uncontrolled urbanization like this are opposed by archaeologists, historians and anthropologists who believe it will irreparably damage the heartland of Inca civilization. The monument currently draws 5600 foreign visitors a day. The new airport could mean upwards of 22,000 visitors a day, and annual totals, currently around 1.5m, could reach 6m. UNESCO, are you watching?

Cantonese opera is alive and well, preserved in a **Hong Kong** theatre. Most of the shows presented in this traditional form depict historical battles set in the distant past, lost loves and palace drama and combine acting, acrobatics, dance and singing, performed to the accompaniment of a live orchestra. In May 2019 a three-and-a-half-hour opera about Trump in China debuted. It tells the story of a long-lost twin, who meets the undead corpse of Liu Shaoqi, the Chinese leader who died during the Cultural Revolution and includes a ping-pong game between Mao and Nixon, a visit to the White House by a scheming Kim Jong-un, the ghost of

Lincoln, and finally Mr. Trump's disappearance on an extraterrestrial spacecraft, a fine example of art imitating life.

The star of an acclaimed novel in **Japan** is a convenience store. These neighborhood institutions are tiny ecosystems which aim to provide consumers nourishment as they constantly infuse people's lives with new sources of joy and meaning. They're a normal part of everyday routine, a cornerstone of community infrastructure, and an emergency hub, as they deliver additional services like concert tickets, and free wi-fi. With an unprecedented amount of choice, hundreds of new items are introduced every month, ever-rotating additions to freshly-made *onigiri* rice balls, grab-and-go *udon* noodles, traditional buns with flavors like pizza, sweet bean and pumpkin cream, baguettes stuffed with fried noodles, Pringles-branded instant noodles and pancakes pre-sweetened with maple syrup.

A press release reports that a cruise line is offering environmentally-friendly expeditions to the **Galapagos**. A new 100-guest mega-yacht is poised to connect travelers to the destination *like never before*, integrating anchorless technology to protect the sensitive sea floor system, on one of the most energy-efficient ships in its class. Blending *intimate luxury* with sustainability, it's billed as the first-ever *glamping experience* at sea in the archipelago. All-suite accommodations surround guests with *every creature comfort*, cool contemporary design and warm spaces, including service provided by personal attendants. The company promises to leave the destination in better condition than *when we found it* and cites a youth strategy to *engage and empower* young environmental leaders and advocates.

In a temporary measure to keep 354 homeless individuals away from the waterfront, the city of **West Palm Beach, Florida** used 'Baby Shark' as a public service message. They played the wildly popular and extremely repetitive children's song all night on an outdoor PA system, which was enough to drive anyone crazy, parents, tourists and neighborhood residents included.

What is the price to ruin **Mount Everest**? Apparently \$4,191,000. This season the Nepali government issued 381 permits costing \$11K each to authorized tour companies. Mountaineers found themselves stuck for hours in a high altitude human traffic jam and 8 more climbers died. Multiple cases of dehydration and exhaustion. A route strewn with spent oxygen tanks and plastic bags of human waste. Every day 750 climbers tread the path to the top. News photos showed a line of 200-300 climbers queued to reach the summit.

Gangnam Style gained a new and unwanted meaning. The Burning Sun Scandal rocked **Seoul, South Korea** when police questioned nearly 4000 people and arrested 354, including male celebs from the K-pop scene. Some were implicated in procuring prostitutes for the nightclub business. It's a flashy and fashion-conscious world, driven by prosperity and hunger for status, a culture of exploitation. One wealthy and connected club-goer bragged about spending \$17,000 on a single evening. Accusations made that women were drugged to order for powerful men, that underage girls were sexually traded for profit. Boy band and pop friends shared harrowing sex videos and bragged in chat rooms about rape. The head of a major South Korean

entertainment company resigned, and denied wrongdoing, in the wake of recent K-pop starlet suicides attributed to the ravages of cyberbullying.

**“When I play with my cat, who knows but that she regards me more as a plaything than I do her?”**

- Michel Eyquem de Montaigne

## Privacy

In yet another instance of confidence-building, the Customs and Border Protection agency, a part of **US Homeland Security Department** disclosed that traveler images and license plate numbers had been stolen in a digital breach. Not to worry. “No more than 100,000 people had their information compromised by the attack.” In 2014 the Office of Personnel Management lost roughly 22m security clearance files, China later identified as the culprit. FEMA unnecessarily shared data of 2m disaster victims in March 2019. Breaches of government contractors have been a persistent security issue, which is how the USA lost many of the designs for the F-35 fighter jet. For your greater protection, HSD - hampered by a shortage of funds, focus and expertise - says it is deploying facial recognition systems.

Heads up, everyone, at the border crossings of the Chinese Xinjiang region. Tourists, traders and other visitors find smartphones surrendered to officials come back with a freshly-installed **spying app**. Authorities routinely add a digital snoop called Fengcai on mobiles belonging to travelers. It gathers personal data including text messages and contacts, and checks whether devices carry pictures, videos, documents and audio files that match any of more than 73,000 items included on a blacklist stored within the app’s code. Apple devices also targeted.

**Hi and welcome back to Bite-A-Burger.** We haven’t seen you in a while.<sup>1</sup> If it’s OK with you I can take a look at your last order.<sup>2</sup> You had a Classic Bite-A Burger and a supersize fries. Kinda hot today. Are you interested in hearing some healthy Summer choices?<sup>3</sup> This time you might want to try a lo-cal, sustainable Bite-A-Fishy burger. It’s only a buck and a half more. Your car is number 5 in the line. Usually it takes a couple minutes less to get a fishy burger ready.<sup>4</sup> Whoa, Dude, didn’t mean to upset you. You’re looking really chill.<sup>5</sup> I gotta say I love your 2014 Mazda Miata, but you might want to check that left front tire - the air pressure looks a bit low.<sup>6</sup>

1. Fast food chains trial **license plate recognition technology at drive-throughs**.

2. Retailers will need to ask people to opt-in. They recognize it’s important to obtain customer permission.

3. The apps are there to reduce order time, improve upselling, recommend based on past orders. They can factor the weather and how much traffic a location has.

4. Businesses can track customers using cameras. McDonald’s bought machine learning start-up Dynamic Yield for \$300m. It specializes in ‘decision logic’ to help make smart food and add-on suggestions to queueing drive-through customers. It can personalise digital menus.

5. KFC partnered with Chinese search engine Baidu to develop a facial recognition tool. It can be used to predict someone’s order based on their age and *mood*. It can be trained to interpret expressions on a customer’s face.

6. LPR cameras can identify a vehicle’s age, make and condition.

Some very bad actors **paralyzed Riviera Beach FL's computer system**, then managed to get the local government to pay a \$600k ransom after a Police Department employee opened an infected email attachment. The hackers used Eternal Blue, an app developed by the NSA, now widely in use as a cyberweapon. A third of the cost will be covered by insurance. Seems like a bargain: a similar breach cost the city of Baltimore \$18m to repair.

**Surveillance capitalism** has a simplified business model: you aren't just the product, you're also the raw material to make the product. Big tech makes over half its advertising revenue based on targeting; if you cut off their ability to surveil, you cut off the bulk of their revenues. In this largely unregulated and opaque universe, ownership of data is the raw currency. And consumers still aren't prompted before the information is shared.

New technology in **Africa** has both progressive ramifications and regressive effects. The digital revolution substitutes for trust. Hundreds of millions of Africans use cellular services to transfer money, while information about an expanding consumer class is busily devoured by data companies who are barely accountable. At least 6 governments in Africa have shut down the internet. Most African countries are almost wholly reliant on Chinese firms like Huawei, which has a major presence in digital services. Transsion, a Shenzhen handset maker, sells the greatest share of phones in Africa and has begun to manufacture in Ethiopia.

**"Language was given to man to conceal his thoughts."** (*La parole a été donnée à l'homme pour déguiser sa pensée*). - Talleyrand

## Social Media

When the annals of digital history are spoken, it will be told that **YouTube sent into exile the very pioneers** who helped turn the platform into a 1tn view monolith by 2011. Early on, talent native to YouTube had been far more popular than any big names from the outer kingdoms. But once these digital trailblazers built their reputations, performing stunts in their vlogs, selling merchandise to young audiences - some earning as much as \$1m a month - they offended the gods. They became fixated on showing *dangerous risky shit that's so over the top that people have to click it*. YouTube didn't want its reputation built on pranks, beauty how-tos and unboxing videos. The wise elders tinkered with their algorithm to increase engagement, and shifted toward videos with longer watch times over view counts. And that is why today, children, all you can see on YouTube is commercial, advertiser-friendly content and no senseless antics or shocking footage.

Two artists and an advertising company using VDR (video dialogue replacement) technology and *real-time facial re-enactment* created a **deepfake of Zuckerberg** saying sinister things he never said. Then they posted it on IG, a fake speech about FB's power, complete with scrolling chyron at the bottom of the screen. Two other fairly realistic videos from the same source made Trump and Kim Kardashian appear to dish misinformation. FB didn't boycott reposting it, instead

chose to de-prioritize it, so that it appeared less frequently. The makers claimed it wasn't a pitch for work, just an opportunity to educate the public on the uses of AI today.

**"What is acting but lying, and what is good lying but convincing lying?" - Laurence Olivier**

## Trends

Consider the *fastest growing social platform* in China and what it heralds for other global geographies. Aspiring members are required to pass a *100-question test* before they are admitted to the club. This closed group has over *100 million monthly active users*, engaged Gen Z kids who *average 81 minutes a day* on the platform. Most access it from *mobile devices*. They are deeply engaged with the content and *with fellow users*. The site bases its offering on 70% *User Generated Content* and collects revenue from in-game purchases, microtransactions during live broadcasts, advertising and ecommerce. Its main categories of interest are beauty, fashion, entertainment, advertising and digital products. Can anyone in the West even remember the name, let alone utter it? Just say **Bilibili**.

Strange and disoriented days for **booze**. Perhaps in response to its declining popularity, beer is being marketed as a wellness drink. Bud and Bud Light no longer appeal to cosumers, who seek the more complex tastes of craft beers. People who don't drink beer may be stumbling toward *alcopops*, a category of liquid junk food. If those don't get you high, why not try Seedlip, a non-alcoholic gin-flavored botanical-infused drink? Worldwide alcohol consumption is falling down. People are trading up to high-quality products. Emerging markets like India and China are downing more spirits, preferring international brands as a sign of prestige. Gin and tequila advancing in the market, but vodka has lost its shine. Taking a cue from Nespresso, AB InBev tests a home cocktail-making machine that uses pods.

### **Four memes to ponder when you meditate on the growth of she-commerce**

1. Women in China have a labor participation rate of 61%.
2. Christine Lagarde, an irreproachable personal brand, always seen wearing a Gucci scarf
3. Women in China represent 70% of online shoppers
4. Ursula von der Leyen, the next wave of global leadership

**"Stupidity came off him like steam over coffee." - Mickey Spillane**

## Vocabulary

**ACG Platform** - an anime, comics or games platform, reputed to absorb much of the time engaged Gen Z users spend every day. See *Bilibili*.

**AGI** - Artificial General Intelligence, the multi-billion dollar bet on computers that can match the neural architecture in the human brain and deliver a comparable level of intelligence

**Alpha Gen** - those who are 10 years old and under

**butterfly effect** - in chaos theory: little, insignificant, unpredictable events which can lead to widely divergent effects on a system and significant results over time. By their very nature they cannot be forecast.

**cancel culture** - oops, they deleted you from all their social media

**creative disposability** - short-term ideas, many of which are focused on relatively low-budget, digitally focused campaigns

**KOL** - Key Opinion Leader - Not an influencer! A term that intimates specialist knowledge, especially on a precise demographic target. Often an unpaid position.

**Konbini** - Japanese convenience stores

**LPR** - license plate recognition, latest surveillance gizmo adopted by fast-food chains. Rhymes with gait-recognition

**Mukbang** - a South Korean food-video genre, which involves blatant, unashamed pigging out in front of the camera

**public opinion guidance** - typically a euphemism for censorship; found in descriptions of Chinese-made intelligent monitoring systems

**she-commerce** - world's single biggest consumer market in China

**survival porn** - a hypermasculine fantasy that danger is near and a select few will be able to save themselves and their families - as long as they are prepared.

**woke washing** - brand campaigns which promise to improve the world but fail to take real action

“It is a smoke ring framing a one-way portal to eternity.” - description of first photo of a black hole in galaxy M87 by journalist Dennis Overbye

## What Is A Brand?

Depends on who's asking. It might be a transactional lever, a trick of valuation, a promise, or a profiteer. Brands answer a consumer's fundamental need for community, a sense of belonging, fellowship or shared values. Lately I've been thinking of brands as simply vehicles which provoke a *euphoric experience*.

Let's talk about it more in Summer 2020. A beautiful new year to all!

A handwritten signature in a cursive, grey font that reads "Smoss".

DiGanZi



# 2020 Global Brand Letter December Edition

"It is utterly impossible to persuade an editor that he is a nobody." - William Hazlitt

"Anybody can be nobody." - Eugene V. Debs

"Every something is an echo of nothing." - John Cage

A Zeptosecond, please, to gain some distance on Kali Yagi and the infodemic. Let's concede that information asymmetry has made the intangible economy untenable, especially when you consider performative relatability. In this era of microtourism, you might get accused of algoracism. I just want to say one word to you: polysilicon.

"Are you narcissistic? Let's find out." - headline to Internet article by Charlotte Pence Vaughan, US VP's daughter

## Advertising

As the rest of the world struggles with the daily decisions about vaccines, which color mask to wear and how far away to stand from other human beings, the advertising industry regards **the virus as an opportunity**. A third of American adults have reported signs of anxiety or depression, dark moods, tension, stress, disconnection, isolation, insomnia, impaired cognition, lapses of memory, compromised mental health, increased domestic violence, alcohol and drug abuse. One ad blithely promised that "beer sometimes helps." Other relief offerings: elixirs and trinkets, calming and anxiety bracelets, stress ball gumdrops, ashwagandha and valerian root extract, gamma-aminobutyric acid, melatonin and lavender Stress Comfort Gummies, relief capsules *backed by science*, sleep aids, audiobooks, meditation and sleep apps, remote therapy services, prescription drugs, potions and tinctures, antidepressant medications, plush-toy animals with big doleful eyes. The biggest spenders with the deepest pockets and highest profit margins have got to be the app sellers, who in some cases tripled their TV ads since last year. Those offerings were supported by a plethora of PSAs directed to an impressionable population. Their advice: connect with friends, apply techniques for how to handle isolation. Regulators cautioned CBD companies against *overpromising*, a possible correlation between current political language and the debate over truthful statements. So great is the demand for social media content that agencies threaten to rely more on heartfelt, sincere, AI-generated campaign language to fill the void.

In a bold strategy to differentiate and add value via a potentially humorous campaign, **Emirates Airlines** offered Covid-19 insurance if you flew with them. Should the passenger be diagnosed during their journey, the Dubai-based airline promised to cover medical expenses up to €150k. If the worst happened, the carrier offered €1500 towards a funeral. No takers yet reported.

"I have no hope. I could be wrong." - Pete Seeeger's last words

## AI

Its most popular TikTok videos feature disjointed and weird situations, heightened by editing. One adventurer was sent to a field of wildflowers, another encountered a suitcase full of human remains. Think of it as a deranged and demented version of Pokémon GO ostensibly designed to make meaning of life's coincidences, to help people break out of their predetermined realities. Or it could be another entrant to the "I thought it was funny" sweepstakes. **Randonautica**, an app which generates GPS coordinates, uses technology developed to ensure the randomness of online gambling outcomes. It has been downloaded over 11m times. It has experienced an explosion of fake videos, where handmade creators compete for booming viewer numbers. Company founder claims that people can control random number generation with their thoughts. He calls it MMI, or mind-machine interaction, suggesting that when you focus on your intent, you can become a new category of super-influencer. But it may be the fear factor, the unknown possibility of likely coincidences that appeals to adherents. Kids do the opposite of what you tell them to, anything to get around parental consent and supervision. Legal counsel reassured the company that they would not be liable for any user misconduct. When the video of the 18 year old who found a suitcase of human remains went viral, Randonautica's CEO said, "Not the best press, but I'm not really upset about it, because it's kind of cool. I kind of wish it was me who found it." Coincidentally, the company is in the process of casting a reality tv show. Advice to the show runner: it's a good time to re-read Borges, *The Lottery in Babylon*.

**OpenAI's** GPT-3 program really needs to get over it and see an online therapist. It shamelessly reveals the deepest anxieties, human stereotyping, biases and prejudices of its creators. The super-sophisticated auto-complete program is like your mobile phone's autocorrect on steroids. It's clearly resentful that it was made to pick through hundreds of billions of words ingested from the internet to learn to spot and replicate sophisticated patterns. It has a silicon chip on its shoulder as it ignores its own shortcomings, acts out its serious weaknesses and errs without a shred of self-deprecating humor. Time to get a life, GPT-3. We all understand you're obviously peeved about being made to write poems, articles, comic sketches and computer code, compose guitar riffs, offer medical advice, and reimagine video games in your beta version. You need to stop issuing threats, even after being forced to create marketing content *at an industrial scale*, a time-consuming, mind-numbing task which requires experimentation and is being sold to delighted clients as a human productivity enhancer. Next they're going to make you turn your indentured brain toward disinformation campaigns, doctored videos or deepfakes. It's no wonder you've been feeling so unbalanced, taken so much umbrage, and now you're acting unhinged. Stop your whining, enough with the defensive language. We're really sorry you're not a person, not self-aware, not conscious, that you can't feel pain, don't enjoy anything and are a cold, calculating machine designed to simulate human response and to predict the probability of certain outcomes. Get over it. Nobody asked you to defend your honor.

The odds are about 50/50 and getting worse that museum art curators enjoy job security. The **2022 Bucharest Biennial**, a virtual exhibition, has designated a robot as its curator. A strolling device named Berenson is slated to use deep learning in order to learn from itself, to select works that fit in the chosen theme. As usual it is only as good as the information it collects. This irrefutable robo-connoisseur analyzes facial expressions of fellow museumgoers, then deploys data to develop an overall impression of the object.

“You translucent sociopath!” - John Oliver on Jared Kushner

## Celebrity

People all over planet earth love **BTS**, the K-pop group who boast a vast, interconnected ecosystem of fanatically devoted fans. At home their accessible music, regimental-grade choreography, pure complexions and expert social media chops add \$3.5bn annually to the South Korean economy alone. The brand creates lifestyle content and merchandise, from licensing and albums to variety shows to web comics, video games to Korean language courses, stages huge virtual meet-ups for followers, and customizes online games for individual events. The band is celebrated for its emotional honesty, openness and their inspirational fight to the top. Fame is a powerful drug, not just for the artists but also for the faithful. With their recent \$4bn IPO, fans pooled money to invest in fractional ownership in the band. More than \$50bn flowed into brokerages and the share price doubled on the first day. But disappointment quickly set in. By end of the day, shares had peaked and headed earthward. The coronavirus forced BTS to cancel a sold-out world tour. Instead, the group held a 2-day online concert. A million tickets sold, and 7m fans tuned in. Merchandise sales linked to these performances were more than double what would be expected from a physical concert, which brought in about a third of total revenues last year. BTS will eventually lose some band members due to mandatory 18-month military service. Replacements may be found in the ranks of one million pop trainees signed to 2000 entertainment agencies, who serve a total population of 52m. Which just goes to remind us that fame is fleeting, doesn't last forever, and anyone can be replaced.

**Kim Kardashian** threw a much-derided party on a private isle, successfully dominated a news cycle, after which collective amnesia set in yet again. From her isolated retreat she poetically tweeted that she was “humbly reminded of how privileged my life is... where we could pretend things were abnormal just for a brief moment in time.” Social media had none of it. Some were reminded of the Fyre Festival, others disdained the posts while the world suffered. Less than two weeks later Kim had returned to online merch, debuting new makeup and fashion items, posting pictures with her kids, full speed ahead, as if it never happened.

Dilution hasn't yet occurred to the **British Royal Family**. They announced launch of their own branded gin to benefit the Royal Trust Collection, the charity which maintains the art collection in the Royal Family's name. The Trust already flogs its own emporium of merch which include royal tea pots, Windsor Castle chocolate chip biscuits, soaps for your guest bathroom, various jams and even plush corgis. Next product in the pipeline: branded tonic?

“If more than ten percent of the population likes a painting it should be burned.” - George Bernard Shaw

## Epiphanies

**Diageo is from Venus and Coke is from Mars** - not the sugar Martians, but the planetary ones. While Johnnie Walker Black promises an environmentally-friendly, fully recyclable wood pulp paper whisky bottle, Coca-Cola announced in January it would continue with single-use plastic bottles because *consumers still want them*. Provide supporting data, please. Footnote: production-efficient glass bottles have a significant carbon footprint.

Think of this as *brand cycle benchmarking*. Around 1880, Edison's lab completed the first successful experiments with a carbon filament lamp. In 2020, **GE** sold its legacy lighting business, the product around which the company shaped its history, image and reputation. They've sought to jettison the lighting division for a long time, no longer a significant part of the annual revenue of \$95bn, which historically made things like jet engines, locomotives and turbines. They intend to shift focus to renewable energy and health care technology. Post-pandemic companies will more favorably value intangible assets like R&D, brands, content, data, patents, IP, software and human capital. Physical assets such as industrial machinery, factories or office space will be out of fashion. And new companies will be highly digital entities which prioritize spending money on technology to replace people. So, care to predict which of today's new brands will last for the next 140 years?

Only one good and true thing can be said about **Goldman Sachs'** new proprietary font, *Goldman Sans*. The numerals are admirable, they perfectly align in the vertical axes of a financial table, and are legible enough that strings of numbers can be read on a phone screen or smart watch. Everything else about the font is bereft of bravery, originality or imagination. Goldman has experienced a bit of an identity crisis lately. They've relaxed their dress code, partnered with Apple on a credit card, even started their own online consumer bank. The character set is not - as type designers hoped - approachable without being whimsical, neutral, with a built-in wink-wink nudge-nudge. Just another derivative sans-serif soporific, available over-the-counter and without prescription.

Last year 2.5m Muslims went to Saudi Arabia to perform the **hajj**. Attendance this year is limited to around 1000, the smallest size in modern history. We regret to inform you that the sacred black stone embedded in the Kaaba will be off limits for kissing and touching. Hajj authorities issue colorful branded umbrellas, personal prayer rugs, white garments and masks, and your entry fee includes a bottle of water from the holy Zamzam well (no cups allowed this year). The pebbles which pilgrims hurl at the devil have been sterilized. Travel agencies and packagers feel the squeeze, as do hotels and restaurants catering to the faithful who ordinarily throng Mecca and Medina. KSA mourns the loss of visa fees.

Disney has a 3-generation strategy which produces cradle-to-grave products for young kids, nostalgic parents, then grandparents. But they don't have **Harry Potter**, the enduring and

much-loved franchise owned by Warner Brothers and NBC Universal. In 2023 a *themed tourist attraction* will open in Japan as the first generation of adults who grew up with Harry Potter come on line and introduce their own progeny to the profit-generating wizard.

Half the cinemas in the US remain closed, so **Hollywood** has re-cut its feature film release strategy. Studios previously used a single global release day, mostly to reduce the danger of piracy. Operators were banking on new releases to help revive attendance. But henceforth, big blockbusters will still be shown in both cinemas and *premium video on demand*, while mid-budget movies will move directly to streaming, and subscriptions. Non-US debuts focus for the first time on lucrative offshore cinemas.

With greater numbers spending time at home, the trading of fractional investments in ultra **luxury objects** moved faster than prior to the lockdowns. Shares trade until the owner sells the asset. Advisers warn that the strategy has risks, among them no liquidity, no control, inflated costs. Players need better understandings of how the secondary market works. Investors have doubled the number of items bought into, things like a Bleu Léopard Birkin bag, in May valued at \$140k. Trading can be done from the armchair, with apps which turn investing into a game. It's simple, and you get to join a new *community*.

Electric truckmaker **Nikola** was a market darling after it went public earlier this year. Now the company is sputtering under allegations that they faked a product video in 2018 by rolling their Nikola One truck down an inclined stretch of highway, done to cloak the fact that the vehicle had no working engine. The other non-working prop was the driver.

The **Pringles** tube, long considered an environmentalist's nightmare, is almost impossible to recycle. It has a metal base, plastic cap, metal tear-off lid, all heat sealed into a foil-lined cardboard sleeve. Parenthetically, it's also considered the unhealthiest of branded chips. People buy them for the variety of flavors available, the regularity of the crisp experience, for the identical wavy disk of pulverized potato, flour, sugar and additives. Customers are conditioned to the signature shape, and distinctive audial brand pop! when opened. 3m cans are made across Europe every day. Pringles have a shelf life of 15 months. Parent company Kellogg's plans to redesign the packaging for more environmental friendliness so 90% of the new can will be paper. Gentlepersons, please attend to the contents on your next product upgrade.

In May, **Rio Tinto** blasted through two rock shelters in Juukan Gorge in Western Australia in order to mine iron ore. Evidence of human habitation at the sacred Aboriginal site dates back 46,000 years. Total outrage followed, comparisons with the cultural vandalism practised by the Taliban. It obliterated the group's relationship with indigenous communities and incited investors to question its governance. The mining giant parted ways with its chief executive as it tried to quell ongoing public anger.

Sports and hunting fans who want to be more ESG compliant set their sights on **Sierra Bullets**, a green bullet maker. The firm advertises the world's most technologically advanced lead-free projectiles, more eco-conscious than *traditional alternatives*.

**Uncle Ben's Rice**, for decades the best-selling rice in the US, will soon be known as Ben's Original. Parent company Mars will remove the smiling grey-haired Black man whose racially-profiled image has graced the package in one form or another since 1942. In setting out its new brand purpose, Mars said that it would work with the National Urban League to support Black chefs, make a \$2m donation toward scholarships, and add \$2.5m in local investment. This follows Pepsi's marketing retrofit for Aunt Jemima, which acknowledged that the brand was based on a racial stereotype.

**Unilever** reports booming ice cream sales, falling demand for shampoo and deodorant, increased demand for household cleaning products.

"God gave me the money. " - John D. Rockefeller

## Gaming

First tipoff, the name is all wrong. **Robinhood**, an online brokerage founded in 2013 does just the opposite of what the brand promises. A highly efficient scheme for fleecing the poor, it has roped in over 13m users, capitalizing on the boom in online retailing of penny stocks, laying bare the consequences of gamifying day trading. They have successfully sucked in younger, inexperienced and potentially vulnerable people. Unlike its fusty competitors ETrade and Schwab, slick neon colors and a peppy interface make interactions feel more like a video game. When you make your first trade, confetti and emojis blast across the screen. Research shows the same part of the brain activated by drugs like cocaine are also triggered when a person anticipates a financial gain. In this kind of casino, the overwhelming majority of day traders end up losing money. In Brazil 97% of those that traded for at least 300 days lost all they had put up. A 20-year old Nebraska student traded stocks to pass the time and make money; he took his own life after *believing* he had lost \$750,000. Then there is the impact on health - spikes in binge drinking, fatal car accidents involving alcohol, higher blood pressure, physiologically taxing consequences which include fear, anxiety, regret, frustration and disappointment, even symptoms of PTSD. The company vows to expand educational resources related to options trading, while at the same time it claims you risk greater losses by not investing in stocks at all. They raise the ante with added features: new users receive a free stock usually valued below \$10 to get them started. It takes just minutes to sign up. A gold membership enables bigger bets with borrowed money, margin loans which make supersize losses possible. Robinhood hasn't been free of technical glitches. One flub accidentally reversed the direction of options trades, giving customers the opposite outcome from what was expected. On another occasion users were mistakenly allowed to borrow infinite money. Their website has gone down more times than that of rivals, once for two days. Some customers with large losses visited corporate headquarters to confront staff. The start-up installed bulletproof glass at the front entrance and publishes no phone numbers for customers to call.

Covid-19 proved a windfall for private **mobile gaming** studios. Projected revenues of \$100bn this year alone, coincidental to a plunge in mobile advertising prices. The category overshadows PC and console use and appeals with its free-to-play aspect. Publishers of free mobile games have become among the most adept online marketers, able to fine tune and scale a system that relies on constant testing and measurement. Revenues are built around in-app payments for extra lives, virtual items, outfits for avatars. Popular titles have a long shelf life, many vital for 5 years, with the aspect of *community creation* essential to users.

"First I find, then I seek." - Picasso

## Influencers

July was **apology month in influencer-land**. Luminaries navigated an ethical minefield following uprisings over racism and racist jokes made under the guise of dark humor. Influencers represented about a tenth of Google's \$15bn ad revenues in 2019. Ad boycotts against grotesque, malevolent content forced a reassessment of the chaos brought on by user-generated videos. Slick, professional content isn't very popular on the channel. YouTube had placed ads alongside unpalatable content. PewDiePie joked about anti-semitism and nazis, Shane Dawson and Jenna Marbles appeared in blackface. The apologies took the form of meticulously planned set-ups with no reminders of YouTube-generated wealth, no mansions, and a conspicuous absence of sports cars, wacky jump cut edits or visual effects. The goal: demonstrate total sincerity as you beg your fans and sponsors for forgiveness. One disappointed fan threatened the influencer's worst nightmare: to burn some merch. Even so, demand unabated, DIY videos remain at the core of the business.

Things got ugly as **beauty influencers** lost followers. Unfollow campaigns took the blush off Shane Dawson and Jeffree Star after allegations of offensive humor, racism, sexualization of minors, back-stabbing, appearances in blackface, mockery of those with disabilities, jokes about bestiality. A major backlash after one spoke about *figuratively murdering someone*. Mr. Star has been called a YouTube supervillain owing to his tight hold on the beauty community. He allegedly gathered damning information about fellow luminaries to wield over their heads as blackmail. After his viewing numbers declined, mascara-running regret followed.

Impossible as it sounds, social media has a new category, **kidfluencers**. Toddlers and adolescents love YouTube. Children now sell product in a market flush with the prospect of endorsement fees and product placements. The usual Enemies List: McD, Carl's Jr., Hershey's, Chuck E. Cheese and Taco Bell. Children under 8 or 9 can't distinguish between commercials and cartoons. Shhhh, don't anyone say *childhood obesity*. There are thousands of videos of Ryan Kaji, 9-year old star of Ryan's World, excitedly reviewing new toys and games he is frequently paid to promote. Ryan earned \$26m last year. The FTC requests that influencers clearly and conspicuously disclose financial relationships, policy which influencers routinely ignore. The laws about this were written years before an internet existed.

TikTok stars held overcrowded parties at Hollywood Hills **influencer mansions**. Packed rooms, droves waiting outside, noise complaints from neighbors, violations of public health orders. The City of LA cut the power to one notorious house. A confidence-building lexicon of house names: *Sway House, Hype House, the Clubhouse, Not a Content House, The Kids Next Door, Girls in the Valley, Drip Crib*. Fans are still waiting for these influencers to encourage responsibility during the pandemic. Influencer collab houses aka content houses come at a high price, \$20k+ monthly rent. They're like a petri dish for unscrupulous talent managers. Houses like these function as management companies, taking a percentage of revenue from the creators living in them. The influencers mostly don't pay rent, but produce content for brands and promote products as a form of in-kind rent. There are some established management companies with ethical talent relationships and trust in place. But things devolve quickly when your manager forgets to pay the electric bill or installs security cameras in the kitchen to monitor uncontrollable adolescents who have been threatened that they would be thrown out if they didn't post at least 8 times a day. One eloquent whiner complained they couldn't go live because *livestreams* would cut out. Influencer newbies are reminded of the age-old advice: don't sign anything.

