

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

Innovative 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 powow 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 Pearse, 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