

Picasso



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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 groused 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