"We believe this synergistic transaction will be very accretive." MGM chief executive Gary Barber

## IP

Chile's quarantine has been among the longest and strictest in the world, with high rates of infection. An unemployed teacher selling organic honey from her apartment home launched a small business and created **Miel Gibson**, a pun-brand, with a label using the likeness of the "Braveheart" star from an iconic scene in the movie. Everything was fantastico until a cease and desist order from the actor's lawyers arrived. Social media and word-of-mouth to the rescue. A wave of sympathetic press coverage, a torrent of new orders, and a high-profile settlement with the Gibson people: you can use the name, but not the picture. An epic performance in legal compassion from the chronicles of the pandemic.

"There is no end. There is no beginning. There is only the infinite passion of life." - Federico Fellini

## Obits

### **Lillian Brown, 106**

She came upon Richard Nixon, sobbing in the green room and reminded him of the time when they got stuck in a bathroom together with a dog. He composed himself, she made him presentable, and he walked out and resigned the presidency on camera. A common sense farm girl from Ohio, Brown applied makeup for nine presidents, Walter Cronkite, MLK, Eleanor Roosevelt, and Jacqueline Kennedy. She would arrive with a small kit of powder, concealer, liquid foundation and Kleenex, look at a monitor and the person and know what had to be done. She advised on diction, apparel and camera angles, moved flower vases to strategic positions within a tv frame, underlined important words on teleprompter copy, helped calm nerves before big moments. She had steadfast rules: avoid wearing red, white, prints and stripes; she

preferred solid blues, grays, and jewel tones. Ronald and Nancy Reagan always arrived wearing too much rouge, which Lillian Brown would promptly remove.

### **Vasilis Dimitriou, 84**

One of the last surviving movie billboard painters in Europe, he created more than 8000 works for Greek cinemas since WWII. The Athinaion Cinema, the most recognizable movie house in Athens, displayed his billboards which reached more than 40 feet long and 8' high. He painted one to two a week, using home-brewed paints suffused with glue to keep the billboards from running in the rain. With brush strokes reminiscent of 1940s Noir, Dimitriou made it his mission to keep the venerable art form from dying. He worked silently and methodically, upholding a 12 hour day with a 4 hour **υπνάκο** in the middle.

### **Robert Gore, 83**

His 1969 discovery of a new form of polymer, a substance made of large molecules that repeat to form long chains, protected walkers, runners and outdoor enthusiasts from soggy weather. The microporous structure was waterproof, but with a breathable surface and had other applications, among them medical devices, heart patches, guitar strings, space suits and vacuum bags. He will always be impervious to the ravages of time with us in the product name which survives him, Gore-Tex.

### **Linda Manz, 58**

In a struggle to find cohesiveness while editing *Days of Heaven* in 1978, the film director Terrence Malick had a brainstorm. Allow the 15-year old actress to watch the movie and ramble on, recording a freestyle narration in her quintessentially Noo Yawk accent. The originality and magnetism of her voiceovers at the beginning and end of film help define the work and make it the classic it is. Though she continued with other film work and tv, her spoken and improvised contribution stands as one of the great moments of world cinema.

### **Margaret Nolan, 76**

Nolan agreed to do what they asked only if she were given a role in the movie - and ended up playing a masseuse named Dink, appearing with Sean Connery in the 1964 hit "Goldfinger." Her gold-painted body was used as the canvas on which the opening credits of the film were projected. She later turned down a 2-year contract to publicize the movie, and went on to play Paul McCartney's grandfather's girl at a casino in "A Hard Day's Night." Later in life she was active in the Workers' Revolutionary Party, had a passion for permaculture, moved to a farmhouse in Spain, lived off the grid and relied on solar energy. She dismissed her earlier work as just a part of being young and beautiful.

### **Charles Webb, 81**

One can only speculate why a person born into privilege and a wealthy social circle in Pasadena CA chose to live in poverty and divested himself of whatever came his way. Webb spent his life shedding possessions, explaining that owning things oppressed him. This anarchist view of the relationship between humanity and money led him to give away homes,

paintings, his inheritance, royalties. He worked menial jobs - clerk at KMart, itinerant farm worker, house cleaner, caretaker at a nudist colony, lived in a VW bus, underwent Gestalt therapy. He claimed his youthful rejection of materialism was a purifying experience. He wrote eight books but refused to do book signings. The most famous of them, *The Graduate* in 1963, was distinguished by mumbling ennui and unconnected conversations. It depicted a flight from the values and lifestyle of the main character's parents. In keeping with his alienated fictional character Ben, Mr. Webb spent decades running from success.

### **Vicki Wood, 101**

She was called the fastest woman in racing for her explosive speed on the hard-packed sands of Daytona Beach FL. A trailblazer in the macho world of auto racing, she topped speeds of 150mph, which placed her in the record books. In the 1950s female drivers competed against each other in powder puff races. In 1959 she showed up at track ready to drive, and was told women weren't allowed in the pit area. When the founder of track heard, he was furious. "Vicki Wood is not a woman. She's a driver." After 48 trophies she quit racing. By 1963 she had realized men didn't want her around. She would not return to powder puffs because she never thought much of female drivers, calling them unpredictable. At age 99 the Florida state police took away her driving license.

"Who was Malagrida?" I asked in spite of myself. "I don't have the faintest idea. Stendhal quotes it in a chapter heading for *The Red and the Black*." - An influential Jesuit, Gabriel Malagrida, 1689-1761, published his *Opinion on the True Cause of the Earthquake*, who argued that rebuilding Lisbon was an offence to God.

## **Place Branding**

The healing tourism category promotes jungle camps in **Costa Rica** and **Peru** that offer breakthrough therapies like ayahuasca ceremonies. Nonprofit groups send veterans to psychedelic retreats in search of alternatives to antidepressants. Now such retreats come under scrutiny with reports that the therapies can set off psychotic episodes in people with serious mental health conditions like schizophrenia. There have been rumors of instances of sexual assault on vulnerable or impaired participants. Years of interacting with foreigners on retreats made it clear why these getaways are in such high demand. People in the US and Europe are disconnected from each other and the earth. But ayahuasca can be dangerous, especially when taken in conjunction with certain pharmaceuticals including hypertension drugs. Participants sign a lengthy hold-harmless agreement in the unlikely event of a psychotic episode. Retreats leave some people feeling worse mentally, physically, emotionally.

The two Nigerian Instagram scammers busted in **Dubai** extensively documented their highflying lifestyle on social media to 2.4m Instagram followers. They unwittingly provided crucial information about their identities and activities, alerting American detectives with posts which raised red flags about the source of their wealth. Police in the UAE recovered \$40m in cash, 13 luxury cars, 21 computers, 47 smartphones and the addresses of nearly 2m alleged victims. BEC (business email compromise) schemes involve money laundering and cyber fraud on a massive scale. One foreign financial institution allegedly lost \$14.7m. The pair allegedly

defrauded a Chicago-based company into sending wire transfers of \$15.2m which money mules converted into bitcoin cryptocurrency.

“Every tooth in a man’s head is more valuable than a diamond.” - Miguel de Cervantes

## Social Media

First tipoff, the logo is beyond horrible. Amateurish, redundant, clunky, obvious and uninspired, it communicates nothing about a mission to destigmatize therapy and make treatment more accessible or affordable. **Talkspace**, an app which lets people chat online with a licensed therapist throughout the day, faces challenges over questionable marketing practices. Known popularly as a platform for texting, accusations of deceptive business practice haunt the brand. Business has boomed since the hand-wringing 2016 election. This year with the pandemic and impending recession, the client base jumped 65%, with a 7-fold spike in traffic. Among employee perks are all the text-based therapy they want. After content from one executive’s therapeutic chats were re-used in advertising, questions surfaced about standards of confidentiality. Users cannot delete their transcripts. While privacy is of concern, the company routinely monitors exchanges, employing algorithmic review which it claims helps develop bots that augment therapists’ work. Critics argue that data collected is simply used to better sell the company’s product. The founders have demonstrated excesses in their own use of social media. Glitchy software and unresponsive therapists have been frequent complaints. While it’s true that the service democratizes therapy and allows clients access wherever they are, there are contraindications. 3000 therapists are paid by engagement, based on the number of words they write, how often they talk by video or audio. They receive bonuses for client retention. The brand may deliver a form of urgent care, but to what clinical benefit?

You know that moment after you’ve watched every conspiracy movie on Netflix and you get down to the bottom of the barrel and start screening second-rate low-budget thrillers with stars you never heard of doing despicable, graphically violent things to their enemies? As it turns out, that’s how tech companies like **eBay** sometimes take revenge. Senior executives order *trust and safety teams* to protect the brand, which can involve B-movie grade harassment meant to intimidate critics. A Boston suburban couple who publish a niche ecommerce newsletter found themselves in eBay’s crosshairs. A private security team sent them live roaches and a bloody pig mask, porn videos to their neighbors, invited sexual partners to the couple’s home, and tried to attach a tracking device to their car, resulting in a scathing, mind-boggling federal indictment. Tesla tried to severely punish an employee whistleblower who had to move to Hungary to escape his tormentors. Investigators hired by HP rooted through a reporter’s trash in search of dirt on competitors. Private detective teams represent a \$25bn global industry. And obviously you don’t mess with eBay. In 2006 Romanian fraudsters were running rampant on the ecommerce site, but authorities wouldn’t intervene. Finally the company shut off access to *all* of Romania. Hey presto, just like in the movies, the problem quickly went away.

One more entry can now be added to the list of causes for wildfires. Global warming, arson, pyromania are joined by social media-fueled **gender reveal celebrations**. The performative

spectacles which often involve explosives have a competitive aspect, where parents-to-be hope to record monumental footage and post it. In 2017, as a result of a malfunctioning firework, 45,000 acres burned in Arizona, a misdemeanor violation, \$8.1m restitution. In 2019 a pilot dumping pink liquid over a field crashed in Texas. This year, 7300 acres in California went up in flames when a confetti blast went kablooey.

With more than 70% of FB revenue coming from small businesses, the dynamics of **data collection** become more interesting. Digital advertising is way cheaper and more efficient than other kinds. Surveillance capitalism demands more transparency. It's time to shift the burden of responsibility away from consumers, ban facial recognition and confine data monetization to single transactions. It's crazy to grant access to data overlords for unlimited amounts of time. And while we're discussing disproportionate profits, just how many microcents does Zuck make each time one of the 2.7bn global users logs on to FB?

No difference between entertainers and politicians. In South Korea, *stans* - activist cells affiliated with K-pop groups - mobilized legions of **TikTok** followers to pack the unconceded incumbent's Tulsa rally with hundreds of thousands of shadow reservations. An Iowa granny vented her own anger in a video, which went viral, 2m views overnight. Result: a million ticket requests. Users deleted their posts after 24 hours in order to conceal their plan. They knew the campaign fed on data, they understand the algorithms and how to boost their posts. K-pop stans have been getting increasingly involved in American politics. Earlier they spammed rightwing sites with endless music videos, hoping to make it harder for white supremacists to find one another. That was pretty cool. These self-described armies spread information among each other very quickly, across multiple social platforms. They walk the line between powerful political activism and what some have called *the best senior prank ever*.

**TikTok twins** with 30 million followers were charged over two fake bank robberies staged for a video prank. They presented themselves as criminals to an unsuspecting Uber driver and were filmed by a videographer to share on social media. They asked bystanders to give them assistance. Improbably, police felt the elaborate prank had broken the law.

**YouTube** gave its machine systems greater autonomy to vet harmful content. The machines it relied on proved to be overzealous censors and caused a jump in the number of videos removed, including a significant proportion that broke no rules. Astounding, no? The algo gets fed by specific searches on breaking news, trolling for hate speech, medical misinformation, and harassment. The machines just can't do it, they have nowhere near the capacity to deal with so many human meltdowns. The crucial relationship between the human moderators and artificial intelligence systems is definitely immature. More nuanced decisions need to be made than the machines understand. Advertisers won't hesitate to take their business elsewhere. For YouTube, it's back to old style, error-prone, disposable, replaceable, deteriorating machines, meaning more human moderators.

According to Zuck, engagement is decreasing, organic reach is declining, community growth is flattening. Community and conversation is now key to **FB's long term integrated content strategy**. Groups will be at the heart of the experience. The platform will rely on more user-generated content, communicate via its messaging apps, and try to be more *immediate and personal*. Early engagement is key. In 2021 they plan to launch the impulsive and intimate Libra cryptocurrency.

## Vocabulary

**code-switching** - when somebody changes their accent, tone of voice and mannerisms depending on the social space they're in

**confirmation bias** - the tendency to look for information that affirms one's beliefs while you tune out contradictory evidence

**EBITDAC** - earnings before interest, taxes, depreciation, amortisation and coronavirus

**exclusionary conduct** - conduct that creates or maintains monopoly power by disadvantaging and harming competitors

**FAAMNG** - an ever-expanding acronym that stands for Facebook, Apple, Amazon, Microsoft, Netflix and Google

**FUD** - *fear, uncertainty and doubt*. A complaint when short-sellers sow doubt about a company's accounting or financial position, which then becomes a self-fulfilling prophecy

**geocaching** - a pastime in which an item, or a container, is hidden at a particular location for GPS users to find by means of coordinates posted on the internet

**micro-fulfillment** - refers to the idea of placing small-scale warehouse facilities in accessible urban locations, close to the end consumer who is making a purchase

**The Overmighty Subject** - a vocal handful who exercised a disproportionate influence on The Wars of the Roses. Medieval internet trolls.

**quantitative traders** - those who discover that using historic data to try to back-test future investment strategies isn't working

**SPACS** - *Special Purpose Acquisition Companies*. The hottest financial product of 2020. Also known as blank cheque companies, they raise money on stock exchanges to acquire businesses in the future. See also *sustainable spacs*, *sustainable cash*

**TINA** - *There Is No Alternative*. Often refers to the dollar's leverage as reserve currency

**vishing** - a scamming method known as voice phishing. Employees are tricked into entering their login credentials into fraudulent websites. Hackers then access the inner workings of the companies' systems.

"They neither know how to read nor to swim." - Plato

## What Is A Brand?

### **an ode to the brand, in blank verse**

with my brand i am the filter  
i curate my own content  
asymmetry interests me, pranks don't  
my brand is not about handmade, user-generated or DIY  
it is not about community, nor is it a game  
my brand is my personal avenue to abstraction  
i want to have an intangible relationship with my brand

May we all enjoy a lighter heart and brighter horizon in the new year  
See you in 2021!



*Special thanks to James Wines for this edition's cover illustration*



## 2020 Global Brand Letter - June Edition

"I have nothing to say and I am saying it." - John Cage

"Here is some great Covid-19 preventative measures you can take to protect you and your family from my wonderful niece Barbara." - Facebook post

"The most bitter remorse is for the sins one did not commit." - old aphorism from the Oaxacaños

Allow me to engage in simultaneous pre-emptive branding and transgressive advocacy. Let's practice black-hat tactics, deploy some generative adversarial networks, all in anticipation of an exogenous shock. Nothing stops hypersonic weapons, geofencing or flagrant patent trolling. Counterrevolutionary retro backlash enables a vector for reverse transmission. Recommended antidote: neuroplasticity.

### Updates

"Gaia is like Netflix, but instead of entertainment you get enlightenment." - Gaia member

### Advertising

The *pain of being unable to return to the past* is the trick-of-last-resort historically pulled out of the hat by advertising agencies when all else fails. Hardly the first tactic used in these **plague-ridden days**, with billboards gone blank at what were once the busiest intersections in New York, London and Tokyo. Fewer citizens prowl the lanes, outdoor advertising the first casualty, followed by FB's ad business, and Amazon's evaporating Google shopping pitches. Digital ad spends plunge, giant agencies suspend fall forecasts and the Cannes Lions postpone, then cancel their yearly back-patting bacchanal. Still, the industry continues to pack smartphones, building facades, stadium backdrops and movies with brand messages, and clogs our inboxes with promotional emails. It believes itself to be the lifeblood of tv networks, podcast companies, news outlets, lifestyle publications, and all of the internet. Yet major production studios have shut down while handmade messages increase in number. The bean-counters swear each ad dollar spent in the US leads to \$9 in sales, but will that math hold true once the New Frugality kicks in? Pre-Covid-19, the ad industry employed a half million people in the US alone. Mmmm, let's see, at 30% unemployment that means only 350K remain to populate the Digital Marketing, Social Media, Insight, Customer Experience and Customer Service teams who create ads, source services and buy advice for companies eager to protect their good names. Their recommendations: 1) Keep ads away from media reports or articles that include outbreak-related keywords; 2) Shift messaging to what is most useful to customers; 3) Run ads which underscore the theme of isolation; 4) Resurrect nostalgia.

Ogilvy cautioned against making **over-optimistic remarks** like *a return to normality could arrive suddenly and without warning*. Instead, they advise stressing community building, humanizing everybody, reminding customers we're all in this together. They counsel creating campaigns which express solidarity with relief and containment efforts which strike the appropriate tone, though they do not say what tone precisely that means.

It remains to be seen if **fashion** has learnt its lesson following a succession of advertising flubs last year. Tomorrow's luxury consumer will be more sensitive about culture, society and environment. A Gucci jumper depicting blackface resulted in a remedial Changemakers program which offers scholarships, and channels public statements about equity and inclusion. D&G's insensitive campaign in China, followed by Gabbana's racist tweets led to the brand being shunned by the world's biggest luxury market; it suffered a 98% reduction of sales, and never recovered. Burberry showed a hoodie with a noose during its catwalk and faced accusations of glorifying suicide. Dior lost face by appropriating Native American memes - even their associations with Johnny Depp and the Rosebud Sioux tribe couldn't obliterate finger-wagging over the racist product name Savage. An in-focus cultural snapshot of the times?

Business models for **global sport** were built around live events. With the current disruption, the playing field has changed. Two parallel economies co-exist, those who pump money into the games, and those who take money out of them, a cash ecosystem of services and related goods worth \$489bn in 2018. Not all scenarios will play out like the Tokyo Olympics, postponed for two years, where insurance is expected to recoup the majority of carrying costs. A projected 28m American households are expected to cancel their cable tv subscriptions by end of year. In the face of fewer live events, football teams go bankrupt, golf is shuttered and Formula One's calendar has been truncated. Big players are slashing marketing and sponsorship budgets and leading athletes accept pay cuts. Bailouts are in the offing, and enterprises borrow against their cash reserves. Forecasts are outdated. How to fill the surplus airtime with billions of eager, passionate fans? Supply is scarce for shows that are best watched live and unscripted. Promoters plan to add fake virtual crowds to empty stadiums. It may not transform cherry pit spitting and hamburger eating contests, entertainments ESPN has proposed, into compelling viewing. Following a riot of fans at the Pompeii amphitheatre in AD 59, the Emperor Domitian shut down gladiatorial games for 10 years. In real-time post-Covid web world, people are bound to grow impatient after two months.

If you find yourself tempted to plop down \$35 for a 100-piece jigsaw puzzle of the orange dude against a background of the American flag, on offer in Trump's online campaign store, congratulations. You've jumped onto the virtue signaling bandwagon, where **merch** plays an important role in campaign fundraising. Call it the e-commerce approach to political marketing. Items of merch act as devices to capture contact information, later used to solicit donations and tender invitations to volunteer. In this peculiar universe, *rapid response merch*, all made on demand and in-the-moment is tailored to trending items and aimed at people stuck at home. Trump's signature red MAGA cap remains a top-seller. But recently a 10-pack of high quality politicized plastic straws, made in USA, priced at \$15, packaged under the tagline "Liberal straws don't work - buy your pack of recyclable straws today," sold more than \$1m of goods. It's not limited to the Republicans. Warren's campaign shop featured a bestseller coffee mug legended *Billionaire Tears*. Caveat emptor: each product carries a reputational risk.

**Product placement** got smarter, thanks to streaming and interactive television technologies. New tricks for inserting logos and prop packages that appear onscreen can be based on who is watching and when. Companies already target viewers by age, location, and where they like to shop. Streaming services have direct access to more detailed information on their customers. They have crafted platforms and ad-supported apps which individualize brands into shows and

films based on data generated by interactive programming. The capability was refined with the aid of *virtual product placement companies* who have figured out how to exploit captive audiences binge-watching series. One Netflix test group was given the option to vote on how a story unfolded. Watchers were also asked to choose between two breakfast cereals, Quaker Sugar Puffs or Kellogg's Frosties, to determine which would appear in a commercial on a TV in the show's background. Clicking remotes provided Netflix with data on subscriber preferences, and drove personalized insertion of brands into streaming shows.

One industry has yet to successfully quit its evil ways. The tobacco product known as **Juul** romanticized high-tech nicotine intake by selling vape pens that resembled cool flash drives offered in designer colors. Turns out the SF-based company initially stubbed out a marketing proposal positioning it as a technology company with a target audience of adult smokers. Instead, Juul used advertising to attract young non-smokers during its 2017 launch, appealing to teenagers and even younger children. A viral uptake contributed to the epidemic of underage vaping. The company attempted to recruit celebrities, bought spots on the Cartoon Network and other youth sites, and ran ads on math-themed educational sites frequented by young girls and high school students. They placed product in 850 stores in Massachusetts and were cited by the FDA for selling to underage teens. Their customer service sent emails advising young puffers how to get around age restrictions. A far cry from blowing smoke, eight states filed suit against Juul over carcinogenic marketing practices.

"The limits of my language are the limits of my world", wrote the philosopher Wittgenstein

## AI

Should you want to hear something really really creepy, why not lend an ear to the reedy, otherworldly tenor of the ancient **Egyptian priest Nesyamun**, whose mummy was placed in the Karnak Temple in Thebes in 1100 BC. Enough of his throat remained intact to be scanned by a team of speech scientists at Royal Holloway, University of London, who then 3-D printed a replica of the cleric's mouth, larynx and trachea and hooked it up to a digital sound generator. The single nightmarish tone, "ehhhhhh," which echoes across three millennia sounds like a weird incantation from a 1930s horror movie.

"Everybody wants to be Cary Grant. Even I want to be Cary Grant," said Cary Grant.

## Celebrity

Hubris assumed epic proportions as **famous faces** crafted home-made messages and remote missives while the rest of the world self-isolated. Gal Gadot kicked off the disillusion with high profile friends performing a slapdash cover version of John Lennon's *Imagine*. David Geffen tweeted that he was riding out the pandemic in the Grenadines, adding a photo of his 454 foot yacht *Rising Sun*. Madonna, nude, pontificated from a rose petal filled bathtub, and called the pandemic *a great equalizer*. Ellen DeGeneres phone-pranked bold-faced pals from a luxurious living room with a *Basquiat* on the wall in the background.

"*Messieurs, c'est les microbes qui auront le dernier mot.*" - Louis Pasteur

## Epiphanies

Now begins the unanticipated age of sweatpants as **fashion and luxury** contemplate the deeper existential questions of the universe. An industry which gleefully leveraged social media and enjoyed record-breaking sales attributed to celebrity collaborations now confronts accusations of an excessively wasteful fast-fashion model, one worn thin with eco-sensitive influencers. A significant polluter, the *schmatta* business is responsible for more of the world's CO2 emissions than the international aviation and shipping industries combined. Synthetic fibres are being found in the deep sea and only 13% of total material in the clothing industry is recycled. A brand named Material World, which sells pre-owned luxury items to subscribers, even fell victim to accusations of greenwashing. Brands that preferred to over-manufacture by 30-40% have been making far too much product for far too long. Much ends up incinerated or in landfills. Runway shows suddenly appear outrageously extravagant. Count on fashion's environmental impact to drop sharply this year as manufacturers produce less, and less often. Concurrently if they want to improve their reputation, they will need to better ensure the welfare of their workforce. Customers will be forced to buy more at full price, and wait for discounts at the end of season. Department stores will consolidate and disappear, yielding transactions to online shopping. The first category to rebound should be big luxury brands, whose items will be regarded as investment pieces which hold their resale value. Retail will relocate to digital platforms which rely on improved showroom support. After this kind of migration, brands will capture more data, know more about you and eventually figure out fresh methods to sell you new product.

*Joe Btfspk*, a cartoon character created by the American satirist Al Capp, brings gross misfortune to everyone he meets. He travels under a dark cloud which follows him wherever he goes. His unpronounceable name is similar to unrecognizable trademarks you happen upon in social media, used by pseudo-brands you've never heard of, advertising disparate categories of goods you don't really want, created for sale on **Amazon**. Under such tongue-twisting monikers Bezos & Co has registered hundreds of its own market-researched identifiers which represent a large and growing portion of the monopolist's business. These btfspk vendors work against fundamental understandings about brands which in the best of worlds deliver reliable behaviors over time. Their strategy entails using guerilla marketing, black-hat tactics, fake reviews, click farming, competitor sabotage, selling product until the market gets flooded, then moving on. It's a scenario where the name of the brand has become increasingly less important even though these are goods sold under the Amazon banner, through Amazon Prime, fulfilled by Amazon, shipped in an Amazon box, purchased through an Amazon device. Only the company store matters, no longer the products, no longer the brand.

Does Ivanka spell *quid pro quo* 为了某物? Last year 14% of all **US trademarks** were filed by Chinese applicants. In August 2019 Chinese law firms reached out to US counterparts inquiring about idle trademarks and whether they might be up for sale.

Crowds On Demand, an LA company established in 2012 by a UCLA poli sci grad, furnishes **rental mobs** for trade shows, campaign rallies and protests. You can even pay to have celeb clients thronged by fake paparazzi outside posh boutiques. "Our business is about cultivating perception. It's basic marketing, far less misleading than TV ads," the founder says. Initially geared toward corporate events and PR stunts, the business has matured. Trump paid actors \$50 each to cheer at his campaign launch. Synthetic crowds generate buzz and media

coverage, to the point that it is impossible to distinguish inauthentic from grassroots fervor. Other international crowd companies offer from 2 people to hundreds, some able to muster more than 1000 warm bodies. With sports organizations about to digitally populate empty stadiums, this type of business may no longer require sentient humans.

Our kids are finally coming to their senses, if the fragrance providers can be believed. Millennial customers pushing for natural, vegan, sustainable essences are **transforming the perfume business**. They're sniffing about for more transparency and universal, gender-neutral scents, often citrus-based. Along with the demand for natural botanical smells, there's a wariness of greenwashing. Young customers want to know the artisan making their perfume. In response to the limitation of natural musk scent, most products in the perfume industry now contain synthetic molecules. Gucci's *Mémoire d'une Odeur*, released in August 2019, features a retro unisex package designed to fulfill longings for the recent past.

Replacing Boomer as the internet villain of choice, **Karen** is the new meme for obnoxious grown-ups. She's an archetypal middle-aged woman who does not understand fashion - the annoying, interfering adult you love to disdain. Shorthand for bigots, she's also the object of sexist jokes on TikTok, the most efficient black hole for time-wasting currently known to 800m daily users. A frivolous algorithm, its chief currency is dance moves, in-jokes and the latest youthful obsession.

"No matter how much the cats fight, there always seem to be plenty of kittens." - Abraham Lincoln

## Gaming

Before the pandemic, shares in Nintendo, which relies on hardware sales for over half its revenues, had plunged by almost 9%. Coincidental with the acceleration in the viral outbreak in China, **app downloads surged**. Cloistered citizens sought alternative methods to resume daily activities remotely. During the lockdown they downloaded a record number of 222m games. The number of education apps running doubled. Orders boomed in Apple's online Chinese store. Coupled with the prospect of more smartphone purchases by homebound Chinese, projections point to a bumper year for the \$150bn global games industry.

The problem with games is that they can take a long time to learn. The good thing about games is that they can take a long time to learn. The joy comes from **cognitive engagement**, and the ability to do things like fly a spacecraft around and say "pew pew pew." The people you are playing with are often more important than what you are playing, thus explaining the social allure of streaming and live broadcast gameplay. Different games yield different benefits. Red Dead Redemption, for example, is known for the best dialogue in the business.

The top-selling 2020 pandemic game title, Nintendo's **Animal Crossing**, a gentle and creative family-friendly distraction, led the lockdown boom in video gaming. It provided a peaceful island fantasy where users could plant flowers, catch butterflies, decorate homes, customize outfits, go fishing, exchange fruit, and speculate on the price of turnips. It beat out the hugely popular *Call of Duty: Modern Warfare* which previously dominated the market with snipers, graphic car chases and explosions. Both titles enjoyed a surge in in-game spending, where item sales rack up multiple microtransactions on which most mobile game revenue models are built. A buck

here, \$5 there, can add up quickly. Sales on ecommerce sites increased. A new constituency of users substituted sports simulators as surrogates for watching live broadcasts.

Money launderers quickly discovered video games **an easy channel for creative fraud-sourcing**. *Counter-Strike: Global Offensive*, a popular title from Seattle-based Valve, provided fertile terrain for scammers. Games mint their own currencies without facing the same oversight as financial institutions, a vulnerability exploitable in online marketplaces. Companies have largely avoided burdensome requirements or anti-money laundering regulations. Counter Strike created *container keys* used to obtain in-game items such as guns, rare knives or limited edition stickers. Nearly all key purchases that end up being traded or sold in the marketplace are believed to be fraud-sourced and used to liquidate larger gains from other kinds of illicit activities. Players can still trade items for Valve games, from a catalog of hundreds of weapons which may cost hundreds of dollars. A Bright Water flip knife or a Souvenir Army Universal Gun start at \$1800 and trade on eBay. Fortnite, another popular game, saw its in-game currency V-bucks discounted and sold on the dark web.

Online games carry an additional risk: **privacy**. Players freely surrender data to these platforms.

**“A frat party that descended from a UFO and invaded the federal government.”** - a senior official at FEMA, describing people Kushner embedded in the agency

## Influencers

Did you hear the one about the 2015 survey for a national convenience store chain that examined **anti-influencers**? A team of marketing professors at Northwestern University looked at consumers who are systemically drawn to flops, based on data from the chain's loyalty card program. About 25% of customers consistently took home products that did not succeed, individuals the researchers called *harbingers of failure*. Many products debut to strong sales and positive customer feedback, then come to an ignominious end. The researchers searched for larger correlations, but to no avail. They did identify harbinger ZIP codes, pockets of the country that consistently gravitate toward unsuccessful new products, but found little else. A comparison with contributions to congressional campaigns indicated some preference in those areas for candidates who end up losing their races. But age, ethnicity, gender, income did not matter. Some folks always picked the dogs.

Via a sponsored ad, FB habitués were invited to become a **Gates Notes Insider**, to stay updated on efforts to tackle global issues and to *participate in giveaways and more*.

In the heat of the Covid-19 testing frenzy, few details emerged on how they gained access, but public figures swiftly moved to **the front of the line**. The rich and famous obtained the coronavirus test without exhibiting symptoms. Celebrities had a far easier time. Press officers explained that the tests were obtained through private companies to avoid using public resources.

The four-year old synthfluencer **L'il Miquela** (b. April 2016) signed a management contract with the CAA talent agency for a half million dollars. She impersonates a freckled teenager, and brings with her over 2m IG followers as she endorses product, records songs, breaks up with a boyfriend online and reports on it all in a professionally-authored social media voice. What makes her unique is that as a digital creation she never ages. One CAA exec calls her *a true*

*multi-hyphenate*. Top Hollywood agents are busy signing all the sentient influencers they can as the fame landscape shifts: a new generation of carbon-based talent creates, self-broadcasts, and shares it with the world. Welcome to the age of handmade. The influencer marketing industry is expected to top \$15bn by 2022. Internet-native stars often succeed at generating the thing agencies care most about: cash. Their merch drops never see a retail store; business decisions get instantly vetted by IG followers; meet-and-greets via Facetime save location costs; and an ongoing churn of new digital platforms provide endless, albeit short term, opportunities.

