

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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