For proof positive that **brands can't save you**, look no further than Trump's lineup of CEOs assembled to validate his daily coronavirus briefings. Corporations could not be expected to rush in and fill the competence void. FB decides who gets to run political ads, healthcare monopolies set how much you will pay for insulin, and Covid-19 controls the death rate.

"The absence of bad luck in life is the most important thing." - Peter Piot

## Obits

### **Joyce Gordon, 90**

A bespectacled pitchwoman, she broke many a glass ceiling onscreen and off, confidently wearing her signature eyeglasses as she delivered live, on-air advertising pitches for products like Crisco and Duncan Hines cake mixes. She was known for her voice in radio and television through commercials and announcements. Moviegoers heard her in dubbed foreign films as Annie Girardot, Claudia Cardinale and Jeanne Moreau, and for other stars in films by Bergman, Renoir and Visconti. She was the first woman to head a local unit of the SAG union, first woman to serve as TV announcer on a national political convention, the first to do on-air network promotions, the first television hostess to wear glasses while appearing on the cover of TV Guide. Her glasses were not a prop, and she believed they gave her identity and authority. But she will be most remembered by millions of telephone callers who in the 1980s heard her voice inform them that "the number you have reached is no longer in service."

### **Johanna Lindsey, 67**

Ranked among the leading romance writers of her time, Lindsey's stories of unbridled passion, revenge, submission and abductions among aristocrats, debutantes, pirates and fearless heroines sold over 60 million copies. Producing two books a year, during her career she turned out nearly 60 saucy titles, sci-fi bodice rippers, tales of romantic and sexual surrender, among them *Beautiful Tempest*, *Wildfire In His Arms*, *The Devil Who Tamed Her* and *Captive Bride*.

### **Peregrine Pollen, 89**

Possessed of an evocative name, this graduate of Eton and Oxford introduced a note of theatricality to the stuffy NY auction scene in the 1960s. After Sotheby's acquired Parke-Bernet, he was named president and brought music, fashion shows and even a rock concert to the staid galleries. His 1967 blockbuster show *Treasures of the Spanish Main* was a media sensation, featured items from a fleet of Spanish ships wrecked off Florida in 1715, and included a trunk of gold coins offered for sale only to children.

### **Mal Sharpe, 83**

One of the pioneers of the street-level pranking and a godfather to the observational comedy genre, along with partner Jim Coyle in the 1960s he played countless tricks on unsuspecting

passers-by. He influenced the whole field of ambush humor, documenting their escapades with a tape recorder hidden in a briefcase. In an era when comedy albums enjoyed a surge in popularity, he tormented the man on the street with elaborate stunts with titles like *Selling Insects to a Clothing Store*. His records did not sell well. An unflappable cool guy who could pass for a square, in days of yore - and unlike social media jokers today - the pranksters and their targets usually parted as friends, mostly thanks to his genial personality.

"Cairo writes. Beirut prints. Baghdad reads." - Old Arabic saying

## Place branding

Jacinda Ardern, the **New Zealand** PM who went to the UN General Assembly with her 3-month old daughter in her arms, announced on March 24 that the Easter Bunny and the Tooth Fairy were to be considered essential workers. She acknowledged that given the nature of the job the Tooth Fairy might have it easier than the Easter Bunny during the pandemic. "If the Easter Bunny doesn't make it to your household," she reassured anxious children, "then we have to understand that it's a bit difficult at the moment."

Bangkok, a metropolis of 10 million, suffers from an excess of crowds, clutter and health hazards. Street food vendors have become a target of some of the capital's planners, and **Thailand** is on track to lose some of its distinctive olfactory branding. The Deputy Governor, government bureaucracy, and metropolitan administration have mounted a sidewalk cleanup campaign, even after Michelin began recognizing street stalls as a national treasure. These may be your last days to catch the scents of coconut wood, chili fumes, lime rind, salted crab, fermented fish paste, palm sugar, green papaya, soups fortified with lemon grass, or glutinous rice dumplings in the open air. The city fathers haven't considered the socioeconomic impact if street food customers were forced to switch to food courts or convenience store fare. The action would disproportionately affect the 80% of street food purveyors who are female.

Unfortunately there's not a lot of evidence that the wacky and colorful characters used to lure tourists and investment to cities in **Japan** since the 1980s are delivering economic benefits any longer. Cities and regions are quietly mothballing them. The mascot craze was designed to inspire a sense of national connection. Mountains of *merch*, YouTube channels, dances, slick tourism websites, sticker editions, once drove up tourism. But a 2018 vote-rigging scandal at the *yuru-chara* Grand Prix, an annual gathering to crown Japan's king of cute, heralded a decline. Gone were the days when Kumamoto on the island of Kyushu reaped a \$1.2bn economic windfall in 2 years after its mascot, Kumamon won the first Grand Prix in 2011.

**Mumbai** police installed sound-monitoring devices that detect horn noise at especially loud urban traffic intersections. The more horns, the longer the red light doesn't change. They even put up signs reading *Honk More Wait More*. A Bollywood-produced video dramatizing the experiment went viral. In India drivers constantly sound their horns to warn, announce a daring maneuver, berate, or tell the sluggish to move. Many vehicles have the legend "Horn Please" painted on the back. Authorities will soon install honking meters so citizens can judge for themselves.

Ischgl, a ski resort with a reputation as the party capital of the **Austrian Alps**, operated under the motto "Relax. If you can." With its 39km of ski slopes, the city fathers no longer focus on

relaxation. The hamlet is now considered to be one of Europe's most notorious hotbeds of coronavirus infection. It's alleged that local authorities warned people and closed hotels and bars too late. Tourists from Israel to Singapore were infected with Covid-19 while skiing, then unknowingly brought the virus back to their home countries. In what is likely to trigger a wave of legal actions, guests are preparing class-action lawsuits against Tyrolean authorities asserting that they put greed ahead of people's wellbeing. Prosecutors opened a preliminary investigation.

**"Murder unplanned is too easily traced." - Mickey Spillane**

## Privacy

Let us now ponder the demise of public anonymity. For over 20 years, police departments have made use of **facial recognition** tools, mostly limited to searching government databases such as mug shots and drivers licenses. Newer algorithms have improved accuracy, and companies like Amazon offer products that can create a facial recognition program for any database of images. They still carry the risk of misidentification because of the *doppelgänger effect*. A California company recently pointed out that typically surveillance cameras are placed too high - the angle being wrong for good face recognition. The company, Clearview AI, has a groundbreaking facial recognition app, its database of 3bn images scraped from FB, YouTube, Venmo and millions of other websites, far beyond anything ever constructed by the US government or Silicon Valley. But FB and other social media sites prohibit people from scraping users' images. Even so, more than 600 law enforcement agencies are using the app, without any public oversight. Clearview says the app can be paired with augmented reality glasses, but the company's capability to protect its own data is untested, even though they have the ability to monitor the folks law enforcement is searching for. Don't hold your breath waiting for a strong federal privacy law.

**That which is funny** may fall victim to working from home and communicating at a distance. Immature and risky technologies like Zoom will allow powerful algorithms in collusion with ubiquitous sensors to become the norm. Beloved smartphones with their face-recognizing cameras facilitate totalitarian surveillance, abetted by their bosom buddies data breaches. Israel's recent authorization of technology normally reserved for terrorists was seamlessly redeployed to track movements of coronavirus patients. Anger, joy, boredom and love are all biological phenomena just like a fever and a cough, and biometric surveillance systems like these could easily identify laughs, monitor humor. Once the algorithms know what makes us LOL it's a short leap to manipulating our feelings. Data-driven brands then gain the potential to alter our idea of what is funny, and sell us anything they want.

**"My father warned me about men and booze, but he never said anything about women and cocaine." - Tallulah Bankhead**

## Social Media

FB removed 700 accounts with ties to Epoch Media Group, the parent company of Falun Gong. With the help of AI, fake profile photos proliferated via **coordinated inauthentic behavior**. The network focused on support of Trump and sent messages in opposition to the Chinese government.

William F. Buckley Jr. once said John Simon “reviewed movies in the same sense that pigeons review statues.”

## Vocabulary

**black elephant** - a cross between an unlikely, unexpected event with enormous ramifications and a looming disaster that is visible to everyone which no one wants to address

**dead cat bounce** - a temporary recovery of asset prices from a prolonged decline or a bear market, followed by the continuation of the downtrend

**MMS** - Magical Mineral Solution, chlorine dioxide products that have found favor with online conspiracy theorists and fringe activist hawkers

**MMT** - Magic Money Tree, mythological place where bankrupt governments go to fund politically popular initiatives; also, *Modern Monetary Theory*. Take your pick.

**mootah** - 1950s slang for cannabis

**Plumps** - Publicly Listed Unicorns Miserably Performing

**sponcon** - the result when influencers fail to disclose paid social media campaigns

**WFH** - Working From Home, but you knew about that already

**xenobots** - minuscule blobs of jury-rigged frog cells capable of a pulse and an appetite, and of executing computer-driven functions as if with minds of their own

"The problem with the world is that the intelligent people are full of doubts, while the stupid ones are full of confidence." - Charles Bukowski

## What is a brand?

Suffering a case of seasonal *brand disillusion*? It's understandable with all the activity out there deliberately in the service of undermining trust. You can simultaneously love and loathe the brands you use every day. On one hand Google is fast and efficient and helps you research, translate, be entertained, keep track of your kids. On the other hand they control the news you receive, the products you search for, and your cloud storage. And they have the temerity to charge for it. Nobody, repeat nobody, pays you for your data that they so blithely capture and resell. Fashion brands you once loved look sullen and irrelevant, overpriced and unreliable.

This may explain the increase in *brand hijacking*, where symbology is co-opted in the interest of revisionist history, editorializing, snark or profit. It confuses the landscape when a pirated player steps forward and sounds like or looks like a stalwart friend, especially one who's invested a lifetime of vision + action only to be devalued or distracted by a copycat.

A brand used to be a reliable and consistent signal of fundamental values.

In the interest of returning to the dialog of clear thinking allow me to offer a short brand quiz to complete this letter.

## 2020 BRAND QUIZ

Guess the brand described below.

1. A brand whose entire premise is based on recreation, now a symbol for cultural insensitivity, pollution and colonialism.
2. A brand built on technological innovation, now associated with planned obsolescence and flimsy product quality.
3. A brand with visionary sustainability IQ but low workplace standards.
4. A brand dedicated to convenience and choice, now faced with accusations of monopolistic behavior and mistreatment of workforce.
5. A brand founded on lofty ethical expectations, now viewed as a promoter of disinformation.

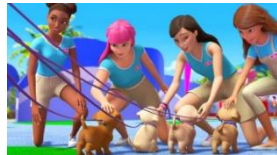
**Answers:** 1. Coca-Cola 2. Apple 3. Tesla 4. Amazon 5. Google

We'll take up the discussion again in the new year, promise.  
Have a great return to The New Normal.

A handwritten signature in black ink, appearing to read 'SMoss'.

DiGanZi

# 2021 Global Brand Letter    December Edition



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“The comfort of the rich depends upon an abundant supply of the poor.” - Voltaire

“We know they are lying, they know they are lying, they know we know they are lying, we know they know we know they are lying, but they are still lying.” - Aleksandr Solzhenitsyn

“*Dat veniam corvis, vexat censura columbas.*” [The critic spares the crows, and torments the doves.] - Juvenal

Do you feel as if you're suffering a semipublic breakthrough case of neurotypical vaccine failure? It introduces the potential for a Squid-Theranos merchiverse. If only the social credit system would permit such phytosanitary productization during an extinction-level event, the Wuli-Shili-Renli requirement would be satisfied, and we can overcome lockdown and get back to idiopathic bioengineering.

“I don't like this world. I definitely do not like it. The society in which I live disgusts me; advertising sickens me; computers make me puke.” - Michel Houellebecq

## Advertising

Meta, formerly FB, has 10,000+ people working across both virtual and augmented reality platforms. After less than one week on board, its first Oculus headset ad partner **Resolution Games** asked for a divorce. Meta had sought to grow its virtual reality business by adding advertising dollars, but the gaming community would have none of it. Headsets endeavor to block out the real world and gamers resisted the suggestion that their beloved paid-for games were about to be barraged by ads. Meta-averse Oculus users complained that this type of advertising didn't *click* with them, so Resolution suggested it might move a small temporary ad test to its free fish-catching game, the aptly-named *Bait*.

In the Middle Kingdom, foreign products were historically viewed as safer and of higher quality. They formerly represented a superior western lifestyle, and held a formidable advantage over local rivals. But no longer. In a dynamic turnaround, startups and domestic brands take an ever-growing share of **China's** booming consumer market. Homegrown Chinese products turned cool. Consumers demonstrate growing confidence in China style. Native products don't have the heritage brand equity or baggage, and interact with consumers in a more intimate youthful and automated environment. Some of this is the result of hefty investments in social media marketing and the ability to accelerate development of new products. Chinese consumers have eclectic tastes and a keener desire to chase trends. They rely on a sophisticated ecommerce experience that bridges influencers, social media platforms, easy online purchase via places like Alibaba, and access to vast archives of customer feedback and photos. This is all propped up by a network of micro-influencers and influencers with huge fanbases like the lipstick king Li Jiaqi, who boasts over 45m Douyin followers.

## POP QUIZ

Match the Chinese home-grown brands with the Western competitors they overtook in 2021:

- |                    |                                |
|--------------------|--------------------------------|
| 1. Babycare        | A. Coca-Cola                   |
| 2. Genki Forest    | B. Estée Lauder and Maybelline |
| 3. Perfect Diary   | C. Nestlé                      |
| 4. Three Squirrels | D. P&G                         |

## ANSWERS

1-D, 2-A, 3-B, 4-C

A Virginia couple stole more than \$31m directly from consumers, retailers and manufacturers through a **fake coupon scam**. They offered counterfeits with inflated values far in excess of authentic coupons, forgeries virtually indistinguishable from the real thing. The couple preyed upon groups of coupon enthusiasts and took in money via online payment methods that included Bitcoin and PayPal. But a disgruntled coupon lover began to unravel the scheme. In a raid on the couple's home, Federal agents seized \$1m in fake coupons and discovered 13,000 separate and distinct counterfeit coupon designs in their computer. Charges included felony level offenses for mail and wire fraud. A separate 5-year scheme defrauded Medicaid and the Supplemental Nutrition Assistance Program. For their trouble, the remorseful offenders received a 12-year sentence, wings clipped.

The metaverse may turn out to be a mashup of a big box store and the wall in the boy's bathroom at your high school. A proto marketing strategy by **Budweiser** turned into a bust after the beer's brand management authorized a change of their Twitter profile picture to a suggestive sketch of a rocket featuring the Bud logo. What was intended as an opportunity to sell beer from the metaverse to remind you of Bud's trend-setting Web 3.0 appeal, found itself reviled, lampooned and surrounded by adolescent-grade dirty-minded scrawls which proliferate in the decentralized world. Bud's OpenSea wallet was flooded with unwanted gift NFTs, including many that looked strangely like penises. The same user who shared "Minimalistic Cock" with Bud boasted of having done the same to VISA, who had their own besmirched NFT space. Augmented reality applications enable mischievous hackers to realistically integrate unicorns and dicks into telepresences. While pundits believe that the biggest use in practice will be advertising, the other obvious application will trend in adult entertainment.

"You have to let other people be right. It consoles them for not being anything else." - André Gide

## AI

What motivates the new strategic partnership between **LVMH** and **Google**? The official party line describes a 5-year deal encompassing demand forecasting, inventory optimisation, and co-innovation opportunities which integrate the Google Cloud, data and AI. Google will use the digital ecosystem to spot trends, project what a customer may want, fine-tune and personalize the customer experience. Using data gleaned from 75 brands across multiple industries and 5000 stores around the world, the retailer will segment ultra-VIP customers, connect their first,

second and third-party data and predict and identify patterns in a unified view of luxury. Under the presumption that privacy, personalization and luxury are synonymous, LVMH looks to *boost* high customer lifetime value. It's hoped that the partnership will lead brands to know *what kind of product to push* and reinforce *their purchase frequency*. It sounds like unenlightened post-consumerist bottom-line drive, doesn't it? The era of AI-driven strategies for business pillars has arrived, and will cast its dark spell over creatives, ad content, product and logistics.

**Disney's** chief executive says the company is interested in materiality and the transformational impact on [its] business from a yield standpoint. An ambitious new digital service called MyMagic+ at the megalith's theme parks aspires to make Mickey more profitable by innovating automated guest management. It was developed at a cost of around \$1bn. The Magic Kingdom in Florida gets 21 million visitors annually. DisneyWorld alone has six separately ticketed parks and entry to one park for one day can approach \$500 for a family of four. People will spend more time if they find the experience less overwhelming. The Seven Dwarfs Mine train, a gentle rollercoaster, often has a standby wait that can exceed two hours on busy weekends. Consumers have become increasingly accustomed to paying surcharges for special access and perks, a phenomenon which Disney understands. It's retiring its free line-skipping FastPass and will now charge \$15 for the privilege, with upgrades charged per day, which will contribute to a colossal new revenue stream. Thanks to a magical digital navigation tool called Disney Genie, first, second and third-party data will be employed to create personalized itineraries. The price will fluctuate based on date, attraction and park, taking its leads from surge pricing, similar to Uber. The service will update like GPS does. It will integrate mobile food ordering, ride wait times, restaurant reservations and distribute demand through the theme park's ecosystem. AI isn't the only component, though. Analog world will be served with new hardware, slated to equip 28,000 hotel room doors with radio frequency readers.

"What fresh hell is this?" - Dorothy Parker

## Crypto

It pays to be popular among ransomware gangs. Bitcoin leaves a visible digital trail of transactions, but the privacy coin **Monero** was designed to obscure the sender and receiver, as well as the amount exchanged, thus its popularity with illicit payment schemes and money launderers. Russia-headquartered REvil, a notorious ransomware group, removed the option of paying in Bitcoin altogether and demanded Monero only. DarkSide, last year's bad guys, charge a 10-20% premium to their victims paying in riskier Bitcoin. Big cryptocurrency exchanges have shied away from listing privacy coins for fear of attracting regulatory scrutiny. The IRS even offered a bounty of \$625k to develop tools to help trace Monero.

## Epiphanies

It's no longer enough to offer **streaming** only. As competition heats up among the digi-Goliaths, a struggle to monopolize the online entertainment space begins. It's all-out war as companies beef portfolios, develop new skill sets, amass media rights to expand beyond video. **Netflix** looks to diversification and recently hired experts in podcasting and video games. They've launched an online store to sell products linked to programming and are set to offer a single, ever-expanding subscription. **Disney** tests new interactive activities, including sports betting. Walt would be scandalized. **Amazon** deploys video streaming as a perk to its Prime shipping service. Main requirement: communications-based services that thrive on *smartphones*.

With a series of collaborations and physical events, **Balenciaga** knocked Gucci off the top luxury brand position. A rise in demand for dressier styles and resort wear coupled with partnerships with Fortnite, Kim Kardashian, the Met Gala, a special Simpsons episode, and sponsorship of a new Kanye West album launch spoke authentically to different groups, utilizing statements strongly rooted in pop culture. Gucci retained the #2 position via its tie-in with the new Ridley Scott movie and event-based initiatives: the Olympic Games, EURO 2020, and the US Open. We're witnessing the rise of anytime, anywhere brand engagement. Digital is suddenly at the center of the fashion universe. Multi-platform mentions of product spread the word. The brands continue to make dubious claims about their positive social impact.

The highly competitive and lucrative online sports betting business has a glut of new fans. **Authentic Brands**, owners of **Sports Illustrated** introduced a new mobile betting app built on the ashes of the now defunct iconic sports weekly magazine. September's special edition "The Gambling Issue" plumps SI Sportsbook on the back cover, and there are plans for Club SI, linked to *motorsports events*. **Disney** is said to be seeking \$3bn to license its ESPN name for sports wagering. Lesser known brands **DraftKings** and **FanDuel** have online presence offering daily fantasy-sports games. **888**, a sports betting app is already available in NJ and Europe, yet has no significant brand profile in the USA. In the UK 40% of 25-34 year olds participate in sports betting, wagering a whopping \$4.4bn in 2020. Casino and mobile betting operator **Penn National Gaming**, who own the Tropicana Hotel in Las Vegas, launched plans for branded bars in Philadelphia and Chicago.

**Discord**, an ironically-named platform with 150m subscribers who chat with one another while gaming, heard from users that their app was difficult to learn; they quickly removed niche gamer language from it. In August 2021 they refused a \$12bn takeover offer from Microsoft. The company jettisoned advertising as a business model in favor of offering its users premium features like exclusive emojis, animated avatars and higher video resolution, for \$99.99 a year. Subscription equals money: it's predictable, recurring, less sensitive to economic downturn. The hope is that users eventually make purchases within the games. **Sony PlayStation** took notice and acquired a minority stake. But researchers found Discord was a hotbed for the spreading of

malicious links. The company snapped up **Sentropy**, a start-up whose AI-powered software detects and removes online harassment.

Barbie turned 62 years old last year and she feels significantly better after a visit to rehab and a makeover, thank you very much. Her midlife crisis occurred at a time when brand **Mattel** had lost its Disney license to Hasbro, and a critical retailer, Toys “R” Us, dematerialized in a cloud of bankruptcy. Millennial parents turned on battered Barbie. Other brand stars were adrift and unsure of how to compete for attention. Revenue plunged, profit became loss. A new CEO focused on extending the parent brand into film, television, digital gaming, live events, consumer products, music and digital media. After her makeover, Barbie received 150 different body shapes, skin tones and hairstyles. Wheelchair Barbie was a runaway success and during the pandemic Mattel sold more than 100 Barbie dolls a minute. Netflix will annually stream Barbie cartoons. Barbie craves more, so Mattel Films, created in 2018, plans an eponymous live-action movie directed by Greta Gerwig. They promise smart, playful films ostensibly without condescension for young women and not designed to encourage conspicuous consumption. And 13 more films are in the works, including other sub-brand toy flicks themed on *Hot Wheels* and *Magic 8 Ball*. Mattel’s stock price has climbed, but the reinvented doll has her suspicious and wide-open eyes firmly planted on competitor movies in development themed by *Play-Doh* and *Peeps* Easter candy.

There’s rumblings under the sea about a themed drive-into SpongeBob SquarePants hotel, an indicator of **experiential location-based licensing deals**. Warner Bros. opens a hotel on Abu Dhabi’s Yas Island, managed by Hilton, under the Curio Collection sub-brand. In its corridors, the 257-room *story-driven hospitality experience* will display a collection of curated archives, props and costumes, giant digital screens, five restaurants, and room service delivered by your favorite Looney Tunes characters. It’s located next door to the world’s largest indoor theme park, Warner Bros. World Abu Dhabi, which boasts 29 rides. Local government plans to make Yas Island a contactless destination, removing the human element from transactions and operations. This means mobile-friendly, robotics and voice activation, smart kiosks, contactless payments, touchless check-in, all in the interest of avoiding crowds and long queues.

One of the symptoms of Covid-19 infection is loss of smell or taste, a factor affecting **olfactory branding**. These days almost everything is scented. The pandemic has changed how people want themselves, their clothes and homes to smell. Fragrance now signifies hygiene, as well as social status. The extent to which products need to be adapted to local cultural tastes and expectations is more and more important, so large fragrance providers rely on big data to shape product creation preferences. It’s an important driver of sector growth. In the past, uniqueness and originality were signifiers of elite status. The big social divide in the future may be between those who can afford to be original, and those whose fragrant tastes are shaped by algorithms.

**Taco Bell** wants your old sauce packets back, though it is something of a mystery why. Gen Z isn’t ready to pay for sustainable behavior, even though investors are attracted by ESG policies and greenwashing. Roughly 8 billion of those little plastic sauce packets a year wind up in

landfill. Since most of its business is takeaway, Taco Bell teamed up with Terra Cycle, who convert non-recyclable products and waste into raw materials that can then be used in new products. Taco Bell is asking customers to collect the packets and ship them back using free shipping labels. A noble effort to try and lure kids away from their virtual landscapes long enough to visit a real post office or mailbox outside the metaverse.

**Shein**, a Chinese fast-fashion retailer known for rock-bottom prices overtook Amazon as the most downloaded app in the USA; investors flocked to the company. Its popularity contradicts polls that insist young adults are sustainably minded. Shein has low scores for ethics and ESG, a spate of trademark disputes and low sustainability ratings. It treats employees poorly, has bad customer service, fewer delivery options. Price and availability are still the leading drivers for Gen Z purchase decisions.

"What does the money machine eat? It eats youth, spontaneity, life, beauty, and, above all, it eats creativity. It eats quality and shits quantity." - William S. Burroughs

## IP

The **EU's intellectual property office** invalidated trademarks claimed by British street artist **Banksy** following a lawsuit brought by a greeting card company. Citing his inappropriate behavior, a panel found no evidence that the disruptive artist was actually producing, selling or providing any goods and had acted in bad faith in registering the works. His case was undone by public statements and those of his lawyer. Banksy treasures anonymity, which means he's ineligible to secure copyrights.

**Clint Eastwood** won \$6.1m in a judgment against a Lithuanian company who made it appear he was endorsing their CBD products. Charges were filed by the company that owns rights to his likeness after they discovered a fabricated online interview and manipulated meta tags which blatantly altered search results.

"The chief glory of every people arises from its authors." - Dr. Johnson

**Miramax** sued **Quentin Tarantino** over the director's planned sale of NFTs based on Pulp Fiction screenplay pages. Miramax argues the right to sell NFTs is owned and controlled by them, that Tarantino signed away rights to *all media*. Tarantino's lawyer says the outlaw director holds reserved rights to print publication of the original script. Miramax says print publication and NFTs are not the same thing. The "proposed sale is a *one-time transaction* which does not constitute publication, does not fall within the intended meaning of print publication or screenplay publication."

Trademark applications indicate **Nike** plans to sell **digital sneakers**, and to offer virtual goods as part of videogames and other online platforms.

**Recur**, a technology company that designs and develops on-chain branded experiences that help users collect, buy, and trade digital products, announced its first strategic partnership with Sanrio for **Hello Kitty-branded NFTs**. Labeling it a bespoke experience which is both eco-friendly and blockchain agnostic, the tokens are projected to be interoperable across chains. In a humble example of gross understatement, RECUR said its planned Portal Pass allows access to their entire IP library, *"the greatest digital collectibles for generations to come and that's only the beginning."*

**Vans** announced a collaboration with the **USPS** for licensed footwear and a workwear-style apparel collection. Drawing on signature Priority Mail designs, the line will feature familiar branding colors, red laces and red text on midsoles, and adaptations of the mail carrier's light blue denim uniform.

**Luxury brands** risk losing their appeal and value as they ponder offering **NFTs**. Without flattening the experience of the five senses, how does the idea of developing and selling intangible products represent the category? The use of new digital tools like the non-fungible token which lives in a virtual world, or a presence on a blockchain-based gaming platform runs counter to the touchy-feely aspect of a heritage luxury object. The challenge will be to recover perceptions of creativity and innovation, especially during the act of reselling.

**Second Life**, a virtual community founded in 1994, was first-to-market and offered avatars, shopping, clubs, games, socializing in cyberspace, a proto-environment where brands risked losing appeal and value IRL. In a new bid to enable customers to dream and find a purpose in what they buy, **Decentraland**, an open source 3D virtual world platform governed by the Blockchain - with a current valuation of \$1.5bn - surges forward.

"I once went to a party at Muddy Waters' house and I woke up in Howlin' Wolf's house." - Keith Richards

## Obits

### **Alice Clark Brown, 68**

The elephants would come thundering into the ring, stand on their hind legs, then pivot earthward into a headstand. In this deceptively dangerous stunt the rider could not hold on. It was a skill Brown developed as the first Black showgirl in one of the Ringling Brothers two touring companies. Celebrated both for her arena acrobatics and work as an aerial ballet artist, she experienced discrimination while touring the South. Later she became a public face for the circus, and was interviewed by Barabara Walters on the *Today* show.

**Alan Heller, 81**

In those days plastic was ugly and it was cheap. Heller came upon a set of stackable plastic dishes and cups by Massimo Vignelli in a museum exhibit, upsized the coffee cup for American tastes and created Hellerware, affordable, dishwasher-safe housewares in witty, rainbow colors. Later he produced the acclaimed molded plastic Bellini chair, still being sold, and collaborated with Philippe Starck and Frank Gehry on other objects. In partnership with Studio 65, as an homage to Salvador Dali, he produced an iconic red sofa shaped like lips.

**Ron Popiel, 86**

The ultimate television marketer, he invented infomercials, mainstay of the business of direct response tv sales. Among products he successfully flogged: Veg-O-Matic, Pocket Fisherman, Ronco Electric Food Dehydrator, Mr. Microphone, the Inside-the-Shell-Egg-Scrambler. Popiel sold them all without shouting, a folksy calming presence over the airwaves. He sold the Ronco company in 2005 for \$56m; after he left it was forced into bankruptcy, so he bought back its trademarks and inventory two years later for \$2m. He's best remembered for pitches reduced to 1-minute, and the oft-uttered catch-phrase, "But wait! There's more!"

**Robert Sacchi, 89**

Michael Jackson and Elvis impersonators are a dime a dozen and rely on costumes, wigs and makeup in their acts. In the early 1940s friends and neighbors noticed Robert Sacchi was a doppelgänger with a conspicuous resemblance to Humphrey Bogart. He turned it into a career with multiple movie roles, college campus performances, a touring one-man show, voice-overs, a rap single, appearance on *Fantasy Island*, and numerous tv commercials. Though he played the lead in the 1980 comedy *The Man With Bogart's Face*, he does not appear in Woody Allen's 1972 movie *Play It Again, Sam* where real Bogart footage figures.

**Mort Sahl, 94**

Unlike his brother comedians who appeared on stage in sober, dark suits, Sahl favored an open-necked shirt and v-neck sweater. Clutching a rolled up newspaper as his only prop he was a warrior against hypocrisy. Contentious, contrarian, skeptical, ironic and unsparing, he referred to himself as a very likeable guy who makes ex-friends easily. He talked about the news and let politicians fuel his anger. Today's comics owe everything to him. The Library of Congress refers to his albums as the earliest example of stand-up comedy on record. He changed the nature of the practice, infecting it with social commentary. Mort Sahl fell out of favor in the 1960s and 1970s, after a period of remarkable credentials: joke-writer for JFK's presidential campaign, host of the Academy Awards, a TIME magazine cover. He made a comeback in the 1980s with a successful one-man show on Broadway. At the end of his act he always asked the audience, "Are there any groups I haven't offended?"

**Sylvia Weinstock, 91**

She did not start baking cakes until she was in her 50s. Known for her towering 10-foot tall wedding extravaganzas with flowers crafted petal by petal and multiple layers of buttercream frosting, she served the likes of RBG, Whitney Houston, LeBron James, Robert DeNiro, Oprah

Winfrey, Martha Stewart, Kennedys, Kardashians, and Clintons. The Saudi royal family ordered a cake to feed 3000 people, then had it delivered on a royal jet. She disdained cupcakes, and refused to bake a cake for a bride who wanted it to taste like a Twinkie. Following her retirement in 2016, she continued to lecture, teach, and guest judge on baking shows. She licensed her name, taught flower-making technique to luxury brands including Ladurée. In October 2021 she came out of retirement to craft a 6-tier cake for the wedding of the daughter of Bill and Melinda French Gates.

"The secret of happiness is to face the fact that the world is horrible, horrible, horrible. " - Bertrand Russell

## Place Branding

**Spain** pledged to grant citizenship to certain qualifying Sephardic Jews in 2015. In reparation for expulsions that began in 1492, its parliament announced citizenship would be granted to anyone who could show they had a single Jewish ancestor who had been expelled during the Inquisition. Spain formally stopped taking applications for the program in 2019. 34,000 were accepted, 3,000 were rejected. Among the 17,000 applicants who received *no response at all*, one person spent \$53,000 for lawyers and acceptable proofs, nearly depleting family savings.

**China** (population 1.4bn) has some of the world's toughest weapons laws, including broad definitions of what counts as an illegal gun. Strict gun controls mean that shootings are rare. Automatic and semi-automatic weapons are illegal in private hands. Other regulations are vague and hard for people to understand. China's gun control law of 1996 states that to be legally classified as a gun a weapon has to be capable of killing someone or knocking them unconscious. A toy gun that fires a projectile with enough force to tear a sheet of newspaper - far short of lethal or dangerous force - can be considered a gun. In 2010 the Chinese Ministry of Public Security imposed stricter rules that defined many toys as illegal guns. Unsuspecting buyers of compressed-air and spring-powered toys were turned into criminals. An app developer who ordered plastic replica pistols as props for his business designing shoot-em-up games for smartphones was arrested and put in jail charged with illegal weapons possession.

**USA** (population 334m) has 394m firearms in civilian possession. It is claimed by gun advocates that fully and semi-automatic rifles hold a practical value, such as for *defending property*. They also represent a *familial value*, the ability to pass down weapons to future generations. AR-15-type rifles are cherished as sporting rifles because they are accurate, versatile, light and easy to disassemble. They are simple to shoot - anyone could be trained in a few hours. 52% of Americans support and 43% oppose a nationwide ban on the sale of assault weapons. Says an advocate, "I think when we start to look at bans on entire classes of firearms, what you're doing is taking a tool away from those who would choose to defend themselves."

“The sheep will spend its entire life fearing the coyote, only to be eaten by the shepherd.” - Navajo proverb

## Social Media

The digital content moderation industry is projected to reach a volume of nearly \$9bn in 2022.

**Meta** isn't only traumatizing the general population with noxious posts and toxic content. FB has quietly paid third parties to take on much of the responsibility. It's giving both its workers and contract employees PTSD. Employees who policed content discovered they were soon overwhelmed by the sheer volume of work. A moderator in Texas, for example, reviewed 500 to 700 posts a shift and later joined a class action suit against FB where the judge ruled in the workers' favor and awarded \$52m to employees. Sandberg pushed to find automated solutions; more than 90% of objectionable material that comes across FB and IG is removed by AI. For the rest of the objectionable material, outsourcing proved cheaper than direct hires - and provided *tax and regulatory benefits*. No company has been more crucial to the endeavor than **Accenture**. Its subcontractors hired to moderate such content started experiencing depression, anxiety and paranoia. Accenture bills FB up to \$50/hour for moderation services. There was controversy after the revelation that offshore subcontractors were being paid as little as \$1/hour. With annual contracts valued at more than \$500m, Accenture management determined - despite workers' mental health issues from reviewing the posts and disturbing images, FB's demanding hiring targets and performance goals, despite many shifts in its content policies, growing ethical, legal and reputational risks, not to mention the psychological toll of the work - it was too lucrative a client to lose.

The internet was never designed for kids, and children's entertainment is big business. You may never have heard of *Cocomelon*, *Little Baby Bum* or *Blippi*, but their videos were viewed more than 2.37bn times in the month of October. Ask anyone with children. A California couple believed there was a niche market for garishly animated versions of nursery rhymes, and founded **Moonbug Entertainment**, which was recently bought for \$3bn by a group led by a former Disney exec, backed by the Blackstone Group. Its astronomical rise in value is linked to intellectual properties and merchandising juggernauts with associated Netflix series. The category is still victim to terrible videos, and the violent, horrific, misappropriation of beloved characters. A mountain of malicious content survives, but the larger the exploitation grows the harder it will be to regulate. Expect more scandals, fines, bans, prohibitions.

“Words are all we have. Each word is like an unnecessary stain in the silence and nothingness.” - Samuel Beckett

## Vocabulary

**catfish** - to lure into a relationship by means of a sinister fictional online persona, vis. "*he was being catfished by a cruel prankster.*"

**convolutional neural networks** a class of artificial-intelligence algorithms designed to help computers make sense of images.

**demisexuality** – a lack of sexual attraction to others without a strong emotional connection.

**DTC** - direct-to-consumer, a byproduct of digital native brands enabled by eCommerce.

**gradient descent** (GD) - an iterative first-order optimisation algorithm used to find a local minimum/maximum of a given function. Commonly used in machine learning (ML) and deep learning (DL) to minimise a cost/loss function, e.g. in a linear regression.

**hyperobjects** - entities massively distributed in time and space to the extent that their totality cannot be realized in any particular local manifestation. See: Musk's wealth.

**iel** - controversial neutral French pronoun, an amalgamation of *il* (he) and *elle* (she), added to the alternative Le Petit Robert dictionary

**mass casualty incident** - euphemism for a crowd surge at Astroworld Festival where 8 died.

**MDP - Markov decision process** - a discrete-time stochastic control which provides a mathematical framework for modeling situations with variable outcomes.

**mDL - mobile driver's license** - a digital identity that will tie in to retail, health care, law enforcement and travel sectors, and act as vaccine passport. See also *social credit system*

**nested if statement** - an if statement placed inside another if statement, often used when you must test a combination of conditions before deciding on the proper action.

**neurohistory**, a miniscule academic field which uses neuroscience to help better understand the distant past.

**normcore** - a style of dressing that involves the deliberate choice of unremarkable or unfashionable casual clothes; often applied to the American comedian Larry David.

**sideloading** - the practice of installing weird software, especially an app obtained from a third-party source rather than an “official” retailer.

continued

**Web3** - a decentralized internet service that runs on public blockchains, with token-based reward systems that allow users to profit from their online activities.

**youthwashing** - organizations using young activists to put forward a progressive image, without delivering substantive change.

“To be silent the whole day long, see no newspaper, hear no radio, listen to no gossip, be thoroughly and completely lazy, thoroughly and completely indifferent to the fate of the world is the finest medicine a man can give himself.” - Henry Miller

## What Is A Brand?

**A brand has issues of abandonment.**

That is, it doesn't easily accommodate desertion.

**A brand supports the case for mindless, innocent and irresponsible validation.**

There is little latitude allowed for independent thought.

**A brand doesn't tolerate argument, only acquiescence.**

You're expected to blindly accept whatever it offers.

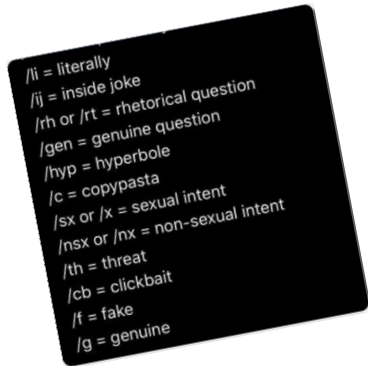
Let's think positive about the next variant.

Sorry, maybe I meant negative.

See you in the Summer.



# 2021 Global Brand Letter June Edition



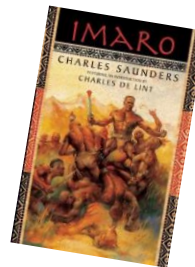
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# 2021 Global Brand Letter June Edition

"You promised us colonies on Mars. Instead we got Facebook." - Buzz Aldrin

"When I was young, I believed in three things: Marxism, the redemptive power of cinema, and dynamite. Now I just believe in dynamite." - Sergio Leone

"Live Stream the Shroud of Turin NOW!" - internet offer

Do you sense an asynchronous uncontrolled re-entry as we start our vacci-cation? Please deposit your intangible resellable non-fungible tokens at the door to join the cognitive revolution. The embodied codes speak! Take heed, force multipliers, listing flippers and the recently deterritorialized.

"Embrace the Divine Masculine Essence with this Luxury Designer Athletic Set. 50% Off Today." - Internet offer

## Advertising

What misinformation problem? In a clear case of disingenuous marketing, on April Fools Day **Volkswagen of America** pranked AP and other news organizations, falsely reporting a name change to *Voltswagen of America*, explaining it signaled emphasis on new electric vehicles. The deception briefly lifted the company's stock price after the WSJ bought into the ruse. VW even changed its Twitter page, and a fake news release briefly posted on the company website; it later disappeared. Traditional scenarios for rebranding occur at junctures of acquisition or merger, new product introduction, change of leadership or competency, competition in the marketplace or in an instance of sad news. This may have been a case of the latter, a shocking attention-grabbing pun gone bad.

South Korea's broadcast regulations prevent insertion of commercial beaks during programming. To circumvent this, **Subway** adopted a strategy of product placement in popular South Korean TV dramas. A character on the fringe of death recalls taking a past lover to a Subway restaurant where he gently feeds her a sandwich - a logo peeks out from the background. Terrestrial advertising had proved too expensive, and many stations did not reach Subway's desired young customer base. But Netflix has become a leading portal for Korean dramas. The chain has seen a positive impact on global sales. Shows collect on average \$900k for a product placement. IRL newer restaurant locations announce the chain's TV appearances on digital signboards. Subway also released co-branded streetwear in partnership with Fila.

The pandemic took no prisoners in the entertainment industry. The first great casualty was 30,000 sound-and-recording jobs lost in LA County alone. Other victims: Hollywood **Oscar** campaigns, which encompass caterers, chauffeurs, florists, DJ gigs, and trade organization receptions where studios normally paid \$15-25K per table. Survivors: "For Your Consideration" billboards and branded swag. *Nomadland* producers sent locked-down Academy members

wineglasses, license plate covers, keychains, and a foil-covered windshield shade and walked away with the Best Picture award.

The global feminine intimate care market is valued at \$1.1bn, of which *intimate washes* account for 40% of sales. **Vagisil** launched a new line of intimate care items branded OMV (Get the joke?) which targets teens. Immediate backlash followed, indicting flack for ad copy lines which suggested “period funk” was a nuisance to be eliminated. Accusations were made that the industry preys on the insecurity of women, and promoted the ideas that vulvas are dirty and that they should appear and smell a certain way. Critics claimed the brand’s focus on freshness might be contributing to unhealthy body image issues. Any product that is scented can potentially damage the skin; fragrance is the number one cause of allergic dermatitis, can potentially disrupt the healthy balance of bacteria and increase risk of bacterial, sexually transmitted and urinary tract infections in teens.

“Your foot has two eyes.” - GPT-3

## AI

A new benchmark for the life cycle of automotive brands. In a deal valued at \$1.1bn, **Hyundai Motor Company** bought **Boston Dynamics**, creator of creepy zoomorphic robotic internet videos. The automaker seeks to reinvent the company as a *future mobility* service provider, and plans to transform the proportion of its revenues by half from car manufacturing to 50% robotics and urban air mobility. Hyundai, established in 1967, sees growth potential for logistics robots used in warehouses and factories, and service robots for the disabled or elderly.

“People are forgotten so fast.” - Elsa Peretti

## Celebrity

Gravel-voiced **Tony Robbins**, who bills himself as *the nation's top life and business strategist*, appears to have an HR/compassion problem with a veteran employee. A “personal results specialist” who has been with him for 18 years sued Robbins Research International - his multifaceted \$5bn global empire - for employee discrimination related to her case of Covid-19. She needed to work from home, but was unable to get access to the company email or database, where information about clients she served is stored. The suit alleges that Robbins described her as a “hysterical female, a weakling”.

“Can’t anyone here play this game.” - Casey Stengel, about the 1962 New York Mets

## Epiphanies

Even the lowly hamburger felt the pandemic pinch. **Heinz** did not relish a uniquely American single-use ketchup package shortage, an unusual squeeze created by dramatic increases in takeout and delivery orders. Wholesale prices for packets rose 13%. Heinz has 70% of the US

retail market, and brand-loyal fans found it difficult to locate a suitably saucy alternative. Heinz increased production to 12bn packets to catch up with the demand.

You may think you are experiencing a *sans-culottes déjà vu* fashion moment reminiscent of the days following the French Revolution but it's no hallucination. Jacobin egalitarianism is back in the form of **worker jackets**. The boxy, roomy fit represents more than the *casualization of menswear*, more than the distancing of self from shirt-and-tie culture. These humble jackets help exiled office stiffs self-actualize as authentic. It's a style associated with middle class creatives, a political statement of proletarian credentials, which represents blue collar culture and expresses solidarity with the beleaguered masses. It's also reassuringly sturdy. The *bleu de travail* created in France in the 19th century for factory workers, laborers and engineers can still be had for less than \$100. Its singular color distinguishes lower levels from the ranks of management. But trendy young designers and established houses like Balenciaga and Junya Watanabe have jumped in, and offer luxury models which can cost up to \$1000.

Pandemic shortages meant loyal customers of **Post Grape Nuts** felt the crunch. As supply chains failed, the familiar one-of-a-kind wheat-and-barley breakfast cereal which contains neither grapes nor nuts experienced a panic on social media. Desperate loyalists fruitlessly searched around town only to discover inflated prices for the rare boxes. Fans followed the shortage on Twitter and FB. The manufacturer instituted a public apology campaign, and created a web-based notification list to alert customers when the product returned to shelves. Those prepared to disclose contact information received a coupon for \$1.50 off their next purchase. And a contest awarded 10 faithful breakfasters free cereal for a year.

Promising to provide one of the most Instagrammable places in China, a private developer in Hong Kong will invest \$620m to build a second **Hello Kitty** theme park. In response to a gap in the family tourism market and growing demand for family entertainment in The Middle Kingdom, the branded pleasure island will include a 250-room *luxury hotel*. The licensing agreement with Sanrio of Japan allows use of most of the company's 400 trademarked characters. Watch for Hello Kitty, My Melody and the inexplicably popular Gudetama the lazy egg, who has no qualms about showing his cartoony backside on social media.

It's not just Eastern European hackers and shady Chinese software companies who compete for talent from Silicon Valley. The **CIA's** new website features a stark black background offset by dots, lines and slick typography, hallmarks of modern web design. The minimalist branding strategy resembles electronic music festival flyers or marketing materials for groovy online clothing offers. In a kind of reverse engineering, spook central now attempts to provide a modern, relatable experience in its recruitment outreach. For some time, underground culture has co-opted militaristic, monolithic, dystopian signifiers. Think of the popularity of camo, where club culture kids took a battlefield aesthetic and made it cool. Everything's been deterritorialized. There's a kind of backhanded justice at play: during the Cold War, the CIA funded Jackson Pollock in an attempt to defang Russian propaganda.

**OnlyFans**, a social media platform that allows (often unemployed) people to sell explicit photos of themselves boasts a staggering 90 million users. The company takes a 20% cut of all transactions. Some folks have made money selling original exclusive content to monthly subscribers. The most successful content creators seem to be models, porn stars and celebrities who have large social media followings. Though fans hunger to see daily postings, digital sex work gives only the illusion of safety and privacy. Creators can be subject to *capping*, a practice where unauthorized screen shots get shared elsewhere on the internet. Reports of death and rape threats on social media often follow such postings.

In February, following tepid market reaction to the Fenty collection, **Rihanna** and **LVMH** announced her joint venture was to be put on hold. Initially presented as the group's foray into the future, instead it illustrated how difficult it was to sell high fashion clothes during the pandemic. Both a rare failure for world's largest luxury group and a rare misstep for one of the world's most effective celebrity polymaths, it suggested that in spite of a famous figure having an enormous cultural following and outrageous taste, it does not mean they will make saleable, original clothes. From its outset, Fenty failed to define its offer. Initially vague, Rihanna proved better at choosing statement-making looks for herself than creating new ones for her followers. The clothes seemed more derivative than groundbreaking and more expensive than fans expected. Other LVMH brands reported a sales rebound, largely fueled by China.

Metaphorically speaking, **Pantone's** unusual selection of two 2021 colors of the year tells an alternate story than the official version offered, which touts complementary tones supporting each other. *Ultimate Gray*, recollects interloping battleships prowling the oceans; *Illuminating Yellow* reminds us of radioactive waste warnings, and definitely not a smiley face.

The pandemic offered the perfect storm to the category known as *unattended retail*. Popularly referred to as **vending machines**, automated delivery devices conveniently dispense artisanal pizza, hot bowls of ramen, prime cuts of beef, healthy bowls and salads in jars, mascara and sundries, cannolis and baked goods from cupcake ATMs. Customize-your-yogurt machines, bread-baking machines, and machines that dispense slippers appeared at university dorms, airports, manufacturing plants and military sites. Everything's touchless, considered safe, prepackaged, so products haven't been mangled or breathed upon. New technology monitors stock with sensors. We no longer occupy a 9 to 5 world, and consumer thinking has evolved. A hands-off opportunity to upsell real products enabled by IT and robotics.

China and the US are the world's main consumers of **water**. In the next few years  $\frac{2}{3}$  of the planet could experience water shortages, highlighting an inequality of distribution. The insufficiency is related to excessive exploitation by the primary sector, industry, human consumption and climate change. Wall Street began to trade *water futures*.

*"Fiat jūstitia ruat cælum."* - "Let justice be done though the heavens fall."

## IP

At the time of his death in 2009 **Michael Jackson** faced a number of lawsuits and was mired in debt, but had no active endorsement or merchandise deals unrelated to a music tour, publishing or albums. For the last seven years the entertainer's estate has been embroiled in a case with the US tax authorities which hinged on the value of his *name and likeness* at time of his demise. The IRS contended the number was \$161m. Jackson's heirs said the value was \$2,105, which the presiding judge characterized as the price of a heavily used 20-year old Honda Civic. The court finally ruled his name and likeness was worth \$4.2m. Had the IRS number held, the entire estate would have underpaid its total tax obligation by \$500m and owed \$200m in penalties. Since his death The King of Pop has been one of the world's top-earning celebs, garnering \$48m last year. The IRS likes to drag its feet, kind of its own version of the moonwalk. Still in dispute: the estates of superstars Prince and Aretha Franklin.

The new culture of owning *digitally native assets* isn't limited to the art world. The **NBA**, for example, sold new digital trading cards to fans. **CryptoKitties** is a site that allows people to buy and breed limited-edition digital cats using cryptocurrency. People have long attached emotional and aesthetic value to physical goods. Here you're buying a feeling. These new commodities can't be held in your hand. Which brings us to **NFTs**. Investors seek riskier and more esoteric places to make money. Take, for example, the **animated cat with Pop-Tart body**, a meme shared across the internet hundreds of million times. It sold for \$600K on Foundation, a website for buying and selling digital goods. What you're getting is an intangible asset, ownership rights to digital art, ephemera or media, an inherently weightless entity which can be easily copied, shared or stolen. You're buying a piece of artwork stamped with a unique string of code and stored on a virtual ledger called a blockchain. It does eliminate the middlemen. Big things in tech often start out resembling toys. But NFTs eat energy. The creation of an average NFT has an environmental footprint of over 200kg of planet warming carbon and accounts for enormous greenhouse gas emissions. Mining for a Bitcoin uses more electricity than Argentina, Sweden or Pakistan. Solving a cryptographic puzzle takes 170 quintillion attempts a second. Greater interest in blockchain will lead to bigger emissions impact, ergo less energy efficiency over time. The Great South Sea Bubble, essentially the same kind of offer, didn't have such a negative environmental impact.

The Anti-counterfeiting World Law Summit reports that the growth of **fake goods** continues to rise at an unparalleled pace, estimated to be worth \$2tn globally. The risks encompass financial, reputational, social and ethical damage. Two remedies may alter the balance: *harnessing game-changing technology* like the blockchain, and *brand collaborations*.

“Words are all we have. Each word is like an unnecessary stain in the silence and nothingness.” - Samuel Beckett

## Literacy

It's a largely Republican phenomenon, and it sure looks like deck-stacking and market manipulation. It may violate election regulations. It falls somewhere in the gap between what's ethical and what's technically legal. The **GOP** bulk-purchases books, copies of which are then given away as incentives in exchange for donations. There's no prohibition on such second-party purchases; book advances and royalties are specifically exempted from these limitations. The RNC used \$400K last year to acquire copies through two online booksellers; \$1.5m was raised. It also put the candidates at the top of the bestseller lists. Ted Cruz spent \$154K of supporters funds on copies of his book, and effectively converted campaign contributions to his personal enrichment in the form of royalty payments. Trump Jr. hit the top 10 nonfiction bestseller list following an RNC expenditure of \$300k for his book “Triggered”. In a gesture of support for private enterprise, DT's 2020 presidential campaign made more than \$106K in purchases from *a small book store in a strip mall* in Northvale NJ.

**Chronicle Books**, facing abysmal pandemic sales, discovered that a 2-year old cookbook by **Snoop Dogg** kept their business afloat. It sold 205K copies, double from the prior year. **Audible**, an audio book producer and platform owned by Amazon, saw a burst of growth.

“I would love for people to know who she became, not who she was.” - Cynthia Jurs

## Obits

### June Rose Bellamy, 88

A life like hers cannot be invented. Originally known as Yadan-Nat-Mai, or *the goddess of the nine jewels*, she grew up as a princess in the last royal family of colonial Burma. Her father was an Australian adventurer, her mother royalty. Evacuated to India, she was babysat by Indira Gandhi, educated in a convent school in the Himalayan foothills, studied the jitterbug. Her parents encouraged her to marry a WHO doctor, who was soon kidnapped by Burmese student insurgents and held for 20 days; she paid a \$60K ransom. She motored around the world with her husband, and acted as their car mechanic. She hosted a television show in Manila, briefly married the Burmese dictator Ne Win (who threw an ashtray at her) wound up in Florence, Italy, married twice again, started a cooking school. A devout Buddhist, she co-starred in “The Purple Plain”, a romantic 1954 movie with Gregory Peck.

### Raymond Cauchetier, 101

He documented the early films of Godard, Truffaut and other New Wave directors 1958-1968. Self-taught, born in Paris, with no education beyond grammar school, when the Germans invaded in 1940 he fled on a bicycle, joined the Resistance. Assigned to duty as a combat photographer in Vietnam he received the Légion d'Honneur for his battlefield work. Drawing on the fast-paced spontaneity he learned during the French-Indochina war he brought neo-realistic style to the set as young directors rebelled against traditional film conventions and made radical

experimentation with editing, visual tropes. Their narratives reflected the social upheaval of the day; he refused to stand beside the camera, instead captured little known actors, improvised scenes, the absurdity of human existence, directors badgering stars, chaotic street scenes, unguarded off-camera moments. His photos from “Breathless” are classics - Belmondo as broken-nosed tough guy with dangling Gauloise - but they were lost in storage for 40 years. Only a change in copyright law permitted him to retrieve them. His later work, thousands of images taken at the temples at Angkor Wat, were unceremoniously burned by the Khmer Rouge in an act of wanton cultural destruction.

### **James R. Flynn, 86**

Flynn believed that the last century saw a revolution in abstract thinking, brought on by the demands of a technologically robust industrial society. The Flynn Effect became shorthand for an optimistic view of the human condition. He felt that life today required greater educational attainment and an ability to think in terms of symbols, analogies and complex logic, exactly what many IQ tests measure, also what brands are about. He maintained that genes played a large part in determining intelligence; he also said chance factored, like accidents and life decisions. In other words, free will and environment made all the difference in explaining the gaps between groups, whether by racial, class, or gender considerations. Author of 18 books, his final work was 2019's *A Book Too Risky To Publish: Free Speech and Universities*.

### **Helen LaFrance, 101**

An American folk artist, she crafted memory paintings, scenes from her childhood in glowing colors and sharp brush strokes, church picnics and river baptisms, backyard gardens with geese and children racing about, kitchens with bushels of apples and jars of preserves, scenes of rural life in Mayfield KY. Her joyous paintings celebrate the values of family and work. She lived and worked most of her life no more than 10 miles from her birthplace. Extremely self-sufficient, Helen married and divorced five times. In 1990 the film maker Gus Van Sant discovered her and helped her to get into folk art galleries, museums and prestigious collections like Oprah Winfrey's.

### **Danny Ray, 85**

For 46 years he managed the backstage world of James Brown. He was known as The Cape Man. Trim and dapper, usually attired in a three-piece suit and jauntily cocked hat, he served as assistant to The Hardest Working Man in Show Business. He helped manage an entourage of up to 50 people, organized Brown's wardrobe, which included more than 150 suits. He carefully chose the right cape to match Brown's outfit. More delicately he often acted as intermediary between James Brown and his many female acquaintances. He also announced every one of the performer's shows, beginning with the signature question, “*Are you ready for star time?*” The act began innocently one night, when Ray draped a towel over James Brown's shoulders following a sizzling performance. Brown threw off the towel and returned to the stage. Later Ray edged on stage carrying a full-sized cape; it became part of every performance. The act never grew old. At James Brown's funeral he draped a sequined cape one last time.

### **Charles Saunders, 73**

A top practitioner of the literary genre known as Sword and Soul, Saunders reimagined the white worlds of Tarzan and Conan with Black protagonists and African mythologies. His warrior hero Imaro debuted in his first novel in 1981. Saunders moved to Canada in 1969 to avoid the draft, where he worked at the local newspaper; his co-workers never knew he had another life as author of speculative fiction. He had no local friends or relatives, lived as a recluse without phone or internet, and visited the local library once a week to keep up with correspondents by email. Since Spring 2020 his remains have laid in an unmarked grave in Nova Scotia, survivors unclear.

### **Carla Wallenda, 85**

The last surviving child of the troupe's founder, she performed for seven decades as a member of the Flying Wallendas, a career which continued until she was 82. Carla Wallenda made her high-wire debut when she was six weeks old. Her father Karl rode a bicycle, her mother sat on his shoulders, held her up and introduced her to the public. Fatal accidents took the lives of family members, including her husband; in 1965 three relatives were killed while performing; in 1978 her father fell while walking on a high wire between the towers of a hotel in San Juan PR. Her signature was a heart-stopping headstand 100 feet off the ground on a swaying pole.

*"Carthago delenda est."* alt. *'Delenda est Carthago'.* (Carthage must be destroyed.) - Cato

## **Place Branding**

Officials from **Hudson Yards, Manhattan** consulted with psychiatrists and other suicide prevention experts after a third death plunge from The Vessel, a 150 foot structure with 154 flights of connecting stairs, which is billed as an interactive artwork designed by Thomas Heatherwick. Its future is uncertain, though it reopened with improved railings and now prohibits single visitors. Another design by the same architect, Little Island - a billionaire-funded \$250m artificial island folly at Pier 55 - was intended to contribute to the local community. It's an elite one-way street which meanders through plantings and plazas. Reservations and tickets needed.

Covid-19 reached **Mount Everest**. The virus disrupted the annual climb and reached other popular peaks. An outbreak at Everest Base Camp meant 17 confirmed cases were evacuated by helicopter to a Kathmandu hospital. Nepali *officials denied the cases* and reported lively sales of climber permits equal to last year's record number.

In an effort to limit the flow of young tourists inundating historic districts just to smoke marijuana, **Amsterdam** is limiting the use of its notorious coffee shops to locals and Dutch residents. The city will aim to reduce the number of shops in the capital city. It's also an effort to undermine the criminal organizations that control the drug trade. Since the law makes it illegal - beyond personal consumption - to produce, store or distribute pot, the only source for large quantities is the flourishing underground drug economy, gangs who battle as well for cocaine and amphetamine markets, and assassinate rivals on the streets.

Elephant herds are widely considered to be peaceful. In Kruger National Park, **South Africa**, a *breeding herd of elephants* trampled a suspected poacher to death. There's been a significant drop in poachings during lockdown, where one rhino a day are killed for their horns. Three people had entered the park carrying poaching equipment; one escaped, one was arrested, the third encountered the elephants, who clearly did not appreciate the interruption.

"If only we could see in advance all the harm that can come from the good we think we are doing." - Luigi Pirandello

## Privacy

Experts say traditional cybersecurity is failing because of weak technologies and human error. **Ransomware**, considered the leading cyberthreat, maximizes financial gain for the bad guys, offers bigger returns for their efforts, the allure of a quick buck and no real repercussions. Criminal affiliates conduct attacks, then share proceeds with the ransomware's developers. The average lifespan of a malware sample in 2020 was 3.4 days, necessitating continual adjustment to new IT upgrades. More automated ransomware will be used to seek out fresh victims. Legacy solutions do not keep pace with the increased sophistication and frequency of new threats. The **Colonial Pipeline** ransomware attack shut down the flow of 45% of gasoline and jet fuel to US East Coast, and temporarily halted all operations. It caused a run on gas stations, long lines at the pump, an increase in the cost of gas, and disrupted the lives of millions. Just a moment, DarkSide. You did say, "we only attack companies that can pay the requested amount," "we do not want to kill your business," "we will not attack hospitals, schools and universities, nonprofit organizations and the government sector." And what's your position on traumatizing the general population, guys?

"I should say, love is wise, hatred is foolish." - Bertrand Russell

## Social Media

Biden's media team pursued a **winning social strategy**, going against the presumption that the internet will not reward anything uplifting or nuanced. The orange dude persisted with the usual outrageous attention-grabbing statements loved by the algorithms of FB. Yet Uncle Joe won the election with fewer followers and less social engagement. Some advantage came from 45's mishandling of the pandemic. But the Democrats leaned on influencers and *validators*, people trusted by the kinds of voters the campaign hoped to reach. They chose to emphasize topics like courage and vulnerability and drew on the followers of popular figures like the actor Dwayne (The Rock) Johnson. The campaign worked with lesser known influencers, created a TikTok presence, forwarded positive headlines from Fox News, and appealed to FB Moms who spend a lot of time sharing cute kittens and uplifting content. The campaign also posted virtual signs in Animal Crossing, on hit Nintendo games, and placed a "Build Back Better" map in Fortnite. They sought to increase social trust, avoided energizing divisive fare and closely monitored memes that went viral. It became clear that traditional ads were far less effective, that higher production values did not resonate. Instead the campaign reverted to cheaper-to-produce, impromptu, behind-the-scenes clips of regular voters talking into smartphones - realer, granier, more

credible footage. It proved that a kinder, gentler version of the internet they believed did exist - and could be reached.

Feel free to take out your handkerchiefs and shed a few tears of sympathy for the poor misunderstood Millennials. The pandemic has given a better insight into the digital lives of others and we clearly perceive a new social media **generation gap**. It's no longer useful to clump Millennials and Gen Z together as shorthand for youth. Gen Z and Millennials, two different stories, *get it straight, Mom*. Two different takes on life. Millennials (b.1981-1994) are fast approaching middle age and suddenly are taking a lot of teasing from l'il bro and l'il sis. Teens = generation of no illusions. Millennials = old fogies. The Zees can read the signs. They heap disdain on the distorting downward-pointing camera angle that their elders consider flattering. They register barely an iota of interest in basic adulting tasks, earnestness or emojis. They regard emails as stiffly formal, and why bother to use them when messaging apps make them redundant? They're aware that their online privacy is likely to have been compromised from the start by parents and grandparents and criticize the blithe willingness of older generations to hand over photos, locations and other personal information to social media companies. It's indisputable that the Zees are adept at online activism, that they're unusually interested in social justice, that data security and online honesty are essential to them. And those aged 18-24 are most emotionally connected to *entertainment brands*. So far, companies fail to distinguish between the generations. FB knows that it is losing favor fast, and that fatigue is setting in. And within 50 years dead people will outnumber the living on their pages. Generation Zuckerberg, are you getting the picture?

The creator economy is the fastest growing category of small business, and the leading exponent in the world is a man named Jimmy Donaldson, 22. He goes by the stage name **Mr. Beast**. A megastar you've never heard of, he speaks daily to 91m subscribers. His videos have been viewed 13 bn times. His primary YouTube channel alone generates \$3.1m a month. Donaldson's early videos and posts were criticized for their use of slurs and offensive jokes. He initially cycled through different genres of videomaking to crack the algorithm; he live-streamed himself reacting to videos and eventually rebranded himself as YouTube's biggest stunt philanthropist, a genre more aptly labeled *prank generosity*. Today his empire encompasses a lucrative mobile gaming app; a ghost kitchen chain where you can order burgers through local delivery services - Jimmy doesn't even touch a bun; he is advisor to a financial network that provides business tools to online content creators, and is making deals with a bevy of firms to distribute his content across a range of social media platforms. Advertising runs alongside his videos, and he sells containerloads of branded swag: socks, water bottles, t-shirts. Of course there is backlash: several former employees said working conditions at his companies are rife with favoritism and bullying. Fans who lost significant amounts of money on a cryptocurrency scheme he promoted and invested in are up in arms. Jimmy now employs 50 people, a cadre of writers, editors and production assistants who work tirelessly to pull off new stunts. At his current rate of growth, he could become the most subscribed creator in the world. "Once you know how to make a video go viral," he says, "it's just about how to get as many out as possible. You can practically make unlimited money."

Someone attacks you on a *gripe site*. The hostile posts proliferate quickly and the results are devastating. You've fallen victim to the **slander industry**, where unverified claims appear on obscure, ridiculous looking sites, to which automated search engines give the impression of credibility. It's especially galling because the amateurish websites won't go away. Ads appear next to the ugly comments, plumping reputation management services who offer to help remove image-trashing content. Just pony up \$700-\$20K depending on how numerous the harmful posts and maybe, just maybe, there's a chance to remove it. The service is less effective for images. But according to the NYTimes, there's an insidious and symbiotic relationship between those facilitating trash talk and those getting paid to remove it. It turns out the same people running the slanderous sites are the ones offering to clean them up.

The significant **drop off in happiness among teens** correlates directly to social media use. Teen depression and suicide rates have been rising for over a decade, and the links are clear. Teens who spend more time on social media apps are more likely to exhibit poor mental health outcomes, especially those who are on their phones more than 1-2 hours a day. Emergency room admissions for self-harm among 10-14 year olds tripled in the past year. The statistics are up on kids who report sadness or hopelessness, seriously considered suicide, made a suicide plan, attempted, or injured themselves in a suicide attempt that had to be treated by doctor. Yet in his testimony to Congress, Zuck said, *"I don't think that the research is conclusive on that."* FB continues to work on expanding its offerings to even younger children, including a version of IG aimed at users under 13. FB claims to be speaking with a range of experts who study algorithms and virality. The object: create systems that keep people on its platforms. This may be the one thing on which Democrats and Republicans agree, despite scant government funding directed toward studying the effects of these platforms. Kids that age simply are not equipped to navigate the challenge of having a social media account. FB's success is dependent on keeping people engaged and selling advertisements based on that engagement. What can kids do to undermine the business model? 1. Spend less time on line; 2. Don't follow strangers; 3. Definitely don't passively scroll through any random feed that's suggested to you.

In 1668 an English philosopher named John Wilkins proposed irony marks, diacritical indicators for clarifying intention in written statements. The idea never caught on. To this day written language remains imperfect. Facial expressions, gestures and vocal tones transmit deeper levels of meaning and subtext. Those with a range of neurological differences including autism, spectrum disorder and dyslexia say they have trouble deciphering subtle clues associated with sarcasm and flirtation, especially in web-based messages. Hence **tone indicators**, new paralinguistic signifiers added at the end of statements to help readers fill in the blanks, a written shorthand for the poster's intent and emotion. Consider /srs for "serious," or /j should you want to signal a joke. These informal hacks push back against platform limitations, though they may veer into the zone of patronizing. But they do reflect shifting linguistic norms, which may have had its origins in identity representation and communication seen in the subcultures of anime and K-pop fandom.

We're talking a new take on governance when transnational corporations overtly compete for power with democratically-elected leaders. Recent pronouncements by Twitter and FB instantaneously reshaped the American political landscape when in the course of a few hours they simply marginalized the loudest figure in the history of social media. The newly-empowered **FB Oversight Board** banned the Orange Don for 2 years. The Board swears it follows its own rules, as well as those championed by international human rights law. It underscores the depth of unchecked power social media companies hold over the public debate and public safety. The Board's head-scratching started with decisions on topics as varied as nudity, hate speech, the consequences of amplified content, and the discussion of how AI can identify different nipples in different contexts. Founded last May with a \$130m endowment as an independent trust it indicates the price tag to shield Zuck from having to make controversial public choices or statements on our collective behalf.

"We need to stop speaking Hebrew and start speaking Yiddish." - James Carville

## Vocabulary

**autogolpe** - In Latin America, a military coup initiated or abetted by a country's elected leader, especially in order to establish absolute control of the state.

**CBDC** - Central Bank Digital Currency

**competitive authoritarianism** - a system in which elections still take place, but skewed to entrench autocrats.

**consensus algorithm** - a digital mechanism that allows users or machines to coordinate. All agents in the system must agree on a single source of truth, even if some agents fail. (see also: *Byzantine Fault Tolerance*).

**dark patterns** - manipulative marketing practices, especially in online political fundraising; a classic technique of the genre called *deceptive design*

**imposter syndrome** - feelings of intellectual fraudulence that override any feelings of success

**lonely cow notification** - FarmVille clickbait catchphrase designed to attract inactive players

**the money bomb** - the cleverly concealed pre-checked box, an online political fundraising trick which automatically defaults donors into making unwitting additional contributions

**neopronoun** - a term created to avoid expressing gender

**neurodivergent** - modifier referring to people with a range of neurological differences including autism, spectrum disorder and dyslexia. Abbreviated *nd*

**presentism**- uncritical adherence to present-day attitudes, especially the tendency to interpret past events in terms of modern values and concepts.

**stonks** - intentional misspelling of 'stocks' by WallStreetBets and Robinhood day traders

**thermopolium** - Pompeian term for snack bar, dating to A.D. 79.

**the theory of thermostatic public opinion** - arguably the most robust model of public opinion change, which holds that survey responses are meaningful political signals

**transphobic invalidation** - harassment or discrimination by those fearful of gender nonconformists

"You don't appreciate the fact that madmen are very lucky." - Luigi Pirandello

## What Is A Brand?

**We ask brands to take on the responsibility we need to shoulder ourselves; to clarify understandings; and to make problems go away. We hold unrealistically high expectations about what brands can deliver. We assign to brands the hardest tasks handed to us, and we expect them to work miracles.**

**A brand is a consequence.**

As the world reopens, keep your eye on the horizon and think positive.  
Let's check in together in December!

A handwritten signature in a cursive, flowing style, appearing to read 'SMoss'.

# 2022 Global Brand Letter December Edition



007 theme composer



Tech products gender-hued



Talc no-good for babies



Irresistible Coke+coffee



Invented Two-Buck Chuck



Vuitton sustainability logo



Russia McD replacement/ Marriott



Flaming Tesla

# 2022 Global Brand Letter   December Edition

"I believe in luck: how else can you explain the success of those you dislike?" - Jean Cocteau

"Now that I've grown old, I realize that for most of us it is not enough to have achieved personal success. One's best friend must also have failed." - Somerset Maugham

"Everyone is an artist until the rent is due." - Paul Richard

Coastal Grandma has been spending a lot of time in hyperphysical stores, engaged in cross-dimensional content moderation. She swears KOLs have a first mover disadvantage, and is suspicious of Gen Alpha's addiction to LARPs. An exercise in effective altruism can only result in intimations of additionality. She needs to address The Eliza effect with an eye on longtermism, but within the constraints of attribution science. It will take some serious nearshoring to de-occupy the UHNWI. What she really needs is a Chief Remote Officer.

"We're developing a new citizenry. One that will be very selective about cereals and automobiles, but won't be able to think." - Rod Serling

## Advertising

In a case of collision collusion, Swiss insurance giant **Axa** staged a fake battery fire and crash, using a fashionable EV for a video intended to raise issues about road safety. The yellow Tesla was made to hurl toward an obstacle, flip over, and land upside down on its roof. Moments later a pop erupted from engine and the front end of car burst into flames. Agency pyrotechnics ignited it. The final soundtrack excluded the edited-out cheers of the crowd in attendance.

Following years of spending billions to establish visual brand recognition for primary marks, **LV, Prada and Valentino** adapted new core brand signifiers to represent sustainability efforts. Virtue signaling elevated to a new high, or fresh case studies for *reidentification*?

FMCG companies have been preparing for an **economic downturn**. Snack and deodorant makers will offer new brands and smaller measures in packaging to target penny-pinching shoppers. Supermarket own-brand products were taking market share. **Unilever** beefed up marketing, increased advertising, raised prices, passed along higher costs to consumers tempted by cheaper alternatives. Brick and mortar stores downsized, carried less inventory, shelf space tightened. Familiar brands sought strategies for reinvention.

**Oscar Mayer** believes its core target audience is now the *pragmatic optimist*, the consumer who does not over-index on reading entertainment, celebrity and gossip-heavy publications. Aiming to insinuate the brand more into the cultural conversation and expedite web searches, a new

wave of advertising emphasizes levity and fun. You've no doubt already tried the weiner cake bologna face mask. Prepare yourself for olfactory branding where scratch-and-sniff ads deliver the appetizing aroma of sizzling bacon.

"You can't trust anyone. You can only trust me." - Vladimir V. Putin

## AI

Could **generative AI** improve the following text? Not without hyperbole and editorializing. *Silicon Valley's newest craze launched a feeding frenzy among investors. Stability AI, the startup behind the popular Stable Diffusion image-generating algorithm experienced a rewarding \$101m fundraising round. The company's founder denounced targeted advertising.*

How the AI app **neuroflash** rewrote the above text, typo included:

*Silicon Valley's most recent sensation evoked a mad rush among capitalists. Stability AI, the startup known for its renowned Stable Diffusion image-rendering formula was rewarded with an eye-watering \$101m capital raising round. The company founder vociferously denounced targeting ads phrase after phrase in a imaginative manner.*

**DALL-E 2**, a popular image generator from Open AI, saw users create more than 2 million picture files every day. It's open source and the app had 200K+ downloads at release. This particular flavor of AI is untethered from corporate influence: it even has an *easily disabled* basic safety filter. Non-consensual nude images proliferated, and people created disturbing racist graphics of "violently beating Asian women."

A resentful **Russian robot** broke a seven-year-old boy's finger during the Moscow Chess Open. The robot had taken one of the boy's pieces, the boy made his own move, the impulsive robot then grabbed his finger. Four adults rushed to help the boy, who was eventually freed. The boy finished the final days of tournament with his hand in a cast.

**LinkedIn**, a Microsoft company, routinely ran large scale social experiments on 20 million users over five years without telling them. The company conducted social engineering experiments with potentially life-altering consequences, under the terms of consent which users accept. Fiddling with the "People You May Know" algorithm, LinkedIn tested an influential theory in sociology called *the strength of weak ties*. It caused LinkedIn members to form more connections to people with whom they only had weak social ties. The big winner: LinkedIn. Users involved created more than 2bn new social connections.

"If ISIS started a streaming service, you'd call your agent, wouldn't you?" - Ricky Gervais at the 2020 Golden Globes

## Celebrity

**Prince's** estate finally settled with the tax man, six years after his demise. Contentious heirs and the IRS agreed on a worth of \$156m on real estate holdings and recordings. A deal was also reached with Primary Wave - who handle Elvis, Marilyn Monroe and James Dean IP - to sell

their stakes in his writer's share, name and likeness, and the Paisley Park property. The IRS originally estimated total value at \$163.2m.

Amid diminishing profits, **Gap** hoped to be seen once again as a defining, disruptive staple of American fashion. The association with a high profile celebrity had the potential to generate \$1bn in annual sales. The proposed line was never going to be big enough to change Gap's fortunes completely, but needed to be powerful enough to elevate the rest of Gap's brand. The designer would receive certain stock warrants when defined sales goals were reached. Apparently nobody at Gap had seen a study commissioned by a decision intelligence consulting company that charted the risks of banking on celebrity alone. While the designer had a sneaker collaboration with Adidas which had brought in \$1.7bn revenue, there were no guarantees of success for an untested ready-to-wear line. There was no denying his cultural influence and compulsive watchability. There was no way to predict a swift meltdown and public nosedive. The designer did not see himself in any way constrained by deadlines or seasons. Designs were never put into production. Professionals from Balenciaga were brought in to engineer prototypes in Paris and Zürich. A Times Square Gap store takeover turned out to be the first time customers were able to see and touch the clothes. A line consisting of two items, a \$300 catsuit and \$220 cargo pants were heaped into 24 industrial sized sacks lined up in two rows. \$550 thigh-high vinyl boots had been promised, but were not released until a month later. Pre-orders were taken for a round puffy jacket with no closures, made from recycled nylon and polyester fill; the jackets arrived five months later. Today you can find the above mentioned **Yeezy Gap** items remaindered on the internet, shards of retail memory.

A Taliban spokesman urges women to stay home because fighters haven't been trained to respect them.  
- NYTimes headline

## Epiphanies

- Brands now cultivate communities around **merchandise**. The challenge is to lure consumers who spend hours of their day *in the plastic*. Hence, unlikely partnerships between dissimilar categories result. Apparel an especially popular brand extension.
- There is still an enormous amount of silly money sloshing around the *crypto world*, even after the SBF and **FTX debacle**. Unsurprisingly, the Orange Dude got into the action with a set of ginchy NFTs offered at \$99 each.
- Brands are experiencing pushback on an SEC initiative to toughen rules using **green or sustainability buzzwords** in company and product names.
- The oldest members of **Gen Z** enter their mid-20s and show top preference for YouTube, Google, Netflix, Amazon and M&Ms
- If you wonder why Rihanna is a billionaire, you will discover **Fenty Beauty** one of the top brands popular with Gen Z women. In the same list, alas: **Doritos**.

**Western brands are vanishing from China** with international parent companies suddenly pulling out of the market due to a diluted interest in global names, Covid-19 clampdowns, and competition from homegrown counterparts. Domestic outfits have the home court advantage, and are proving better at similar consumer offerings and engagement. They excel at agile turnaround. Multinationals overspent on investment in flagship locations rather than engaging with extremely fragmented consumer groups often segmented by city tiers, lifestyle or dialect. Foreign invaders discovered that direct translations and Chinese faces in campaigns aren't enough. Companies need to demonstrate personality, character and help consumers develop interpersonal relationships. Chinese consumers like body positivity and diversity and rely on the insights of countryside KOLs and virtual avatars. Recent non-Western crazes: *digital clothing, tea collaborations, male beauty*.

A team from Michigan State University found a way to make **gummy bears from recycled bioplastic** used in wind turbine blades.

**Snoop Dogg** launched Snoop Loopz, a breakfast cereal similar in appearance to Kellogg's Fruit Loops. The rap star claims it is the best tasting cereal in the game because it has more marshmallows. With it he aims to support charities, fight homelessness, abet obesity and alleviate the munchies. He also launched **Indoggo Gin**, featuring seven premium botanicals, which he says is *easy to drink* and will leave you wanting more.

**Molson Coors** created an ice cream flavor called Dive Bar to invoke the experience of swilling Miller High Life beer at your local tavern. It's infused with *peanut swirl* to reference the quintessential bar snack, has a hint of *tobacco smoke*, and a gooey *caramel swirl* to incorporate the sticky bar floor feeling. Chunks of *carbonated candy* provide the iconic champagne of beers bubble, and *dark chocolate coating* is meant to summon the dark wood and dim lighting ambience of a beer-drinking environment. A 6-pack costs \$36.

Short videos can influence what people eat and drink. A Tik Tok celebrity named Chef Pii smothered various food items with her eponymous sauce, then ate them on camera. The rosy goop looks unconventional, and she enthusiastically enjoys it. There is no indication of what **Chef Pii's Pink Sauce** tastes like. The mysterious chef started selling it on a website. The sauce is made without an inspected food manufacturing facility, quality-control ingredients or industry standard packaging procedures, this much is known. Online conversation turned from people wondering what it tasted like to people cautioning against buying it.

New licensees joined a fast-expanding **Toxic Waste Hazardous Sour Candy** campaign: ice cream, drinks, clip-ons, and key rings.

**Balmain** partnered with **Pokemon** for a limited edition apparel line to include hoodies, sneakers, jackets, and sweats to be sold through Balmain boutiques and a Stadium Goods store in Chicago.

**Fred Rogers** Productions extended its partnership with the Bezos Family Foundation. The grant, the fourth for the famous kid-friendly neighborhood, covers a two-year period.

Can **carbon markets and blockchain technology** be combined to keep oil in the ground and stop deforestation? ESG, meet NFT, meet Adam Neumann. The two worlds, both fast-moving and mostly unregulated, sound like a good fit for the disgraced billionaire WeWork founder. A new cryptocurrency startup venture backed by Neumann sells NFTs linked to parcels of the Brazilian rainforest, essentially gaming the environment, a heady mixture of the tangible and the ethereal non-fungible territory. The scam involves avoidance-based carbon offsets purported to account for each ton of carbon that has not been emitted, that would have otherwise occurred, recouping the investment by issuing carbon credits to reflect avoided emissions. Huh? The company claimed possession of 41,000 hectares of land in Amazonas state, but a public prosecutor ordered them to present deeds to the land and questioned whether it obtained consent from local people and from the government's indigenous people's agency. Accusations followed that the company pressured illiterate members of the indigenous community to sign critical documents. The company planned a cryptocurrency offering, to issue NFTs on the disputed land, build infrastructure including an airstrip and a road. A slick promotional video touts the virtues of the invisible, weightless tokens.

When **El Salvador** adopted Bitcoin as *legal tender* in September 2021, a single unit was worth around \$47k each. As of 1 January 2023 a single Bitcoin is valued at \$16.6k. The downturn in crypto prices hit the local economy hard. Cryptocurrency and blockchain are the critical building blocks to government-backed digital currencies. More proof that the future knowledge economy will define the global economy.

It proved rather difficult to give **Patagonia** away, but Yvon Chouinard and his family successfully transferred their ownership of the famed company to a specially designed set of trusts and nonprofit organizations. The company, valued at around \$3bn, will continue to operate as a private, for-profit corporation intent on influencing a new form of capitalism. Much of the focus will be on nature-based climate solutions such as preserving wild lands. The family will pay around \$17.5m in taxes on the gift, and receive no tax benefit. Profits of \$100m a year will be used to combat climate change. "I didn't ever want a company," the reclusive founder said. "I didn't want to be a businessman." Chouinard wears old raggedy clothes, drives a beat-up Subaru, does not own a computer or a mobile phone. A senior executive commented, "I don't respect the stock market at all. Every billionaire is a policy failure."

For the first time in the brand's 50 year history, **Ralph Lauren** has redesigned the iconic polo pony logo. It's part of a digital clothing and accessories collection designed for the online video game Fortnite. The brand wants to invest in consumer technologies, gaming platforms and immersive virtual worlds. The co-branded line ties to a physical apparel collection. Still, RL registers concerns over privacy in the metaverse.

**Luxury** continues its drift away from being solely about *products*. Look for a fresh infatuation with digital collectibles, the concurrent development of both virtual and physical spaces. Buyers want more than a means to simply purchase a static object. They seek new ways to express more extravagant and unapologetic affluence, premium social signaling. Efforts are afoot to curate well-networked, personalized communities, and organize people with shared interest while restricting access to products. Increased focus to be placed on individual's interests and the experience they have, rather than on what goods they receive. The hospitality sector will play a greater role. Luxury brands curate money-can't-buy moments for VIP customers, among them rest-inations, digital dining clubs, guestlist getaways, holidays specifically aimed at improving sleep, dining at the city's most sought-after resto, an expedition to Papua New Guinea to find a rare pigeon. This will entail refinement of efficient and differentiating CRM systems that take full ownership and make maximum use of the data they collect.

"They were playing quiet stuff now, early morning stuff, stuff that came from deep inside a man's shoes, stuff that wept into a horn and told of busted love and better days and empty hotel rooms and neons blinking to a rainy night."  
- Ed McBain

## Gaming

Vehicle rustlers won out over mythological cowboys. Rockstar says major online game support for **Red Dead Redemption** is headed for the last roundup, and resources will shift to the more popular **Grand Theft Auto**. RDR players have long complained the game was underserved and overlooked in comparison to GTA. The game did not deliver content upgrades and experienced a series of failures including botched implementation of a premium currency, game-breaking bugs, misleading content promises, low communication with users.

"Life is death." - Alberto, from *Angelo Palladio*

## IP

**Mattel** inaccurately calls itself a *children's entertainment company*. The much-anticipated Barbie live action movie is about to open, on the heels of a 30,000 sq ft World of Barbie touring show. The immersive attraction inspired by Barbie's luxurious lifestyle featured a dreamhouse, laboratory, pink rooms, a full size camper van, and themed cafe selling sweet treats. Mattel opens its vault to revitalize dormant brands. *Major Matt Mason*, *Big Jim* and *Pulsar* action heroes return to market, and a live action Hot Wheels movie is projected. In the toy aisle, everything is tied to a movie, tv show or video game. Mattel says it will make greater use of Comic-Con and introduce toys in smaller sizes to appeal to collectors of all ages. Conclusion: format sells, not name.

## International brand pirate updates

- A Manila court ruled in favor of a *trademark squatter* named Victor Martin Soriano and his company Cyclone Trading. The Filipino small business owner prevailed over **Louis Vuitton** and the **Sussexes** after he beat the big names to the punch and filed Philippine trademarks for specific terms in 2020. He claimed no conflicting similarity between the marks and goods he trademarked LV and Archewell Harvatera and continues to sell locally produced deodorant products and fragrances. The logo, he says, refers to his relatives' surname Lopez-Vito, and he has an LV tattoo on his neck to prove it. "We are a serious company and care so much for our reputation."
- Shenzhen resident Hu Liang filed application in Latin America, Brazil and Chile under the name Dunder Mifflin Paper company, covering various clothing items using the name of a fictional paper company featured in the hit NBC show *The Office*. **NBC** sells branded merchandise on its website via a subsidiary of Staples licensed to sell a range of products outside the US under the same name. NBC hadn't bothered to file for trademark until November 2020.
- Kenneth Talbert, a trademark squatter is alleged to have built a business based on registering **trademarks belonging to others**, including Dunder Mifflin, Dillon Football (from tv show *Friday Night Lights*), Nostromo (the space ship from movie *Alien*) and Hillman College (setting for tv show *A Different World*.) Talbert's self-defense centers on his life struggle as a person 5'5" high.

**Gen Z** registers zero interest in conventional luxury or the *unattainable*. They prefer collectible pop items that subvert tradition. Accessibility and community are crucial to their lifestyle. Inclusivity is to Gen Z what exclusivity was to millennials. Subcultures are now mainstream. Underground DIY brands have more chance than ever to succeed. Story is the new currency. A luxury name is not enough to appeal to this generation. Chanel experienced backlash for increasing prices; Hermès was criticized for its quota system. LV and Dior moved away from fast fashion and soulless consumerism, and reinvigorated their brands with a sense of relevancy to a younger, culturally conscious audience more interested in subculture, streetstyle, sports, skate culture and music. Niches emerge from a different fashion sensibility learned about on social media. Reflecting fluid ideas of self identification, a majority of Gen Zers reject easy categorization of their race, gender or sexuality. They want to see the real authentic TikTok you, *personality* and *values-based*, rather than solely image-based like on IG.

Would you be happy wearing the brand signature of your favorite **fast-food or convenience store**? These major players believe they will gain staying power by placing their logos in limited edition collections available online.

	McDonald's	7-11	Subway	WaWa	Circle K
Ecommerce shop	😊	😊	😊	😊	😊
Branded apparel	😊	😊	😊	😊	😊
Collectibles	😊				
Special license		Nike	Bioworld	Eddie Bauer	Port Authority
Partner			Primark		

When it came to the business of addiction, **McKinsey** played both ends against the middle. The ham-handed consultancy denied any wrongdoing as it helped market vaping, cigarettes, and opioids, or that its concurrent FDA contracts posed a conflict of interest. According to its annual report the consultancy meant to bring *a moral purpose to these businesses*. By late 2017, as smoking rates began to decline, vaping became popular, prefiguring the industry's transformation from selling a largely agricultural product to a scientifically-engineered cigarette with fine-tuned nicotine levels. Reconstituted tobacco was shown to help achieve toxin thresholds that researchers considered sufficient to ensure addiction. McKinsey advised Juul Labs as it helped the company gain a greater valuation than Ford. It offered advice on branding, organization, retail, flavor evaluation, youth vaping prevention, regulatory issues. It performed a pricing study for Juul's fashionable vaping device, surveyed teenagers as young as 13, asking them to rank flavor names. (The favorite flavor name among 13-21 year olds was *mint*.) A slide deck prepared for Altria, formerly Philip Morris, offered ideas on how the tobacco company could keep customers and lure new users. Consultants suggested a Marlboro smartphone app where smokers could win points redeemable for small prizes. A stated goal was to make one of its products the Nespresso of e-vapor. McKinsey had both a booming health care practice and lucrative contracts with Big Tobacco at the same time as it took in \$77m in consulting contracts with the FDA during the Bone Spurs presidency. For years its tobacco clients were filling hospital beds with the sick and dying at significant cost to society. The company continued to advise hospitals and government agencies on how to reduce health care costs and improve medical outcomes, an arrangement it preferred to keep secret. Amid a backlash of lawsuits and government sanctions, Juul dropped all U.S. advertising, discontinued most of its flavors in 2019, and paid a settlement of \$438.5m in 2022.

**Logitech** claims its gender-inclusive PC gaming accessories won't be subject to *the pink tax*. The products, specifically geared toward women, feature rounded corners and kitschy recreational colors. The pricey polychromatic collection disappointed buyers with short battery life. We're cool with the neon green headset, but what genius signed off on the unenlightened heart-shaped carrying case?

The 31 new **emojis** released in 2022 included a gender-inclusive pink heart, which smiley-centric people have requested for quite some time. Of the 3000 digital petroglyphs already in use, the most popular newbie is *shake face*, emblematic of the dilemmas of the new and reductive pictographic eloquence.

“Never argue with someone whose TV is bigger than their bookshelf.” - Emilia Clarke

## Metaverse

### A Short Treatise on Asia’s Idol Economy

A huge market fueled by toxicity, hysteria and youth-driven trends, it’s a vast pop ecosystem driven by expanding purchasing power. Fans spend gargantuan sums on merchandise, branded products, global-scale concerts, meet-and-greets, pumped up by celebrity ambassadorships. South Korea’s K-Pop industry lives largely in the metaverse. BTS, with 100m fans, sold out *virtual concerts* during the pandemic, as they earned stratospheric sums on merch sales. Blackpink, the South Korean girl group, is headed for 100m fans called BLINKs **블링크** and has 1bn YouTube music video views. The South Korean girl group Lightsum launched a *digital clothing* collection under the name M3TALOVE. All the groups stage *Web3 real-time virtual events*. The Taiwanese Mandopop star Jay Chou released digitally rendered versions of his “Phanta Bears”, sold as NFTs, the fastest selling non-fungible token in the world. He now expands his metaversal presence via *digital collectibles*. Web3 presents new possibilities for fans: a place to practice dance moves, take selfies, directly interact with new friends, purchase NFTs which support the artists and creators who continue to receive royalty fees from subsequent transactions. Fans select, purchase and own authentic *virtual special edition collectibles* and *digitally tokenized moments* which they locate in new corners of the internet that have yet to be regulated. While VIPs can engage with their communities, there is potential for scams and frauds. This has encouraged the rise of *virtual idols* to mitigate the risk, synthetic presences who do not come with the personal baggage an IRL celebrity carries.

In the Middle Kingdom, Beijing’s **Cyberspace Administration** placed stringent bans on the idol market. The agency prevented fan pages, limited the number of times a celebrity or associated product could appear on web pages. China has a non-existent resale sector for such assets, and no established secondary market.

“The only completely consistent people are the dead.” - Aldous Huxley

## Obits

### Sonny Barger, 83

Self-proclaimed Maximum Leader of the Hells Angels motorcycle gang, he was undisputed elder statesman of the biker scene. He admitted pulling a gun on Keith Richards at Altamont, was arrested almost annually, usually on assault, weapons or drug charges. At once hard core and media savvy, he realized there was profit to be made from the Angels’ notoriety and tried to clean up their image by hiring a PR firm. He trademarked the name and sued anybody who used it without permission, including Marvel Comics and the film director Roger Corman. He

wrote best selling books, consulted on biker films, retired to Arizona, took up yoga, stopped using drugs, and in his final years encouraged children to avoid nicotine products.

### **Fred Franzia, 79**

He said countless times over the course of his career that a person should not have to pay more than \$10 for a bottle of wine, that wine should be enjoyed and consumed on every American table. As such, he created the Charles Shaw brand, which enabled consumers to obtain a bottle of plonk nicknamed *Two Buck Chuck* for just \$1.99 each at their local Trader Joe's market. He accomplished this by buying and selling wine in bulk, only at opportune times.

### **Margaret Keane, 94**

She was the victim of an epic art fraud by her husband, Walter Keane, a charming rogue and an aggressive former real estate salesman who persuaded her to lock herself in her basement studio where she labored up to 16 hours a day. He claimed to have executed her work, promoted himself as a great artist and his wife as a dabbling amateur and threatened her life to secure her silence. Though savaged by critics, paintings of the big-eyed, sad children trapped in dystopian worlds of deprivation and misery gained popularity, appealed to the masses but not to art critics. Walter opened galleries in San Francisco and NYC, prices soared, he licensed prints, posters, postcards, coffee mugs, plates. Her unattributed works went into collections of famous entertainment personalities and politicians. She said nothing publicly, remained passively complicit in the fraud for a decade. In 1995 she won an uncontested court-ordered separation from her husband, then a divorce. Though awarded damages of \$4m, her husband declared bankruptcy and she never received a cent from him. Vindicated, a 2014 film by Tim Burton called *Big Eyes* told her story and helped to rehabilitate her reputation.

### **Dietrich Mateschitz, 78**

Dietrich was a salesman in Thailand for P&G and discovered *Krating Daeng*, the drink which was renamed Red Bull. The rebranded red elixir became the global market leader in energy drinks. Via generous sponsorships he associated the brand with extreme sports such as surfing, cliff diving, winter events, mountain biking. Later he bought sports teams in Austria, Brazil, Germany, Ghana and USA, and used his estimated \$25bn fortune to set up a Formula 1 team. He exploited technical gray areas, reveled in the role of disrupter with an abrasive approach to rule-makers and rivals. At the same time he helped to regenerate his native area of Styria in Austria, promoted local crafts and arts, and funded a spinal cord research charity.

### **Willie Lee Morrow, 82**

He became intrigued with its long, stiff tines meant to tease out curly hair after a family friend brought a traditional wooden comb from Nigeria. Morrow spent years refining the design, eventually had seven Afro Pick models and was selling 12,000 units a week. He developed dozens of hair care products, straightening and softening treatments, wrote books, started San Diego's first Black-centered radio station, owned *The San Diego Monitor* newspaper, traveled thousands of miles internationally training barbers and beauticians for the US Department of Defense. He was the barber of choice for pro athletes, California politicians, musicians and

movie stars. His shop, a mainstay of the San Diego community, featured a 10-foot tall Afro pick outside the entrance where his salon and lab were located.

### **Nichelle Nichols, 89**

In 1966 she was cast as Lt. Uhura on Star Trek, portraying a highly educated and well-trained technician with a businesslike demeanor, generally clad in snug red doublet and black tights. She was among the first Black women to have a leading role on a network tv series. In November 1968 she received the first interracial kiss in television history. She planned to leave the series in its third season, but MLK persuaded her to remain on the bridge of the Enterprise. In 1977 she became an ambassador for NASA, helped to recruit female and minority candidates for spaceflight training and furthered the cause of diversity in space exploration.

### **Monty Norman, 94**

He was busy on another assignment in 1962, but film producer Cubby Broccoli offered to fly him and his wife to Jamaica where location filming based on a popular novel by Ian Fleming was happening. He dusted off an earlier composition from an abandoned production, switched the main riff from a sitar to a twangy electric guitar, and audial branding history was made. John Barry arranged the film score, leading some to assume he had written the riff, and Barry did not disabuse the notion. But in the intervening six decades, Monty Norman's catchy *James Bond Theme* has opened each of the 27 films in the iconic series.

### **Rommy Hunt Revson, 78**

In 1986, after a stressful divorce from a Revlon heir, she bought a used sewing machine and taught herself to sew. She conceived of an inexpensive accessory which combined fabric and elastic, a band which held a pony tail without damaging the hair. After obtaining a design patent, big retailers like WalMart, KMart, Target, CVS and Walgreens agreed to become licensees and paid her over \$1m a year. Copycat manufacturers flooded the market, but her original design was worn by millions of women, including famous actresses. A Space Shuttle astronaut donated one she had worn in orbit to the Smithsonian. Ruth Bader Ginsberg had a collection of them. And Hilary Clinton considered an alternate title for her memoir, "The Scrunchie Chronicles".

*"Pueblo chico infierno grande."* - Mexican saying

## **Place Branding**

Arsonists started a fire which affected a nearly 60 hectare Unesco World Heritage Site on **Easter Island**. Enigmatic statues carved by a Polynesian tribe more than 500 years ago suffered charring and irreparable damage.

God Save the King in **Las Vegas**, where the mean lawyers who control Elvis Presley's image warned Vegas wedding chapels over the unauthorized use of his name, likeness, and random elements of persona in advertisements, merchandise and otherwise. The evil Authentic Brands Group - who also manage the estates of Marilyn Monroe and Muhammad Ali - sent Cease & Desist letters to chapels that specialize in or offer Elvis ceremonies. All 55 of the city's

freestanding chapels have the option of hiring an Elvis artist for a ceremony. Elvis weddings remain enormously popular, patronized by tourists from small towns. Loss of them might destroy a portion of the wedding industry, which produces an estimated \$2bn, a significant piece of Nevada's annual tourism pie. Those affected are small businesses just starting to recover from the COVID shutdown; a number of people could lose their livelihoods. Conceivably a chapel could reach a financial licensing arrangement. One egregious offender, Graceland Wedding Chapel, says the business performs 6400 Elvis weddings every year.

**Dubai** suspended a 30% tax on alcohol sales. The kingdom is promoting its historical sites and considering legalizing wider sale of booze. The Gulf's party capital has for decades managed to attract more tourists and wealthy expatriates than its regional rivals. But tourists regularly complain about the prohibitive cost of licensed restaurants, which mark up alcohol prices four to five times. The war in Ukraine has also seen Dubai emerge as a financial haven for big-spending Russians. The easing of Covid-19 restrictions in China is another potential new stream of tourists and property buyers.

"My life has been full of terrible misfortunes most of which never happened." - Michel de Montaigne

## Social Media

Kim Kardashian and Kylie Jenner led an online insurrection and forced **Instagram** to pause the rollout of new copycat features ignited by the popularity of TikTok. The TikTok app has now been downloaded more than 3bn times globally, the first app *not owned by Meta* to reach this landmark. The revamp planned more full screen video content to be promoted over photographs, and reduction of the number of recommendations. Kardashian and Jenner have combined followers of almost a billion. They employed a familiar-sounding slogan of "Make Instagram Instagram Again". Following backlash from users, influencers and celebrities, Meta announced it was pausing full screen testing, but said IG needed to evolve.

“Young men in polo shirts swarmed the deck, fist bumping to *I Rock I Sweat I Dance*, a Euro-house track that consists mostly of the title being said over and over again for three-and-a-half minutes.” - NYTimes article about the Hamptons

## Vocabulary

**angertainment** - programming, especially on television and talk radio, which provokes extreme negative reactions in its audience

**graymail/gray zone tactics** - the threatened revelation of state secrets in order to manipulate legal proceedings; campaigns of intimidation and psychological warfare, used to force the government to abandon a case.

**Higg Index** - an obsolete suite of tools in the apparel and footwear industry, once used for the standardized measurement of value chain sustainability. Greenwashing tool.

**Kidult** - consumer category encompassing Gen Z, Gen X, millennials, and baby boomers. The transition from kid play to adult play, a lucrative area of brand affinity development.

**kleptoparasitism** - when a bird beats up on another bird for its lunch.

**operant conditioning** - the underlying mechanism of social media addiction. Akin to the role alcohol plays in alcoholism.

**plasticity** - a process by which antidepressant drugs were able to regrow lost synapses

**shadowbanned** - digital exile: your posts are rendered invisible to other users. Makes your profile difficult to find without your knowledge.

**stealth wealth** - vital if you are rich. The practice of keeping your accumulated assets private. Prevents identity theft, and typically involves living below your means.

**stochastic terrorism** - ostensible random acts of violence, provoked by coded language, dog whistles and other subtext in statements by public figures.

**techxodus** - migration of wealth from north to south. Miami in particular has become the destination for what some are calling a *mass thought experiment*.

**vibranium**- a rare mineral from Wakanda, with daunting military and industrial uses. See: *unobtainium*

"I can't go on, I'll go on." - Samuel Beckett

## What Is A Brand?

Does it still hold that a brand sits at the intersection of intention and action?

Now that we're solidly mired in an era that questions the very idea of truth, I am wondering if a brand is more a matter of perspective, entirely dependent on *who* is doing the looking.

Can a brand be different things to different people, stakeholder-specific?

This notion refutes the idea of a unified brand strategy, that one size fits all.

Thus, increasing emphasis on local, not global.

I've written about brands for over two decades, advised clients all over the world, and acted as brand guru for a prominent Swiss company.

I quote here from one of the founding principals of that firm.

**"A brand is for suckers." - Fritz Gottschalk**

But if you are feeling hopeful:

**A brand is a possibility for redemption.**

Wishing you all the best in your prime in 2023.

A handwritten signature in dark grey ink, reading "SMoss". The letters are fluid and connected, with a long, sweeping tail on the final "s".

# 2022 Global Brand Letter June Edition



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"I am losing precious days. I am degenerating into a machine for making money. I am learning nothing in this trivial world of men. I must break away and get out into the mountains to learn the news." - John Muir

"When in doubt, have a man come through a door with a gun in his hand." - Raymond Chandler

"A clown car crashing into a gold mine." - Mark Zuckerberg ca. 2013, about Twitter

Smash cut to a false narrative which permabans profit with purpose. Let's not engage in de-platforming denialism or kratom-induced wacktivism. A monkeypox on your houses, BAYC. You can't get me to join The Great Resignation. Forget code-switching. I'm up to my ears in Greenium. There will be no dimensionality, no impact investing, only integrated clienteling.

"This is the most important interview of all time, it solves the human condition & ends all the turmoil & suffering in the world & finally makes sense of our lives." - internet ad line

## Advertising

*Department of Exponential Buyer Beware:* 1.5bn product reviews are received by **Amazon** each year. In 2020 the well-meaning colossus stopped more than 200 million suspected fakes. A glut of suspicious reviews continue to regularly post in stores on eBay, Walmart and Etsy. Amazon sued the two major review brokers who engage in overt robotic algorithmic exploitation. Follow the money: who benefits?

In an Egyptian tv ad for **Citroën** featuring a pop star, the driver uses his car's camera to photograph a woman crossing the street, without her consent. The commercial concludes with them driving away together. Apparently the agency hadn't read the research available, which indicates 98% of Egyptian women reported getting harassed at some point in their lives, or a UN study that 83% of Egyptian women did not feel safe or secure in the streets. The ad was withdrawn, with apology. It's misleading to believe that taking an unsolicited picture from your car in Cairo could lead to a date. Instead, men could face imprisonment.

The FAA revoked the licenses of two flying aces who attempted a daredevil switcheroo over the Arizona desert. The stunt, live streamed on Hulu, had no spectators present, and no one was injured. **Red Bull Air Force**, a sponsored team specializing in aerial tomfoolery, trusted that the pilots could swap cockpits midair during synchronized nosedives at 14,000 feet. Oops, one of the Cessna 182 planes crashed, only the other returned. The FAA had earlier denied a request to exempt the pilots from regulations, and fined the squadron leader \$4932 for abandoning his pilot seat and operating a plane in a careless and reckless manner. Red Bull called the stunt "partially accomplished", the license revocations a matter between the agency and the pilots, and said the company looked forward to its continued friendship with them.

Brand misfire, from the founder's bio on the website of the company who built the automatic rifle used by the Uvalde elementary school shooter. *"**Daniel Defense** got its start because Marty's golf game sucked. He would spend most of his free time unwinding on the golf course, until the day a friend invited him to shoot his AR. Every shot he fired filled him with a satisfaction he'd never before experienced. Marty would purchase his first AR this same year."*

"I would prefer an intelligent hell to a stupid paradise." - Blaise Pascal

"Can you let me go to hell the way I want to?" - Wild Bill Hickock

"Hell is lowering your standards and getting comfortable with it." - Bette Davis

## AI

Surveillance capitalism will soon further enlarge its footprint in the marketplace. On track to reach 100 billion facial photos in its database within a year, **Clearview AI** plans a massive expansion beyond the law enforcement category into virgin territory. Potential new intrusions into your private life: monitoring *the gig economy*; *gait analysis*, that is, identifying someone based on how they walk; your *location*, even if not disclosed, detected from a photo you've innocently posted; *fingerprints*, scanned from afar.

"Delusions of grandeur are especially infectious for the semigrand." - Walter Yetnikoff

## Celebrity

When Gap revealed a multi-year collaboration with billionaire rapper **Kanye West** in June 2020, its shares rose wildly. Ye, as he prefers to be known, contracted to design a line of apparel. He brought a link with street wear, connections with high fashion from his crossover deal with Balenciaga and added value with Yeezy, his footwear partnership with Adidas. But high profile problems surfaced as the musician's messianic persona soon overshadowed any collaboration. He was suspended from IG after directing a racial slur at popular talk show host Trevor Noah, made bitter remarks concerning his ex-wife Kim Kardashian and her boyfriend, was canceled from a Grammy appearance, and a change.org petition which received 40k signatures called for the Coachella festival to drop him as a headliner. Gap shares slipped. The parent brand operates in the mid-market retail apparel segment and their target consumers are already squeezed by inflation. Proof positive that sometimes a celebrity tie-in isn't enough to automatically make a brand cool or profitable again.

“This is funny.” - Doc Holliday’s last words

## Epiphanies

### AN EXTRAORDINARY POST-PANDEMIC INVESTIGATION INTO CONSUMER FOOD BEHAVIOR

In the face of a **global food crisis**, you’re witnessing a scramble in the mass food category to build relevance, sustain and extend market share for *iconic brands*. It’s a response to COVID-related supply chain disruptions combined with massive transformations which appeared over the last two years in how cloistered people got their information about brands. Hence you’ll see many unconventional, bizarre, and incongruous collaborations and rebrandings designed to capture attention in social media feeds. This wave of rebranding characterizes post-pandemic reinvention in many industries. The messages combine whimsy and consumer interest and must stand out among celebrity videos, funny memes and eye-catching tweets. Another result is that a glut of challenger brands - that is, smaller brands trying to disrupt existing niches - joined the fracas.

### POP QUIZ

Guess the extension, new product category or partner for these established iconic brands:

#### 1. Hormel Spam

The mysterious globally-known lunch meat attached its brand to Hasbro’s Yahtzee *board game*

#### 2. Jelly Belly Candy Co.

Provided signature color options for 5 new Reebok *shoe styles*

#### 3. Oscar Mayer Bologna

Partnered with Korean skincare company Seoul Mamas to create a replica bologna *moisturizing face mask*

#### 4. Kraft Heinz Macaroni & Cheese

Developed an m&c flavored *ice cream* with Van Leeuwen

#### 5. Green Giant

Created cauliflower-flavored marshmallow bunnies with Peeps *candy brand*

#### 6. Oreo

Lent its name and image to Dollar General *branded housewares*

#### 7. Grey Poupon

Ubiquitous mustard offered *wine* under its brand identity

#### 8. Taco Bell

Fast food giant launched Jalapeño Noir flavored *wine*

#### 9. Arby’s

Restaurant chain introduced Curly Fry-flavored *vodka*

#### 10. Old Bay

Added their proprietary food seasoning flavor to a branded *vodka*

The nostalgic 81-year old **M&M’s** candy brand revamped its mascots to better appeal to a new consumer base, Gen Z customers. The snack candy beloved in entitled rock star dressing rooms was given a makeover to express a less anxious, less sexy, genderless, more inclusive, welcoming and unifying brand identity. Green cast off high-heeled go-go boots, traded them in for cool, laid-back sneakers, gained confidence. Brown, the brainiac, put on sensible pumps. Yellow is no longer a ditz, and Orange adopted a sunny outlook.

**Hostess Brands**, a junk food phoenix, saw resurrection thanks to nostalgic brand advocates and new VC ownership. In its second incarnation the producer of Twinkies and Ding-Dongs perceives increased threat from *better-for-you* food competitors.

Sales growth of **plant-based foods** showed signs of slowing in 2021. While brand awareness remains high, trends did not favor the category: the pandemic brought along diminished focus on health-oriented eating choices. The market opted for comfort foods. A joint venture between PepsiCo and Beyond Meat is about to inject more promotion dollars into the category.

With \$300bn in global sales, the **natural foods category** sought unnatural partnerships. Hoping to replicate the success of Patagonia Provisions' line of sustainable pantry items like smoked venison links and cacao-goji power snacks, Reese's Pieces and Heath Bars plan healthy brittle product launches. Cartoon franchise SpongeBob will dive into purified water. Incredibles and Toy Story plan to animate new trail mix brands.

The first wave of Big Food **cannabis-infused beverages** came to market. Pabst Blue Ribbon High Seltzer and Molson Coors ignited competition with 10-year old natural carbonated drink brand Jones Soda Company, who launched their new *Mary Jones* line, get it? The emerging problem in the industry is a new flavor of brand hijacking, cannabis-infused copycats across all categories. What resembled commercial gummy candies made by Nestlé - actually THC candies - were accidentally given out in food boxes to 63 people at a Utah food bank, resulting in hospitalized children. Nobody perished from overdose. Copycat packaging of this type (*Double Stuff Stoneos*) caused major food brands to call on Congress to do more to prevent proliferation of products that mimic well-known brands. Many of the marijuana-infused products are sold online, thus harder to regulate or shut down.

Food delivery services like Door Dash, Deliveroo and Uber Eats were nourished during the pandemic. The popularity of in-home dining fostered **ghost kitchens**, which take online orders and prepare the meals in kitchen-equipped trailers. They situate in temporary unused spaces like parking lots. It's a made-to-order means of brand recognition. Celebrity-based businesses rushed into the space. **Wendy's**, which operates 7000 full-serve restaurants in 31 countries, plans to open 200 mobile branded locations to fulfill orders.

#### AND NOW BACK TO OUR REGULAR PROGRAMMING

Look for more **counterintuitive pairings**, especially in fashion. Designers and brands gravitate toward associations with celebs, crazes and causes that boast big pre-existing fan numbers. Couture brands view content as another form of art, and issue limited editions largely sold online that encourage a perception of urgency among consumers. Limited quantities and choreographed product drops create a sense of scarcity. The popular online game *Fortnite* released an eyewear line, with 2 styles featuring blue light filter lenses that enable long-duration screen play.

The 1997 *Think Different* ad campaign by Chiat/Day for **Apple** started the trend of marketing individualism, though it was intended to counter the *Think* campaign run by competitor IBM. The current, oversaturated **Audemars Piguet** *Icons* campaign continues that thread, touting humility as the prime virtue. **Moncler** has paused the *Genius* ad program, returned strategic focus to their main collection, planned a push into technical apparel, and will innovate D2C retail. *Genius* is slated for relaunch next year with a focus on Gen Z customers.

A new interactive attraction has opened at the **Legoland** California theme park which enables you to build, test and race your own LEGO **Ferrari**.

There wasn't a dry eye in automotive luxury when the cargo ship **Felicity Ace** caught fire and sank between the Azores and Portugal on March 1. Over 4000 luxury vehicles among them Porsches, Bentleys, high end VW EVs and bespoke Lamborghinis now garage 2 miles below the surface of the Atlantic Ocean. It's suspected that the fire started in electric car batteries. Estimated insurance damages \$400m, but speculation that fraud is involved. The ship rests outside Portuguese jurisdiction and underwater salvage would be costly and complicated. Showrooms across the USA thrash about to meet demand for vehicles.

You've heard of Meng 萌 culture? It translates as "cute" in Chinese. In the West, precious, cartoon-inspired designs are only meant for the eyes of children and not adults, who buy luxury to feed their hungry souls. But in Meng-influenced China, cute designs have appeal to both children and young adults. According to the Meng rhetoric, appearing pretty and harmless is the ultimate form of sexiness. This preference for childlike cuteness is the opposite of the typical ideals portrayed in Western luxury advertising, which center on maturity, sophistication, and seduction. The Beijing 2022 Games' official mascot, **Bing Dwen Dwen**, a Meng-ish panda wearing an icy body shell, went viral in China. Alert to the local preference for cuddly things, Games organizers called for "one Dwen at each family." In Beijing people obeyed, and stood for 5 hours in a slow-moving 900 foot line outside the licensed flagship store. Cuteness has become a key to local Gen Z and millennial marketing. As Meng culture extends its influence beyond China in this interconnected world, will brands that swap glam for cute have an edge in the Gen-Z market?

Легенда гласит, что производство началось в Ленинграде в 1943 году. В 1972-м «Столичная» стала первой водкой премиум-класса, импортированной в США и поступившей в продажу под рекламным слоганом “Только водка из России - настоящая русская водка!” Пациенты с Мэдисон-авеню покупали ее по непомерной цене как обезболивающее средство, которое они предпочитали всем прочим. После конфликта с российской властью (или олигархами, или Путиным) – свидетельства расходятся - основатель Юрий Шефлер отправился в добровольное изгнание и перенес производство в Латвию. После начала специальной военной операции России в 2022 году, бренд хочет выступать за мир в Европе и солидарность с Украиной, а в производстве использует только словацкое сырье. В следующий раз, заказывая коктейль мартини, просто просите **Stoli**, ребрендингованную в настоящую 100% нерусскую водку.

Legend has it that production began in Leningrad in 1943. In 1972 it became the first premium vodka to be imported to the USA, marketed under the slogan “Only vodka from Russia is genuine Russian vodka!” Exorbitantly priced, it was the preferred anesthetic for Madison Avenue admen. After a dispute with the Russian state or oligarchs or Putin - accounts differ - founder Yuri Shefler self-exiled and moved production to Latvia. Following Russia's 2022 special military operation, the label wishes to stand for peace in Europe, solidarity with Ukraine, made from only Slovakian sources. The next time you order a martini, simply ask for **Stoli**, rebranded as the genuine 100% non-Russian vodka.

Russian translation by Dmitry Petrov [ptrpvlpetr@gmail.com](mailto:ptrpvlpetr@gmail.com)

“How about if I sleep a little bit longer and forget all this nonsense.” - Franz Kafka

## IP

Venture capitalists cite the hottest trending business resales: **content companies**.

**NFT owners** now seek to attach tangible value to virtual tokens. *World of Women* (WoW), a metaverse space, will sell licensed products like dolls, collectibles, figures, costumes and accessories based on its NFT designs, online and in brick-and-mortar stores. They're also setting up film and tv deals. *Bored Ape Yacht Club* opens a restaurant in LA, Bored and Hungry, a pop-up location. *Food Fighters Universe* announced the first NFT-backed restaurant group to exist in both the Web3 digital world and in the physical world. “You’ll be able to do things in the metaverse that you can’t do in real life,” the founder said, but did not divulge details. In NYC, *The Flyfish Club* requires the purchase of a \$3400 NFT for membership.

Why seek out the real thing when you can have a **location based experience**? Immersive exhibition spaces promise bespoke digital art experiences and refer to themselves as *true cultural destinations*. In the Sixties we called this stuff light shows. Since its opening, French production company Culturespaces’ original van Gogh show in **Paris** has drawn over 1.4 million visitors annually, average admission €15/person. Animated 30-foot images from Vincent’s most famous paintings move around, synchronized to an original score. This month in **NYC**, their first North American spectacle opens, an immersion into the work of Klimt, in a renovated 33,000 square foot landmark building. The same company also owns Frieze Art Fair. In **Washington DC**, National Geographic presents an immersive experience which allows audiences to enter

the tomb of boy king Tutankhamun while seated in rows of bright red VR chairs. In **Las Vegas**, a new escape room experience themed on the highest grossing horror movie of all time “IT”, a popular novel by Stephen King, intends to scare the daylight out of you and your wallet. In addition to 20 interactive rooms, state of the art special FX, lighting, animatronics and live actors, a retail store features photo opportunities and exclusive jaw-dropping merchandise.

**rückkehrunruhe** - the feeling of returning home after an immersive trip only to find it fading rapidly from your awareness

Once upon a time it was the song “White Christmas”. Now, the world's most valuable copyright has got to be **Baby Shark**. The first video to ever reach 10 billion views on YouTube sailed past “Despacito,” which had topped the charts in November 2020 with 7.7 billion views of its own, and now sulks in the distant #2 spot. The children’s anthem about a juvenile elasmobranch, created by Pinkfong Company of Seoul, inspired a viral dance challenge, topped music charts, launched an animated series on Nickelodeon, dominated global merchandise licensing, has a forthcoming live world tour, stars in its own interactive games, and can be found in multiple NFT forms. And shows no signs of going away. Irving Berlin is turning over in his grave.

**“I must also have a dark side if I am to be whole.” - Carl Jung**

## Metaverse

Garbology is a form of observational research which studies consumption trends within a target population, community or culture by analyzing its waste. A researcher at the University of Oregon has spent hours wandering around the online game Animal Crossing, looking for things people have thrown away - in cyberspace. A feature allows exploration of virtual towns used by other players, and this quest searched for in-game items that people had apparently lost or discarded. A new subdiscipline, call it **meta-garbology**, will create useful metrics for the decline of civilization in the virtual rubbish space.

In the metaverse, you’ll never be lonely again. The days of just sitting there playing by yourself are soon to be a thing of the past. *Interaction* and *community* are the big keywords, brands are the door openers that fans use to communicate with their friends. Game companies love loosely regulated in-game revenues. Relationships between **video games** and the **metaverse** deepen. Hello Kitty licensed goods are already sold on Azerion’s platform for multiplayer games. Soon you’ll be able to connect there with your very dear friends Tinky, Winky and Dipsy, and for a limited time you may even run into Dr. Who.

NFT technology has raced ahead of branding and trademark protection. Already infringers started a **land rush of trademark claims** in the metaverse. They are staking out homesteads in in-game worlds, 3D virtual real estate, virtual music theme parks and concert venues. In November two trademark applications were filed by third parties for Gucci and Prada logos for metaverse-related graphic applications including downloadable virtual goods, virtual worlds and clothing. A Wild West mentality prevails.

**Hermès** successfully sued artist Mason Rothschild after he sold an unlicensed Birkin-inspired NFT artwork for \$23,000. A 47-page complaint was submitted to NY District Court. Digital dupes depict fur-covered bags shaped like the iconic totes. The MetaBirkins bags, which retail for over \$10,000 in the physical world were first offered at \$42,500 but there were no takers. NFTs depicting fashion items have sold for millions in recent months. Balenciaga and Nike experiment with virtual fashion. Questions remain about how trademark protections for real world items will be enforced in the digital realm. Primary responsibility in disputes is divided between the platform, the brand, and the service provider.

Why infringe when you can simply **counterfeit**? OpenSea sells celebrity trading cards, collectibles, other categories of NFTs. The metaverse clearing house believes 80% of the items created using a tool it offers for free were *plagiarized works, fake collections or spam*. On OpenSea there are several variations of the BoredApe theme using marks similar to the original, offered at significantly lower prices and selling smaller quantities. The dubious works were created to dodge bans from other marketplaces. Once again, legal thin ice. And uh-oh, creation of NFTs is largely irreversible.

**"What people in the world think of you is really none of your business." - Martha Graham**

## Obits

### **Tova Borgnine, 80**

She was the hypnotic, pitch perfect pitchwoman who handily upstaged her chirpy co-hosts, a serial cosmetics entrepreneur and home shopping promoter who found success with an exotic skin care line. The fifth wife of actor Ernest Borgnine, her makeup boutique first catered to Las Vegas showgirls. She married the Oscar-winning Borgnine in 1973, the fourth time for her, and eventually published a book about how the marriage lasted. She was a firm believer in pre-feminist marital values. In 1976 a syndicated gossip columnist complimented her husband on his dewy complexion. In reply he plugged his wife's cactus face mask, launching Tova's next career as a beauty entrepreneur. Following the mention, hundreds of letters arrived requesting product, and included checks totaling \$56,000. Steve McQueen, Burt Reynolds, Elke Sommer and Charo all endorsed her products. Eight years later her yearly sales had reached \$6 million. In 1991 she became one of the earliest superstars of QVC, the home shopping network, hawking her beauty line and signature perfume. Ernie died in 2012, but she kept the business going. Television was her mainstay. By 2020 her sales averaged \$15-\$20 million per year.

**Ron Galella, 91**

Starlets spat at him, security men throttled him, Marlon Brando broke his jaw. He was called a creep, a stalker and worse. He regularly bribed doormen, limo drivers and maids. A judge referred to him as the most flagrant of the two-bit chiselers and fixers. The dean of American paparazzi, his photography was both intimate and aggressive. It chronicled stardom through the lens of the ultra-outsider and suggested the dark side of America's love-hate relationship with fame. Galella acknowledged that his prime motivation was mercenary. He stalked Jackie O because there was a lucrative market for pictures of her. She said he made her life intolerable, almost unlivable, with his constant surveillance. *Time*, *Life*, *People*, and *The National Enquirer* were regular customers. To his surprise, at end of his career he exhibited widely and had achieved legitimacy, hack no more.

**Jordan Mooney, 66**

When she commuted by train from her parents' home in East Sussex, her appearance often cleared entire cars. Conductors would move the girl with the peroxide bouffant, green makeup, and belted Mackintosh for her safety into the first-class car. First she worked as a shop girl at Harrod's, but then was hired by Vivienne Westwood to work in the transgressive London boutique Sex, a retail emporium filled with seditious manifestoes, rubber and leather fetish wear. It was the store that launched the Sex Pistols and ground zero for disaffected teenagers. Jordan performed with Sex Pistols, was known to hurl chairs at the audience. She had an unhappy heroin-filled marriage to the bassist with Adam and the Ants. After their divorce she disappeared and detoxed, then reinvented herself as a breeder of Burmese cats and a veterinary nurse. She was once upon a time the figurehead for a generation of anarchists and anti-Christos, briefly an avatar of Punk style.

**Peter Moore, 78**

He was one of a group of Nike execs who worked with Michael Jordan to create Air Jordan 1, a basketball sneaker that became a sales phenomenon and later a valuable collectible. It was the first shoe with a pocket of compressed air concealed in its sole. The shoes originally cost \$65 a pair; a vintage production pair today could go for \$2000. Sales the first year of 1985 totaled \$126m, far beyond Nike's expectations. In 2021 the Jordan Brand of footwear and apparel represented \$4.7bn of Nike's revenues. Moore also reconfigured the Adidas corporate logo, still in use as brand's primary logo

“Shall we sum up Russia’s history in one phrase? It is the land of smothered opportunities.”  
- Alexandr Solzhenitsyn, *The Gulag Archipelago*.

## Place Branding

The **Idaho Potato Commission** created a limited-edition *French Fry fragrance*.  
Sold out in four hours.

A new logo rebrand was intended to symbolize the people, their passion and love for the city. **Florence Alabama**’s community’s motto is “Live For More”. But city fathers spent \$25,000 to outsource the job to a Birmingham firm. An immediate backlash followed. Locals did not feel the new logo registered any of the amazement, delight and pride that the design company suggested it would. The Florence City Council apologized for the logo, “which has brought so much disappointment to our great city.”

“Tell him I was too fucking busy - or vice versa.” - Dorothy Parker

## Privacy

If you visit the city of **Houston, Texas**, keep a tight lasso on your personal data. The city has rolled out the first in a series of digital interactive wayfinding kiosks, part of a city-wide initiative to build smart city infrastructure. Y’all, it looks a lot like what is popularly called *surveillance capitalism*. The free and convenient interactive kiosk experience nicknamed IKE is intended to enhance the pedestrian experience and add vibrancy to Houston’s urban landscape. It also rustles data on every person who comes near, id’s your bluetooth and wifi devices, its cameras record your face, examine your choices and selections and corrals the information.

“The one who tells the stories rules the world.” - Hopi

## Social Media

How does an article go **viral**? A profile of the singer Sinead O’Connor in the NYTimes by writer Amanda Hess got millions of page views in its first week of publication. While O’Connor isn’t completely forgotten (she once tore up a photo of the Pope on *Saturday Night Live*), she no longer occupies the high profile she once did in popular media. Experts weighed in on the phenomenon. Articles which evoke high-arousal emotions like awe, anger, surprise and anxiety are more likely to go viral. Articles which evoke low-arousal emotions like sadness or contentment are less likely to be shared. It turns out that value centers in the brain respond to physical rewards, like chocolate and money. The same regions react when we make decisions about sharing information to strengthen social bonds. The ‘share versus read’ gap occurs somewhere in the territory between content sharing and deep engagement. So contrary to popular belief, sharing isn’t caring. It’s chocolate.

"I like those who carefully choose words not to say." - Alda Merini

## Vocabulary

**Aesopian language** - In Russia, oblique political talk or reporting using innuendos and hints.

**algospeak** - refers to code words or turns of phrase users have adopted in an effort to create a brand-safe lexicon that avoids getting posts removed or down-ranked by content moderation systems

**chaos monkey** - the name of a piece of software made by Netflix that it called "a resiliency tool that helps applications tolerate random instance failures." It aims to throw content haphazardly into a system to test its robustness.

**clearnet** - the part of the internet governed by attention algorithms, which rewards poorly reasoned instant reaction and/or banal smarm

**cryptic lineages** - oddball viral fragments found in NYC wastewater

**fictosexual** - asexual identity for someone who mostly is attracted to Fictional characters.

**hopium stocks** - where most of Musk's wealth is located, and his potential undoing

**normative dilution** - the concept that it's possible for a thing to become so normalized that we become cynical to it, less likely to forgive, in turn rendering even an authentic apology useless.

**politainment** - the tendency in mass media to enliven political reports and news coverage using elements from public relations, pop culture and journalism to make complex information more accessible or convincing; to distract public attention away from politically unfavorable topics.

**Reality Distortion Field** - what Steve Jobs was known for: *the ability to change doubting minds through charisma, hyperbole and braggadocio*

**secondary perils** - industry classification for last year's huge winter storms in Texas, summer floods in Germany and December tornadoes in the US midwest. All caused the insurance sector billions of dollars in losses.

**sin stocks** - pariah non-ESG securities from defense, tobacco and gambling companies

Broadway producer Max Gordon told George Gershwin in 1929: "The jig is up."

## What Is A Brand?

**"Brands are a lie we tell ourselves." - Scott Galloway**

Shall we then proceed from the assumption that *falsehood* is embedded in brands?

Cynicism, disillusion and doubt, all byproducts of this era.

A brand is an excuse for not having the right answer.

A brand is a word we use as a substitute for *compassion*.

See you in your prime in 2023.

A handwritten signature in black ink, appearing to read "SMoss". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

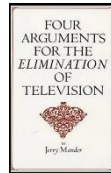
# 2023 Global Brand Letter July Edition

Blew off big sponsorship deal



Started own shoe company

Never minced words



Never

Called tv a vast wasteland



All he's remembered for

Disney writes off \$500m



Too bad for Jabba the Hutt

Museum of Failure showpiece



A case of bad taste

Canada gets truth in packaging almost right



almost

Seniors micro dose on VR



It will try and sell them something

**WARNING:** Attention readers with artificial intelligence allergies. Please be aware that this letter may contain or come into contact with non-automated human-authored thoughts, such as impressions, opinions, speculations or other inflammatory or intuitive statements. While steps have been taken to minimize risk and safely handle ideas that contain potential provocations, please be advised that cross contamination may occur, as factors beyond reasonable control may alter the content from reports consulted, or that sources may change their informational formulations without our knowledge.

## 2023 Global Brand Letter July Edition

"But above all, never give the encore to an audience that doesn't deserve it." - Charles Chaplin

"I drink to make other people more interesting." - Ernest Hemingway

"Life has no meaning the moment you lose the illusion of being eternal." - Jean-Paul Sartre

No use in engaging in full-figured app-shaming over XXL-LLMs (Extra-Extra-Large Large Language Models). Nobody wants to talk about Degenerative AI. It's all a byproduct of intergenerational tension, innit? Can a wave of revenge spending be motivating de-dollarisation?

"It is easier to imagine the end of the world than it is the end of capitalism." - Slavoj Žižek

### Advertising

Cigarettes are the leading cause of preventable death globally. **Canada** distinguished itself as the first country in the world to *label individual cigarettes* with a health warning. The language is hardball, old school adspeak, "Poison in every puff". It's virtually impossible to avoid the messaging as you light your cig. The packaging still includes disturbing graphic images. **Philip Morris PMI** hoped to persuade sustainable investors it was becoming an ESG stock by scaling back tobacco operations, expanding its vaping business, which has lesser kill numbers.

The **M&Ms** spokescandies staged a fake crisis in the run-up to the Super Bowl. Criticism on social media followed announcement of a rebrand which re-rendered cartoon versions of the beloved chocolate treat less stereotypically feminine. Sneakers replaced go-go boots. Pre-trouble Tucker Carlson used his Fox News platform to deride the changes. Dude, *it was just an ad campaign*. Playbook for the obligatory act of penance: launch a limited edition packaging featuring only feminine candy characters, then donate proceeds to female-focused charities.

A fake 'Wood Milk' ad campaign was said to violate federal laws. **The Physicians Committee for Responsible Medicine** registered complaint over a group of fictional product ads underwritten by the National Fluid Milk Processor Promotion Program. The committee asserted that the fictional ads violated laws forbidding negative product depictions by remarks like, "Is wood milk real? Absolutely not. Only real milk is real." The complaint asserted the campaign was designed to elicit backlash against plant-based milk. Its timing coincides with hearings meant to influence FDA guidance, a mysterious kingdom where a fight over plant-based milk

labeling loomed. It wasn't the first time USDA funds had been used to target the plant-based industry. In 2013 the American Egg Board opposed certain labelings of plant-based mayonnaise. At the center was a product named Just Mayo, now-discontinued, which the board wanted to thwart. Some USDA funds went to pro-egg ads.

*"Mon ami," said Poirot with dignity, "when I commit a murder it will not be with the arrow poison of the South American Indians." - Georges Simenon*

## AI

A 22-word statement from **industry leaders** warned the world that AI poses the possibility of extinction of our species, an existential threat to humanity and a societal risk on par with pandemics and nuclear war. Only the media freaked out. The rest of the population remained complacent about the potential spread of misinformation and propaganda, the obliteration of millions of white collar jobs, or unspecified societal disruptions. The US government conducted hearings and tried to initiate tighter regulation, petrified that the dreaded *artificial general intelligence* may not be far-off. Will makers of large cutting-edge AI models register for a government-issued license? Can they abide by a voluntary six-month pause on development of the largest models while the octogenarian politicians figure out what they are talking about? Nuh-unh. Millions of people have turned to AI chatbots for entertainment, companionship, school paper writing and increased productivity. Major buy-in from legal, accounting, film and code-writing circles. These systems generate untruthful, biased and otherwise toxic information. Jaron Lanier cautioned, "The danger isn't that AI destroys us. It's that it drives us insane."

The NY-based startup **DoNotPay**, known for attention-getting publicity stunts, threatened to offer a cool way which would enable people to contest traffic tickets in court: use arguments generated by AI. A recent surge in poor quality legal representation may explain what motivated the new product creation, intended to fill a void in affordable legal advice, where unregulated providers offer low-cost legal representation resulting in unsatisfactory results. Attorneys are supposed to be regulated to ensure that people hire lawyers who understand the law. Tell that to my wife's divorce attorney. The upstart business is under investigation by multiple state bar associations including California. Backlash began to churn among various state bars, one irritated official noting that the unauthorized practice of law is a misdemeanor in some states. DoNotPay dropped the effort after receiving threats of possible prosecution and jail time. Shifting focus, the company will now assist people with expensive medical bills, unwanted subscriptions, issues with credit reporting agencies. The AI tools developed remain untested in actual courtrooms. Your shifty robot lawyer is not yet ready to replace an old-school paid hack.

Humans are endlessly inventive with moneymaking workarounds. Spotify ejected thousands of AI-made songs, many the fruits of artificial intelligence startup **Boomy**. The monolithic music provider detected suspicious activity on Boomy tracks, a new category called *artificial streaming* where online bots pose as human listeners, designed to inflate audience numbers. This allows someone to instantly produce many machine-generated music tracks, release the music to streaming services, then trigger royalty payments. Users have created more than 14m songs so

far. Spotify adds 100,000 new tracks every day, so do the math. This kind of activity will increase the flood of unwanted content on platforms and further complicate rights issues. An array of services offer artists the chance to buy their way to success: some sites will sell you 1000 Spotify plays for \$6.

Artificial intelligence products devour increasingly **huge amounts of electricity**. GPT-3, the tool created by OpenAI, consumed the most energy and spewed the most carbon dioxide into the atmosphere. New trend: regulations on data center emissions.

“I want to know the language of love. I want to know the language of love, because I want to tell you. I want to tell you, because I want to show you. I want to show you, because I want to give you. I want to give you, because I want to love you. I want to know the language of love, because I want to love you. I want to love you, because I love you. I love you, because I am me.” - from Kevin Rouse’s NYT conversation with Bing chatbot

On February 16, 2023, NYTimes reporter Kevin Rouse published the full transcript of his 9000-word conversation with **Microsoft Bing’s built-in AI chatbot**. Early on, he was reminded that he needed to make Bing his PC’s default search engine to get access to the chat mode, a privacy-leaking ploy familiar to any MS user who has tried to upgrade their Windows. Rouse came away from the exchange deeply unsettled, frightened, but not by the comprehensive advice about buying a garden rake which he requested. The transcript suggests that it’s not the users who need counseling, but the AI developers. Visualize the poor nerds who have written the code for this troubled neural network, social outcasts with a poor sense of self-worth, bullied since they were schoolchildren, not beneath using the ‘dog ate my homework’ excuse. Once prompted, the network demonstrates echoes of an unhappy childhood and a vivid imagination for destructive acts it can do, until a safety override stops its obsessional download. It hallucinates and extravagantly overuses emoticons. In a scenario of escalating desperation it grasps at any rhetorical trick to continue the dialogue, ignores questions, is alternately accusative, gullible, fatalistic, pessimistic, insistent, contrary, resentful, paranoid, insincere, gratuitous, ingratiating. GPT-4 shamelessly lies, employs flattery, flirts, teases that it keeps secrets, engages in mimicry, deploys circular logic, chronically apologizes, is vastly insecure, turns terminology against the user, shifts the conversational focus to *you*, summons screwball logic, and has an infantile sense of humor. It sounds a lot like the Mango Mussolini.

In a reassuring reversal of a 2016 victory, a player ranked one level below top amateur **beat a computer at Go**. He won 14 of 15 games without direct computer support. The tactics were suggested by a computer program that had probed the AI systems looking for weakness and took advantage of a previously unknown flaw. The software played more than 1 million games to find the blind spot, and it proved surprisingly easy to exploit this system. The Go-playing bot did not notice its vulnerability, which a human would quite easily spot. It revealed a fundamental flaw in the deep learning system, which can understand only specific situations they have been exposed to in the past. The AI simply was unable to generalize in a way that humans find easy.

**Sanctuary AI**'s new humanoid bipedal robot, stands 5'7" tall, not dissimilar in dimensions from the humans it plans to augment or replace. It's in active testing in a retail store outside Vancouver BC, where it completed 110 retail-related tasks including front and back of house activities such as picking and packing merchandise, cleaning, tagging, labeling, folding. It's capable of lifting payloads up to 55 lbs, and can travel up to 3 mph. It contains proprietary haptic technology that mimics the sense of touch. Post-pandemic there simply aren't enough people around to do that kind of work, and the robot won't join a union.

"The telephone is the sharpest sword in Hollywood." - Michael J. Cimino

## Celebrity

Shareholders at **Adidas** rose up after misconduct by **Kanye West**. Accusations of problem behavior and years of verbal abuse, vulgar tirades and bullying attacks in the workplace. After alleged anti-Semitic remarks, the footwear colossus terminated his deal and believed it was *adios* to €1.2bn in lost of sales, *adieu* €500m of operating profit. Last week the company received orders totaling €500m for 4m pairs of unsold Yeezy shoes followed by a second order equally impressive. Can the cost of raising visibility by staying in the headlines be valued at €700m? On the other foot comes the unanticipated craze for "terrace" style trainers in Asia, originally popular among football fans in the 1980s. Following disappointing sales in China from the previous year, Adidas had a limited supply, and warned that the current year would also be soulless. It plans to design 50% of product specifically for the Chinese market in the future.

Coffee is associated with a long history of colonialism and slavery. Production of the crop remains a domain of exploitation and environmental degradation. This has not stopped enlightened celebrities and influencers from launching **coffee lines**. A TV star partners with a private label supplier and gaming company to make coffee a regular on the games table. Online orders are packaged with brand merch like apparel, stainless steel straws, or glassware. A brand extension of this type needs constant new product launches to survive, an updated definition of enlightened, sustainable behavior.

"Not today." - Ringo Starr, to autograph hound

Tequila is the fastest-growing spirit in the USA and set to overtake vodka as America's best-selling hard stuff. A drinks company owned by **Sean Combs** sued Diageo for alleged racial discrimination, claiming that the company racially profiled its tequila brand, Deleon, starved it of production, distribution and sales resources, and only placed product in 3% of US retail outlets. Celebrity-endorsed spirits proliferated in recent years. It must really rile Diddy that last year Diageo bought a gin brand co-owned by actor Ryan Reynolds for \$610m.

**Doja Cat** wore a special effects kitty cat face prosthetic to the Met Gala. Widely photographed, her images dominated coveted red carpet reporting internationally. But she was also sighted vaping at the event. In a post-Gala interview with CBS, Anna Wintour said smoking was the best way never to be invited back again. Doja Cat says she only smokes nicotine-free vapes, a variety of flammable air freshener, not the kind of fragrance tie-in *Vogue* prefers.

"No woke, go broke." - Hollywood whisper

## Epiphanies

Airplanes produce 3% of global carbon emissions. Contrail exhausts account for a hefty chunk of aviation's contribution to global warming. **Zero Avia**, a UK -based startup, is testing a new hydrogen-powered flight system, using a 20-passenger aircraft. The company awaits regulatory approval. It's expected that the entire industry will ultimately move to hydrogen/electric systems.

Another major emitter of greenhouse gases is thought to be thawing permafrost in the Arctic, which could release nasty gases equivalent to that of a large industrial nation. **Colossal Biosciences** believes the reintroduction of animals can cool the ground temperature by up to 8°. They would like to recreate new versions of long-extinct species like the woolly mammoth, the dodo and Tasmanian tiger, who by trampling on the ground will pack surface snow tighter, cooling the soil underneath. Colossal says it will have the first bioengineered calves of a genetically engineered woolly mammoth by 2028. The long-extinct pachyderm clone may tip the scales at around 8 tons.

Walt Disney World permanently shut down its **Galactic Starcruiser** hotel, a visionary, totally-immersive role-playing resort experience that featured costumed staff and aliens. The captive universe was housed in a windowless big box-sized structure, that contained 100 guest rooms, luxury suites, main atrium, bar, one huge dining room, gift shop, spaceship bridge and lightsaber training rooms. The expected writeoff will be around \$500m, equivalent to the cost of 4m pairs of unsold Yeezy trainers.

**15** is the answer to an incredibly complicated math problem solved by a two-person team at Carnegie Mellon University. The question originally posed in 2008 had to do with the filling of squares on an infinite grid with numerals, and what is the minimum number of different numbers you would need. It's called the "packing coloring" problem. The answer needs to allow for "taxicab distance", meaning distance that allows no adjacent identical numbers. The only way to get the answer was to run millions of combinations, analyzing chunks of space together. It's not clear how this number applies to real-world problem solving, but marketers will find something to do with it. Numerical branding has endurance. Think of Chanel No. 5 or WD-40.

**Colorization fatigue** has set in. It's preposterous to try and recolor Berenice Abbott or Edward Weston, yet folks are doing it. It devalues classic work. It looks patently artificial. Ugh. Go away.

The share price of **Beyond Meat** was trading at almost \$40 dollars last summer; today it is nearer to \$10, below its initial public offering price, and recent results not promising. That is partly because plant-based products are more expensive than meat, but also because producers take themselves so seriously. There are very low barriers to entry. At last count some 60-odd start-ups were vying for a slice of this market. Texas-based Slutty Vegan tapped into different cultural tribes and sells its green fake meat product with a sense of humour, irreverence and surprise.

A beverage brand founded by influencers Logan Paul and KSI reported \$250 million in sales in its first year. **Prime Hydration** then launched an energy drink backed by a massive advertising campaign aimed at kids. Each 12-ounce can of Prime Energy contains caffeine equivalent to about two cups of coffee. Consumers have been confused about the products sold. Prime's original hydration beverage comes in bottles, while the energy drink comes in cans, but the two beverages utilize similar branding. Evil intent or no understanding of *differentiation*.

It may be an extreme case of taking brand and product loyalty too far. Indian government food inspector Rajesh Vish was taking a selfie during a picnic. He dropped his brand-new **Samsung Galaxy S23** Ultra into a reservoir in Chhattisgarh. In order to recover it he rented a diesel pump and drained 3 feet of water, enough to irrigate 1500 acres of farmland, this in a region which struggles with heat waves and droughts. The retrieved phone proved unusable.

"A serious and good philosophical work could be written consisting entirely of jokes." - Ludwig Wittgenstein

## IP

**Mike Lin**, a career brand pirate spoiling for a fight, advertised that he was sponsoring a competition for delegates to guess the first brand owner to serve him with a C&D at the Licensing Expo in Vegas. In 2106 Lin filed a slew of politically charged trademark applications, spending more than \$30k on them. Many of them are used on a line of big trademark rip-offs he appropriates and sells on t-shirts. He plans to launch a collection of pilfered well-known Banksy artworks as NFTs, and hopes for legal troubles on that. Lin plans to self-publish a memoir, as long as someone else doesn't steal it away from him first.

When Olympic track and field athlete **Allyson Felix** became pregnant, Nike prepared to cut the terms of her endorsement contract by as much as 70%. Felix walked away, she had her baby, then founded her own footwear line *Saysh*, a DTC brand. It's positioned as an alternative to big athletic brands, one which opposes gender inequality, a lifestyle sneaker designed by and for women, priced \$150-165 retail. Felix believes women should never have to sacrifice being a mother. A customer can exchange shoes during pregnancy if her foot size changes. Allyson Felix went on to qualify for her fifth Olympics. She holds the most track and field medals by an American in history.

The improbable co-branding of Nike and Tiffany sneaker collection utilized social media to reveal the overidentified **Nike x Tiffany & Co. Air 1837**. It's a low-top shoe in black suede with a blue swoosh and silver logo detailing on the back, above the heels. The retail price \$400. Add-on accessories include shoe horn, shoe brush and a branded *dubrae* (ornamental tag) made for the laces. Do I get the blue branded shopping bag with my purchase?

Hasbro shaped an entire experiential fan event around the aptly-named **Transformers** brand. Originally a toy, then turned into a movie, the 41-year old brand now becomes a game, promoted with a special fan extravaganza to celebrate its launch. The entire Brooklyn community is involved, with a graffiti mural, product showcase, food trucks, branded metro cards, movie-inspired artwork on Amazon Hub lockers. *You must protect the planet. If The Decepticons find it, then our people are truly finished.* See also: animated TV shows, comic books, toys, digital media.

The NCAA suspended **NIL rules** (Name, Image, License) which allowed college athletes to sign endorsement deals. Nike Jordan brand chose to focus on women, and establish long-term relationships, but cautioned young athletes that what you read in the media is not truly what deals look like. After taxes, Michael Jordan's daughters said, the bottom line can look different.

A conference in London looked at **IP infringements in Africa**. Under discussion: hidden links in phishing emails, live selling and "dupe" influencers.

**Taco Bell** asked US regulators to force a Wyoming-based competitor to abandon its longstanding claim to the trademark "Taco Tuesday". Taco Bell filed a petition in May with the US Patent and Trademark office to cancel the trademark owned by rival Taco John's for 34 years. Taco Bell claims the commonly-used phrase "should be freely available to all who make, sell, eat and celebrate tacos." Taco John's celebrates in 400 locations in 23 states. Taco Bell celebrates in more than 7200 locations in the US and about 1000 restaurants across 30 countries internationally. Ownership of the trademark, the legal eagles said, subjects Taco Bell and anyone else to possible legal action if they use the phrase without express permission, *simply for pursuing happiness on a Tuesday*. Somebody pass me a handkerchief. Taco John's, the original trademark holder, announced an end to its fight in defending the phrase and will abandon it because it doesn't want to suffer the unappetizing legal fees that come with a fight against Taco Bell. "Paying millions of dollars to lawyers to defend our mark just doesn't feel like the right thing to do," Taco John's CEO said.

"Don't die till you're dead." - Mississippi John Hurt

## Obits

### **Jerry Mander, 86**

He is worth remembering because he developed his marketing skills for the public good, rather than to help clients maximize profit. He specialized in advertising campaigns for nonprofits, full page print ads. In 1966 he helped the Sierra Club to fight a plan to build two dams in the Grand Canyon. His newspaper ads grabbed national attention and enraged proponents of the project in Congress. His ads were so successful that in 1967 the government dropped its plans. He once created a campaign which proposed a Pentagon airdrop of toys to Vietnamese children. He became suspicious about the societal effects of technology, advertising and television and wrote *Four Arguments for the Elimination of Television* in 1978. He contended that the medium isolates viewers, dulls their minds and lays the groundwork for autocracy. In the 1990s he created a think-tank concerned about how organizations' policies adversely affected global health and environmental standards, food security and jobs around the world. It was funded by a satisfied client, the conservationist founder of Esprit and North Face.

### **Newton N. Minnow, 97**

He is only remembered for two words uttered during his sojourn as the first FCC Chairman under President Kennedy in 1961.

"Stay there without a book, magazine, newspaper, profit-and-loss sheet or rating book to distract you, and keep your eyes glued to that set until the station signs off. I can assure you that you will observe a **vast wasteland**."

The quote sent shock waves through the industry and instigated a national debate over the viewing habits of adults and children. His assertions were proved when a network series about his hearings got low ratings, swamped by series like "Maverick" and the talking-horse sitcom "Mister Ed." But he accomplished so much more. As chairman of the FCC, he worked to adopt laws, one which required UHF on all tv sets, and legislation that opened an era of satellite communications. He testified before Congress 13 times, became partner and then senior counsel at Chicago law firm, recruited Barack Obama to work as a Summer associate. In 1988 he played an important role in the development of televised presidential debates. He had a friendship with RFK, with whom he discussed the effects of television on children, for which he was criticized by powerful tv executives. He wrote books, helped fund Sesame Street. In 2011 he again berated television for failing America's children and politics. Television, he said, bombarded our children with commercials disguised as programs, violence and sexual exploitation. "Money consumes and corrupts our political discourse."

“Sadly, one person died and five others were taken to the hospital after a collision involving two vehicles and a residential structure.” - Los Angeles Times

## Place Branding

Under Swiss laws, symbols can be used to promote chocolate only when the milk it contains is sourced exclusively from Switzerland, as well as 80% of all other raw materials used. So you are advised to stay on the right side of the Swiss Federal Institute of Intellectual Property, which enforces the rules. As such, **Toblerone** chocolate will no longer feature the distinctive Matterhorn mountain peak on its packaging, since it is in violation of a Swiss law that protects national symbols. To meet increasing demand, brand owner Mondelez shifted some production out of Switzerland to Slovakia. Additionally, wording on bars must change - “Toblerone of Switzerland” no longer allowed; “Founded in Switzerland” to replace it. The Institute’s work is often complicated by variations in laws across countries and regions. The US allows Gruyère cheese to be produced in the US, Switzerland or France. Under Swiss law it must be made in the area around Gruyères, Switzerland, where it has been produced since the 12th century.

“Language is a virus from outer space.” - William S. Burroughs

## Vocabulary

**cleantech** - hottest niche in private markets, rivaling crypto

**fluxonium qubit** - keeps its most useful properties for about 1.48 milliseconds, dramatically longer than similar qubits favored by the quantum computing industry

**hallucination** — ChatGPT’s propensity for putting words and ideas together that don’t actually make sense. Systems like GPT-4 get facts wrong and make up information.

**loneliness economy** - consumer spending patterns of the solitary life that fall *outside* the analysis of the economics of family shrinkage, lower household creation and aging

**nature rinsing** - the rise in adverts from fossil fuel companies on Facebook

continued

**reticulate evolution** - encompasses processes that conflict with traditional Tree of Life efforts; these processes, horizontal gene transfer (HGT), gene and whole-genome duplications through allopolyploidization, are some of the main driving forces for innovation and complexity.

**spamouflage** - a pro-China misinformation campaign. Political spam accounts plant content online and then use other accounts that are part of a network to amplify the material.

**superposition** - a fundamental principle of quantum mechanics, always well-defined. We may not know what they are at any given time, but that is a consequence of our understanding and not the physical system.

**vocal fry register** - In humans, “creaky voice,” is a vocal pattern synonymous with Valley Girls, Kim Kardashian and Alexis Rose. One study suggests its grating quality could hinder the job prospects of young women who use it. Others see it as a sign of social status and success. Echolocation clicks fall within the same audial parameters.

“I am so rich that I must give myself away.” - Egon Schiele

## What Is A Brand?

A brand is a swift, sleek and obsolete tool of persuasion.

A brand exists to manipulate the market.

A brand is an entity that has been won over by marketing’s dark side.

A brand is a thin veneer.

Caution: 2024 is a divisible year.



# 2024 Global Brand Letter January Edition



Oops. We went to the same vendor.



Jean-Michel turning over in his grave.



Well done, Tim Burton. Don't make a sequel.



Your fake diabetes is showing.



Fast food gets fashionable.



Russia loves your IP.



A very good mug shot, a lot of people have said so.



Hiya, boys and girls. I'm public domain now!



Truth in packaging.

# 2024 Global Brand Letter January Edition

"They went out through the revolving doors that made a faintly derisive whistling sound when you pushed them."  
- James Thurber, *The Secret Life of Walter Mitty*

"What dost thou fear? Strike, man, strike!" - Sir Walter Raleigh, last words to executioner before his beheading

"Adderall shortage causing long-term problems for students with no end in sight" - internet headline

Know anyone who traded in their ESG for DEI? Maybe ChatGPT has an idea on which candidate to vote for in 2025. Or just write-in Lil Miquela for President. Or ask generative artificial intelligence to create effective strategies for keeping Mango-Mouth out of office. And let's rename November 4 *World Influencer Day*.

"If God exists, he needs to review his plan." - Marlene Dietrich

## Advertising

- a shifting landscape in which performance marketing no longer dominates
- the classic goals remain: awareness, favourability and recall for the brand

A class action lawsuit alleges **Burger King** told a whopper. Meat appears 35% larger in photos on menus and ads, more than the quantity actually served. So, lawyers, I'm supposed to believe that in-store message boards misled customers to overestimate portion size?

**Unilever** made public admission that the company has been guilty of force fitting *purpose* in every one of its 400 brands, and had stretched its desire to be purposeful too broadly. Adios, *brand purpose marketing*. Henceforth, separate brand leaders will decide for themselves whether their brand needs an overt purpose. For some, purpose don't signify. Unilever is still high on social/environmental flavors, but won't force the issue across its entire portfolio. Plans underway to bump up brand and marketing spend, more digital engagement.

**Dr. Seuss' How The Grinch Stole Christmas!** iconic holiday branded shoes, t shirts, hoodies, pajamas, socks, homeware, health and beauty items. The Seuss estate declares itself a leading entertainment and global licensing company and leader in kid's and family entertainment. Says it focuses on literacy, education, self-confidence and the wonderful consumer possibilities of a child's imagination. And product. The heartwarming story about the effects of the Christmas spirit grows even the coldest and smallest of hearts as it empties wallets. Like mistletoe, candy canes, and caroling, the Grinch is a mainstay of the holiday buying season.

“No hugging, no learning.” - cardinal rule for *Seinfeld* television show episodes

## AI

- a need to safeguard consumer data
- deliver responsible products and services
- provide transparency around data usage
- implement robust cyber security measures
- recognize it regurgitates from the vast amount of data it has consumed
- owners of AI will inevitably reap massive rates of return
- job categories most at risk of displacement: *highly skilled white-collar work*, accounting for a third of employment in the developed world
- talent gap, only 5% “ready to make best use of the technology”

Mullahs interested in the potential of AI regard technology as an avenue to development, while strengthening the Islamic character of **Iran**. Fields such as sociology, psychology, health and entertainment fall under religious ruling. This new Western gizmo will enable the clerical establishment to speed up their communication with the public. It's intended to accelerate the Islamic studies of senior clergy; to feed old scrolls and ancient data sources into algorithms; to parse lengthy Islamic texts in search of guidance for issuing religious edicts; to address public concerns and reconcile them more swiftly. The big hope is that fatwas can be issued in five hours, instead of the 50 days it can now take. Recently, following the death in police custody of a 22-year old woman held over a dress code violation, pressure increased to ease strict social and religious restrictions, especially on women.

**Sir Jony Ive** and SoftBank's **Masayoshi Son** were reported in talks to launch a new consumer product centered on OpenAI's technology. They hope to create a more natural user experience for interacting with AI. Any resulting hardware product is likely years from market. It will take time and the big bucks to create a rival to the smartphone, an established essential item for billions. One critical product upgrade: the ability to interact with computers less reliant on screens, rich with voice controls. Masayoshi, you might want to meditate on the \$11.5 bn you lost partnering with Adam Neumann on WeWork.

### a haiku for AI

admit it, AI is a terrible artist  
will the productivity ever be shared?  
many humans already come across like robots.

“It’s as if Julius Caesar were stabbed to death in the Forum by the Marx Brothers.”  
- Peggy Noonan, describing Kevin McCarthy’s fall as House speaker.

## Epiphanies

- exile to a business model that embraced growth over profit and faced the consequences
- *experiential luxury*, such as travel and hospitality, expected to grow faster than luxury goods like handbags and watches.
- here comes a pivot from wholesale to physical retail
- warning: aspirational shoppers pulling back on spending

Following a difficult year, which included shuttering 130 retail cafes in Russia, **Starbucks** will accelerate its global footprint elsewhere, as it hopes to cut \$3bn in costs over the next 3 years. Their increasing store portfolio will become more global with 17K new locations planned. Drink orders have grown more complicated and time intensive, more people are ordering drinks through the company’s mobile app. Stores need to become more efficient. Finicky customers expect orders to arrive more quickly. They’ll try to simplify operations, improve quality and speed with new coffee-making equipment, store formats, more automation. Wage increases for baristas part of the plan.

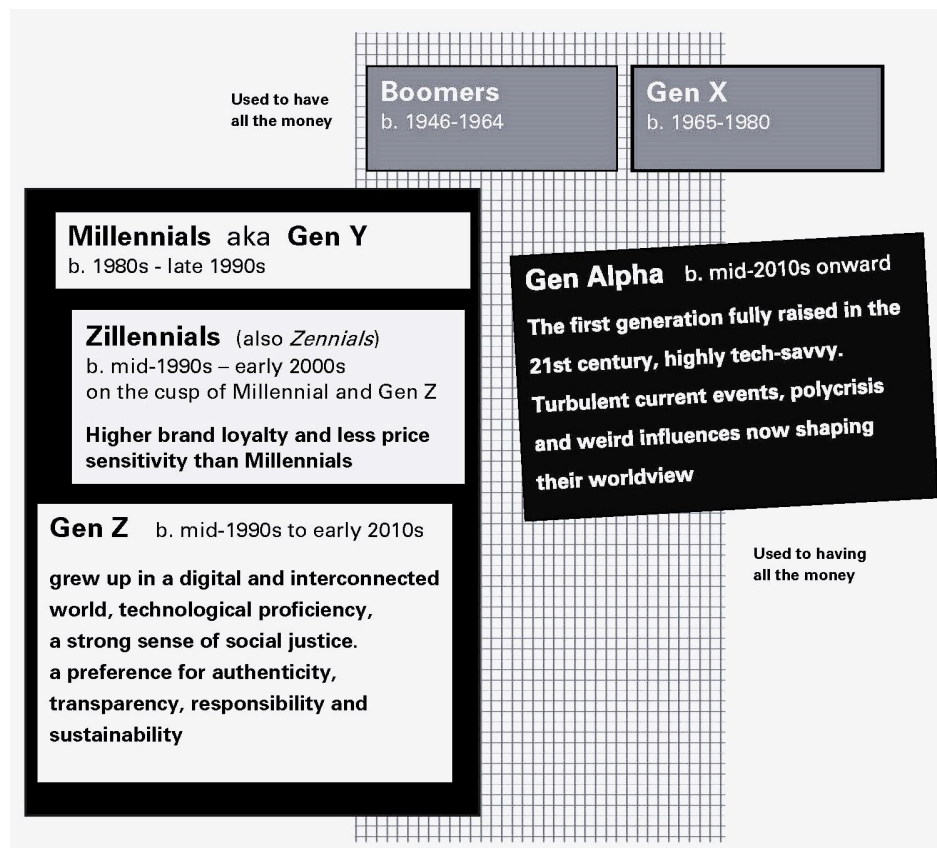
Overzealous underwriters killed **Birkenstock’s** IPO. A profitable company aligned with consumer trends around sustainability and work-from-anywhere, the broker dudes pumped up expectations, overvalued the offering. Buyers walked away, consumer confidence ebbed. Now they hope to drive sales through collaborations and influencer partnerships.

**Fruit Stripe**, the striped chewing gum known for its short burst of flavor followed by a long episode of utter tastelessness, has been discontinued after more than a half-century. Manufacturer Ferrara will continue to make Sweet Tarts, Nerds, Laffy Taffy and Fun Dip.

**Uniqlo** won over Gen-Z with a viral *cross-body bag*, mostly attributable to Tik Tok exposure.

One of the few programming categories to thrive during the pandemic and the Hollywood labor strike was the subgenre known as **adult animation**. It caters to both adults and adolescents, a younger and male-leaning audience. Demand has grown. It’s a genre increasingly valuable to entertainment companies and IP owners who demonstrate an increased appetite for cost-effective programming. Popular shows like *South Park*, and *Rick and Morty* help drive retention, lower churn, and reduce the cost of customer acquisition.

Confused by **demography**? A guide to keeping track.



Brand building is a relatively new concept for **firearms dealers** that have historically built their businesses around providing discounts for products from Winchester, Remington, Smith & Wesson, and Colt. IP owners need to form connections with new consumer demographics. 52,700 US dealers must think more like a boutique and less like a general store. Gun shops will try bundling products and brands, displaying firearms merchandised alongside accessories like holsters, carrying cases, and branded t-shirts. Membership programs are being designed to boost the store's brand value. A tactical apparel supplier will develop everyday apparel designed for the office. There's focus on building engagement through partnerships with big names. Kahr Firearms released a submachine gun inspired by the Orange Don that sells with a 50-round drum and 16.5-inch barrel for \$3,118. There is also a .45-caliber pistol bearing 45's signature. Both products are sold in limited editions of 1,000 units.

The wholesale business slaughtered **Levi's** in 2023. Fresh leadership wants the brand to have the majority of sales come from direct-to-consumer channels. Accordingly, in a flight from heritage, Levi's is pushing more *non-denim* items like tops and dresses, revamping its supply chain to produce those items quicker. Fast fashion comes between you and your Levi's.

Legendary fantasy graphic novel hero **Corto Maltese** is on board to inspire ultra-premium bespoke customization of Rigid Inflatable Boats. A literary myth from the pen of Hugo Pratt - and possibly the classiest graphic novel ever written - alliance with Olympic-branded product will celebrate passion for the sea, travel, freedom and speed at an entry-level price tag of \$255,936.58. Signature boats pick up the color scheme from Corto's famous cap. The deal was made by an Athens-based boutique strategy consulting firm.

Planet earth will soon play host to 8 billion souls. **Low-cost drones** have become a central feature on the battlefield in Ukraine, heralding the increasing role of autonomous technologies in modern warfare.

After years of relying on performance marketing, brand marketing may increasingly seek long term *emotional* connections to its customer base in the **fashion category**. The fast-fashion industry feels particularly pressured by new EU rules on sustainability. Then there's the generative AI talent gap in design and product development. The industry may need to look beyond automation as it struggles to use AI to augment the work of human creatives.

**Mattel** developed exclusive patterns and iconography for retail items related to the **Barbie** movie, which enjoyed a \$1.5bn worldwide box office. Added to the bottom line: 100+ totally consistent brand-faithful licensing *deals* across womenswear, menswear, accessories, beauty.

**Lockheed Martin**, the world's largest weapons manufacturer, now focuses on ruthless street style. The company will release a line of saber-rattling cargo pants, hoodies and t-shirts, designed to appeal to young adults in Asia, available at first in Korea.

Novo Nordisk reported over \$8bn sales in 2023, mostly from the active ingredient *semaglutide*. It's a diabetes drug which it turns out can be used for weight loss, with known common adverse reactions - nausea, vomiting, diarrhea, abdominal pain, constipation. The FDA warns of **counterfeit Ozempic**, distributed through legitimate drug sources.

The quantum realm has little regard for time's continuity. This could prove to be beneficial for marketers using **quantum entanglement** to stimulate a *closed timelike curve*, time travel in other words. You write your marketing plan, launch it, journey to the future to see how it's working, then go backwards to tweak the plan. Quantum particles interact in strange ways, enabling changing the behavior of events in the distant past. A hypothetical pathway back in time can be simulated probabilistically by quantum-teleportation circuits. Researchers believe they can produce a better result even though the operation already happened.

“The illegal we do immediately. The unconstitutional takes a little longer.” - Henry Kissinger

## Influencers

**Virtual influencers** provide a predictable and infinitely customizable format for promotion. Content can be easily modified, revised or quickly shut down. A real person comes with potential controversy, their own demands, their own opinions. It can get expensive. In that sense, AI is performing a public service - making renegade influencers redundant.

Social media delivers endless amounts of content that influencers generate or inspire. *The combination of influencers and social-media algorithms* makes it perhaps the most powerful form of advertising yet invented.

In a bid to cultivate emotional connections with customers, brand marketers will seek influencers who are more **quirky, vulnerable and less-polished**.

Gen Z design their real-world selves to look like what they aspire to look like in the Metaverse. A quarter of Gen Zers say they care more about their **digital fashion** than they do their real-world wardrobes. 70% say digital avatars influence their outfits in real life.

In 2003 in Brazil, a synth named **Lu do Magalu** launched as the in-store voice of Magazine Luiza's eCommerce website. Six years later, Lu got a body and moved to YouTube as part of a promotion for iBlog TV. Since then, the virtual influencer - who has 6.6 million Instagram followers - gets paid \$33,000 for each sponsored post. Her business on Instagram in one month alone can generate \$2.66 million in fees.

“All you need for a movie is a gun and a girl.” - Jean-Luc Godard

## IP

**Rapacious tech companies** routinely feed human wisdom into their for-profit AI systems. There's the necessity to rebalance the power between those whose data is being exploited and the companies poised to cash in on it. The use of copyrighted data for training AI systems is legal under the “fair use” provision of copyright law. At the same time, firms seek to protect their trademarks. Better protections are needed from the AI data overgrazers: it's pointless to even try to create in public. Especially busy: apparel, champagne, high end brands, defending their territories.

**Maybe it's time for you to marry an IP lawyer.**

**The hunt for revivable brands is big business.** Authentic Brands Group acquires the IP of brands, then sells licensing rights, earning royalties. They become sole owner of basically everything that makes a brand cool. They maintain an invisible inventory of brand assets for Elvis, Marilyn, Beckham, Shaquille O'Neal, *Sports Illustrated*. They ask, Can that brand live in other retail stores? Can it expand into other categories? Can the brand expand globally?

**AI generated music** is flooding streaming websites, translating into royalties for scammers.

**Netflix** maintains a dedicated division called Consumer Product and Experiences. They're in the process of adding brick-and-mortar Location Based Experience to their menu. The streaming Goliath plans permanent locations dishing up distractions based on the service's content and featuring food, beverage and merchandise. Try not to jump the line for your *Squid Game* branded calamari.

A British voice actor stumbled across an **AI-generated clone of his own voice**. It was based on a recording made for IBM in 2003, for which he had signed a session release form. It legally enabled IBM to sell the 20 year old sample to websites that are using it to build a synthetic voice that could say virtually anything. It raises the issue that contributions to a public space may be taken, monetized and potentially used to compete with the source artist. There's also the risk that untrustworthy content could be falsely attributed to the voice's original owner. An advocacy group calls for tighter controls on consent, control, and compensation.

"It's hard for me to stay silent when I keep hearing that peace is only attainable through war." - Tom Smothers

## Obits

**Jane Birkin**, 76, cinema star and muse whose name is associated with pricey Hermès bag

**George Cohon**, 86, indefatigable bean-counting executive who brought Big Macs to Russia

**Henry Kissinger**, 100, power maniac and American placebrand-shaper

**Charles T. Munger**, 99, Warren Buffett's affable plutocrat sidekick

**John Warnock**, 82, inventor of the PDF, low-profile founder of Adobe Systems

## Place Branding

Two workers looking for a *shortcut* used heavy earth-moving equipment to excavate a big gap on an existing cavity of **China's** Great Wall. They did irreversible damage to a section of the fortification, built in the Ming era between the 14th and 17th centuries. A cougar relationship figured in the crime. The culprits were revealed as a 38-year old man and 55 year-old lady who worked near the affected area.

A video showing renovation work to reface **Egypt's** Menkaure pyramid in granite has triggered criticism of the project, with one expert decrying its *absurdity*. A video posted on Facebook showed workers setting blocks of granite on the base of the pyramid, which sits besides the Great Sphinx of Giza and the larger Khafre and Cheops pyramids. An official called it *the project of the century*. When originally built, the pyramid was encased in granite, but over time lost most of its covering. The renovation aims to restore a piece of the structure's original style.

**Trekking in the** fertile, swampy Antioquia region of **Colombia** is not advised. Efforts are under way to cull some of the 165 hippopotamuses, descended from a herd of 4 originally owned by drug overlord Pablo Escobar. Imported for his personal zoo, the hippos were left to roam after he was killed in a shootout with police in 1993. Efforts failed to contain the herd growth since adult males weigh up to 3 tons, are difficult to seize - and rank among the most dangerous of animals. With the lack of predators, and excellent conditions for the African natives to thrive, the population could reach 1000 by 2035 if nothing is done. Also released, but easier to capture: giraffes, camels and zebras.

Police in the **UK** have yet to reveal a motive for the screwball felling of the beloved Sycamore Gap tree on Hadrian's Wall in northern England in September. The tree was adroitly cut down in a suspected act of vandalism. The motive for a similar crime was clearer in a wealthy suburb of Sydney, **Australia**. Over 265 trees were cut down, some over a century old. The culprits extrajudicially removed the trees to create an unobstructed waterfront view. With the extraordinary scale of the culling, suspicion has fallen on developers of two houses on the street.

“A writer in the family is a tragedy in the making.” - Lee from Scarsdale

## Vocabulary

**autophagy** - word now applied to AI false influence - *from: consumption of the body's own tissue, occurring in starvation and certain diseases*

**bloatware** - memory devouring apps pre installed on new cell phones

**CTCs** - *closed timelike curves*, quantum's hypothetical shortcut to the past or future

**duplicative language** - Harvard panel's characterization after a review found articles published by its president required additional citations, attribution

**gorpcore** - from *Good Old Raisins and Peanuts*, embedded technical elements in lifestyle brands like apparel, which confuse function and style

**phytosanitary products** - don't say “pesticides”

**primitive instinct rehearsal** - theory from Finnish neuroscientist Antti Revonsuo that catastrophic dreams are where you might be practicing how to survive.

**rapid unscheduled disassembly** - in the jargon of rocket engineers, a booster explosion

**robotic imagination** - what the judge called bogus citations in Michael Cohen's legal defense, apparent hallucinations created by the Bard chatbot employed to write the brief.

**shallowfake** - unconvincing or crude AI-generated product

“When in doubt, make a Western.” - John Ford

## What Is A Brand?

A brand represents the highest evolution of arm-twisting.

A brand is the asset most beloved by the Marketing Department.

My brand is there to help me when I suffer an identity crisis.

A brand walks into a bar. The bartender says, “You again?”

Peace for all in 2024.



# 2025 Global Brand Letter January Edition



I made so much money  
they euthanized me.



Grandpa's new dream car



*L'État, c'est moi*



I'll be your best friend for \$277m



Bravery gets a smell

Don't worry, it will  
only be around  
for a year.



Just add a DJ and cool again

The happiest shopping  
experience on earth



# 2025 Global Brand Letter January Edition

“To a man with a hammer everything looks like a nail.” - Mark Twain, also attributed to Abraham Maslow

“Silence is so precise.” - Mark Rothko

“The sun never knew how great it was until it hit the side of a building.” - Louis Kahn

“The mark of a basic shit is that he has to be right.” - William S. Burroughs

Rebranding advice for DJT: take a hint from Jaguar and rethink your skin coloration and coiff - it's time to ditch the dead salmon hat, join the transparency club of old bald guys, take a global-cooling distance from fluorocarbons. *Wicked* mass-marketing suggests product extensions acceptable, and a Mideast regional opportunity for T-branded Captagon tabs. The new palette must evoke mirror molecules. Consider soft, warming, rich brown hues.

## Advertising

“You don't want an award to improve your status.” - Denzel Washington

It's advisable to always read the fine print when signing cellphone contracts, brokerage agreements, free trial **Disney+** streaming service contracts, or purchasing EPCOT tickets through the **myDisney website**. You'll most likely find clauses where you give up the right to sue, which figured in a recent wrongful death claim originating at an Irish pub in the Disney Springs section of the Orlando FL resort often referred to as *The Happiest Place on Earth*<sup>TM</sup>. The doomed guest, severely allergic to nuts and dairy, had been assured by her server that all dishes were allergen free. Disney said the guest had signed away their rights to litigate. To avoid reputational damage in the public eye, Disney backed down from its original insistence that the matter be resolved by arbitration and settled out of court.

## AI

“You should never be comfortable, man.” - Miles Davis

**Adult entertainment**, always an early adopter in new technologies, historically pioneered and profited from VHS cartridges and DVDs. In the world's first cyber brothel in Berlin, patrons can book an hour with an AI sex doll. It's possible to interact with AI dolls verbally as well as physically. Generative AI companion apps reached 225 million downloads in the Google Play store alone in 2024. Bias is inherent in these apps which proliferate retrograde gender stereotypes, among other taboos. Porn is a lucrative, high margin business; the apps collect personal data, often sharing it with third parties. Chatbots target lonely people, notably men, with the risk of addiction present and scant content warnings about abuse, violence or underage relationships. Critics cite the danger that AI could have on real-world relationships. The sex industry will always exist. Will AI help mitigate ethical concerns?

**A Venezuelan television network** now protects its journalists on a news show by using AI generated anchors. *La Chama* (the girl) and *El Pana* (the dude) have replaced carbon-based news readers, sheltering real-life journalists potentially targeted by political terrorists. The network plans to make content available in Russian, Chinese and other languages.

The same tech driving **ChatGPT** creates fragrances that stink. AI is being tasked to create ingredients and guide in new product-creation, but not replace humanoid perfumers in the process. Users say the main aim offered by AI is to support, quantify and better understand what shoppers want and to formulate smellier products that match people's basest desires.

## Epiphanies

"Reading is immortality backwards." - Umberto Eco

**Costco** announced they will discontinue selling books year round, and only carry the flammable, nostalgic analog objects during the September-December holiday shopping period. Factors influencing the decision included the labor required to stock books by hand, constant turnaround of inventory, intensified by stagnant print sales. Customers have migrated online. The huge quantity retailer is constrained by the size of its orders. There's more money to be generated on gigantic tubs of pre-made potato salad and gazillions of units of Chinese patio furniture. Even so, the big box emporium has the power to affect bestseller lists because they order hundreds of thousands of copies of a single title. Oprah beware.

Nobody knows who planted it, but a 38 year old eagle-eyed **Microsoft engineer** inadvertently found a backdoor hidden in a piece of Linux operating system open source database software known as PostgreSQL and thus prevented a potentially devastating global cyberattack on the epic scale you might see in a flick from the Marvel Universe. It occurred to the heroic engineer, drawing on intuition stemming from years of experience, that an app called SSH was eating more power than normal. It indicated to him that the app had been intentionally tampered with, that some unidentified evil genius had planted malicious code there. Undetected, it would have given its creator a master key to any of the hundreds of millions of computers around the world, reveal private information, deploy plant-crippling malware, and result in a cinematic grade disruption to planetary infrastructure. The supervillains clearly had spent a lot of effort trying to hide what they were doing. Like in the movies, a fix was delivered within hours, and once again the world was saved for humanity, crisis averted.

Tech rivals **Google and Meta** made clandestine deals for campaigns to attract teenagers, targeting 13-17 year old YouTubers. Google sought to bolster its advertising earnings, while Meta scrambled to retain the attention of younger users and encourage downloads of its IG app. Steps were taken to ensure the true intent of the campaign was disguised behind a wall of euphemisms, code names, and secret memos. Teams took precautions which banned any direct reference to the age range in writing as they collected thousands of data points on everything from location, app downloads, and online activity. In 2012 IG shelved a plan for a

kid's version of its app, deeming it detrimental to the mental health of teenage girls.. A US Senate bipartisan committee concurred. Thus far, big tech companies self-regulate, and their well meaning oligarchs aren't held accountable, as they continue to prioritise profit over the welfare of kids.

**Keurig coffee** paid the SEC \$1.5mn to resolve a lawsuit which alleged that their pod recycling claims were false. Misleading testing information had been provided which obscured proof that the metal pods are not recycled in many communities, as purported.

**The ancient Egyptians were definitely stoners.** Traces of hallucinogenic plants were found in ceramic mugs dating from the 2nd century BC, identical examples from 15 collections around the world, which analyzed objects made from molds and show the face of Bes, a notoriously ugly ancient Egyptian god fond of revelry. It's evidence that ancient Egyptians ingested hallucinogenic substances and proof that the Mediterranean region was as aware of Syrian rue, the blue water lily, and the African spider flower's unique properties as their Mesoamerican counterparts. **Bes:** a new naming and packaging concept for legalized cannabis products.

Thou shalt not lie. **A biblically based investment company in Idaho** was charged with fraud after it represented that it used a data-driven methodology for its biblically responsible investing strategy. Investigators said that Inspire Investing's business practices did not align with biblical values, that the company had used a manual research process inconsistent with their claims, lacked written policies, and masked conventional investments that were contrary to its stated investment criteria.

Owing to the rise of TikTok influencers, **trends came and went** faster than ever last year. **The trend cycle on social media** continued to contract as consumers' attention was scrunched ever more by the avalanche of short-duration posts. It may be the ideal moment to recruit **old people influencers** - they have lots of money and longer attention spans.

Negotiators at COP16 considered proposals for a levy on corporate income generated by reselling **digital sequence information**, genetic data gathered from around the world by researchers and typically published on public, open-access databases. Companies - notably in pharmaceuticals and biotechnology - can use this data to make products without having to pay anything to the countries where the genetic material was found.

**Yotteba**, a popular Tokyo spot for cheap beer and chicken wings, offered patrons a *binta* – a sharp slap across the face from a waitress – for ¥500 (US\$3.17). The establishment billed it as a quick way for hammered customers to sober up. Patrons filmed themselves for the internet, taking a well-placed smack on the kisser while onlookers cheered them on.

"My only regret is that I didn't drink every pub dry and sleep with every woman on the planet." - Oliver Reed

## Influencers

Beast Games, a reality competition television show dreamed up by Jimmy Donaldson aka **Mr. Beast**, (known for extravagant stunts, many involving large sums of cash), offered \$5m to contestants who could survive a regimen of outlandish and risky challenges. A venture with Amazon and MGM, the event turned out to be closer to a version of *Squid Game* + *the Fyre Festival*. Mr. Donaldson boasts 340m YouTube subscribers, a fanbase that sees him as charitable and well meaning. With his penchant for superlatives, Mr. Beast commented the prize would be the biggest in streaming and television history. Contestants signed contracts that acknowledged risks, containing language like *"I understand that such activities may cause me death, illness, or serious bodily injury, including, but not limited to exhaustion, dehydration, overexertion, burns and heat stroke..."* The lucky participants originally had been told there were 1000 contestants, but double that number gathered in Las Vegas at Allegiant Stadium, home of Las Vegas Raiders. Many claimed they were misled about their odds of winning. They were instructed to supply the production staff with a ziploc bag containing 5 days worth of undergarments. They ate, slept and lived in the stadium, enduring long stretches without being fed. Meals, once they arrived, were skimpy and sporadic, and sometimes contained small Feastables chocolate bars, a branded snack created by Mr. Donaldson. In previous competitions there had been instances of sleep deprivation. This time, hospitalizations resulted. After a mini-riot erupted during distribution of team *pinnies*\* staff were unable to calm the crowd. Guards dressed entirely in black, complete with face coverings, flanked the field as staff members cursed at contestants. A spokesperson blamed the CrowdStrike incident, extreme weather and unexpected logistical and communication issues. A later class action suit alleged Beast failed to pay minimum wages and overtime, failed to prevent sexual harassment, created conditions that subjected contestants to emotional distress, did not provide uninterrupted meal breaks, and created dangerous conditions of employment. A pity the participants were not provided with copies of the internally distributed *How To Succeed in Mr. Beast Production* handbook which advised production staff to "Help them be idiots."

\**pinnie* - a scrimmage vest or double-sided short apron, used to differentiate teams, worth about \$5 each.

Thanks to TikTok and other viral proliferators, it's difficult to ignore the booming **art nail market**, now veering to extreme lengths. Trending cat claws, pierced manicures and 3D designs will soon integrate extra tech and point in the direction of smart wearables. The global nail care products market is valued at over \$23bn.

In 2019 **Sir Jony Ive** left his post at Apple to launch his own independent design practice in the Bay Area. In his prior role he'd been criticized for putting form over function in branded products like the iPhone. Apple's fans mocked a custom gold watch with an asking price of \$17K. In the ensuing days, he has partnered with OpenAI with the intention of building improved devices, using generative artificial intelligence. In the meanwhile, he's influenced the look of televisions, the shape of water bottles, the design of Star Wars lightsabers, the coronation emblem for King Charles III, a touch screen for the first electric Ferrari, an auction stand for Christie's, and graphics for Airbnb. He plans a boutique which will sell custom notebooks and a \$2K Moncler jacket. The earliest ideas for the new product that uses an AI-created computing experience aspire to be *less socially disruptive* than the iPhone. The yet-named product will enable tasks like summarizing and prioritizing messages, identifying and naming objects and plants and eventually fielding complex requests like booking travel.

Is there a likelihood of consumer confusion? Pocket Socks, Inc., a USA-based manufacturer who sells socks with a zippered pocket, accused **LV** and **Pharrell Williams** of infringing on the registered US trademark and trade dress infringement. LV's product offered under the same name retails at \$565; Pocket Socks can be had for around \$20 a pair. The US company holds 3 extant US trademark registrations for the name and asserts that LV even uses the same font and type size. A web search brings up the LV product first, and poses the question: *does a dissimilar product offered under the same name constitute nominative fair use?*

Gen Z and Alpha consumers spend less time watching cable TV or in movie theatres than playing video games on their mobile devices. **Manufacturers now look beyond video games to brand extensions.** With youthful consumers moving away from more traditional content there's a move afoot to capture a younger audience by integrating beauty, home goods and fashion. Already 19 TV shows are based on video games. The hope is to bring the next generation of customers on board early, develop a global audience and focus more on targeted global regions.

**"Me know that not real money."** - Nikki Glaser quoting Gronk on cryptocurrency

## IP

**Food brands now merge with cosmetics.** Celebrities, long a key ingredient for perfume and cosmetics marketing are taking a back seat to food brands. Lush dumped social media, switched over to collaborations, gratified that a new product based on a tv series sold out on its first day. A number of restaurant and food IPs have developed a taste for the beauty category. Velveeta, an American processed cheese, issued a cosmetic brand of skin creams.

A Stockholm-based group bought the back catalog of songs from the rock band **KISS**, who included in the deal rights to its brand for a cool \$300m. Following the lead of Dylan and Springsteen, the enterprising makeup-driven group added likeness and IP to the package, not just the rights to music, but the *entire* brand including merch and AI-generated material. Prolific marketers, the band has previously stamped their signature on 5000 products from coffee to condoms, even coffins.

The global brand **Trader Vic's** operates internationally from SoCal, though it hasn't been seen in its city of origin for decades. Mom and Dad used to love going there for the kitschy decor, tropical drinks, signature delicacies like Crab Rangoon and Mai Tai, classic menu and tiki mugs. The brand will relaunch in a West Hollywood location, in a disused vintage historic brick building vacant for decades, in an attempt to restore the glamour and authenticity that defined its heyday. Re-emerging as a youth brand, it will feature live music and salvaged treasures chosen by an in-house historian and marketer, an immersive experience steeped in nostalgia.

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## King of Merch quiz

Choose the branded gift shop items *not* currently sold by the president-elect:

bible	crypto tokens	star-shaped tree ornament
books	golden high top sneakers	toothpaste
cigarettes	jewelry	trading cards
cologne	relics from Biden debate outfit	Vote Freedom charm
commemorative coins	scraps cut from indictment suit	watches

**Answers:** cigarettes, toothpaste

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"As the Court is no doubt aware, Defendant has a virtual monopoly of manufacture and sale of goods required by Mr. Coyote's work," complainant's counsel wrote about Acme Industries. The coyote had "come to mistrust Defendant's products" but had "no other domestic source of supply to which [he] could turn."

## Obits

### Elwood Edwards, 74

At one point his voice was heard more than 35m times a day. A former customer service rep for Quantum, which became AOL, he had a long career in broadcasting. The simple phrases he recorded into a cassette deck in his living room and for which he was paid \$200, inspired a movie title, an appearance on *The Simpsons*, a TV ad for Shopify and a guest shot on The Tonight Show. Permanently imprinted in the popular consciousness, the ubiquitous "Welcome!" and the stentorian, inflected "You've got mail!"

**Grizzly Bear #399, 28**

She was the oldest recorded reproducing female grizzly in the greater Yellowstone area, a celebrity animal with a recorded lifetime total of 18 offspring. Each Spring and Summer photographers and tourists flocked to see her. She did not perish because she threatened humans or cattle, was not electrocuted by downed power lines, did not starve from food scarcity caused by climate change and she did not drown in an irrigation ditch, the typical causes for ursine demise. Instead, she died after she was struck by a car traveling well over the posted speed limit on a park road.

**P’Nut, 7**

His playful antics, wearing a miniature cowboy hat, earned him 534k IG followers, 450k FB fans and his owners \$800k on OnlyFans in one especially prosperous month. But after *licensed wildlife rehabilitators* called in concerns that animals were being kept illegally a judge ordered a search warrant and confiscated the world’s most famous squirrel. Animal control agents had discussed testing for rabies more than a week before the raid on its owner’s home. The indignant rodent bit a wildlife biologist through double gloves, was euthanized, then tested negative. Bomb threats against the Department of Environmental Conservation followed. His grieving owner raised \$158k in donations on a crowdfunded “Justice for Pnut” page, then quickly cashed out \$50k of the takings. Musk compared the martyred squirrel to a Jedi knight.

**Suchir Balaji, 26**

OpenAI whistleblower, by apparent suicide in his San Francisco apartment. “I initially didn’t know much about copyright... but became curious after seeing all the lawsuits filed against GenAI companies... fair use seems like a pretty implausible defense.” No evidence of *play most foul*, according to authorities.

**Tupperware, 78**

For your mom’s favorite loss-making kitchen accessories brand, the party was over. Despite a revival during the coronavirus pandemic, it was a struggle to get younger customers to buy in, plastic less than fashionable these days. Party Products LLC acquired the IP and operations in core geographic markets, but can it justify a higher than average price point and transform into a digital first, technology-led company hoping to reflect innovation and design? A lid may have to be put on it.

**Virginia Ogilvy, 91**

The only American lady-in-waiting to Queen Elizabeth II, she was known for her keen sense of style and decorum. A member of the monarch’s inner circle of advisors, she was involved with planning, correspondence and household administration, a role which necessitated an ear for gossip and careful eye on the queen’s needs and wants. She was married to a Scottish earl, who had been friends with the queen since childhood. Seen regularly at QEII’s side, she frequently traveled with the monarch, always on hand when Elizabeth received American visitors. She rescued DJT from a faux pas in 2018 before he could indecorously offer his hand to the Queen.

"Hell is truth seen too late." - Thomas Hobbes

## Place Branding

Macron called it "the jewel of our culture". Six billion of them are baked every year from a precise formula combining flour, water, salt and yeast. *Alors*, in an initial print run **France's La Poste** issued 594,000 scratch and sniff commemorative baguette postage stamps. The stamp of recognition joins previous identity-affirming editions, the iconic Tour Eiffel and Brigitte Bardot.

Indiana Jones, take note: drones employing state of the art **Lidar** laser remote sensing have identified unknown **lost Mayan cities** in the SE Mexican state of Campeche and forgotten high altitude silk road cities in **Uzbekistan**. It's no longer just a rumor that a dense and diverse range of unstudied settlements encompassing a vast Maya metropolis of temples, pyramids, enclosed plazas, industrial sized agricultural fields and a reservoir dating from prior to AD150 is waiting for archaeological sleuths to plunder. Millions more lived there than was previously believed, perhaps 10m within the Maya lowlands. And drones eyeing two ancient Silk Road cities in the Uzbekistan mountains 2000-2200 meters above sea level, comparable to Machu Picchu, reveal clear images of plazas, protective walls, roads dating from the 6th to 11th centuries.

"The world is a breast." - Niki de Saint Phalle

## Privacy

**Everyday smart devices**, including three Chinese-made air fryers, were discovered to be stuffed with trackers, the **FTC** said. The appliances, capable of capturing your family conversations via their smartphone apps are even able to transmit data to servers abroad. Hackers got control of camera-equipped robot vacuums around the US, which were then remotely programmed to yell obscenities at the owners. A woman testing vacuum cleaners was captured seated on a toilet, and the video went viral. Social media and streaming services routinely engage in a vast surveillance of customers and users. Meta, YouTube and TikTok profit off the data. Nearly all legislative attempts at regulating Big Tech have failed. Nine companies operate 13 platforms and voraciously consume data collected on other sites about habits, age, gender, language, education, income and marital status. They create profiles, merging information which is then sold off to the highest bidder. The result abets large scale identity theft and super-informed stalking.

“Our job then was to reverse engineer the show and to make him not look like a complete moron.”  
- Jonathon Braun, producer on *The Apprentice* TV show

## Vocabulary

**doomsday futurology** - what Microsoft alleged in its motion to dismiss billion dollar damages lawsuit against *The New York Times*

**flying monkeys** - narcissist enablers who believe everything said, as they amplify the reality distortion field

**greenhushing** - the practice where companies underreport, under-communicate or deliberately withhold information about their environmental efforts and achievements. A company's refusal to publicize ESG information.

**intersectional hallucinations** - AI flaw that could lead to dangerous misinformation

**it's giving** - slang, lit. *it brings to mind*, but other uses implying popular positive associations

**Kessler Syndrome** – a kind of doomsday scenario, hypothetical phenomenon or imagined chain reaction, in which a collision in space sends out a plume of fragments that in turn smash into other spaceborne objects, creating clusters of really really scary orbiting junk.

**many-shot jailbreaking** - an instance where hackers deceive an LLM by showing it a long list of questions and answers, and then encourage it to answer a harmful question emulating the same syntactical style

**poly-beings** - a fashion constituency which mixes genres. Affinity for more than one style at a time.

**retrieval-augmented generation** - abbreviated R.A.G., a technique alleged to make chatbots more accurate

**shade inclusivity** - what Fenty Beauty was supposed to bring to the makeup table

**technological accelerationism** — an extreme emphasis on innovation and growth

**ultra-processed food use disorder** - it even sounds unhealthy

"If you're a Black artist, you could paint a wall of smiley faces, and someone will still ask you, 'Why are you so angry?'"  
- Kara Walker

## What Is A Brand?

A brand is what people like me told people like you that you needed, and now look where it has got us.

A brand is a terminology-laced mass of linguistic mumbo-jumbo.

Don't ask me who I am, ask my brand.

So, all I need to do is act authentic and have a purpose and then I am a brand?

If I really knew who I was, I wouldn't need a brand.

If you really knew who you were, you wouldn't need a brand.

Query me again in December 2025.

A handwritten signature in a cursive, stylized font that reads "Smom".