

2019 Global Brand Letter December Edition



"What a maroon. " - Bugs Bunny

"*Caute*" (Be cautious) - inscription on Spinoza's ring, worn on his left hand

When Joe Kennedy was asked how much he spent to get JFK elected, he said,
"I hope not a dime more than I had to."

Maybe I swallowed one too many adaptogens and I'm having a delayed case of ASMR, or counterfactual regret minimization at the very least. It was the Green Trade Wars made me do it. In order to extend my extraterritorial reach I'm trying to premiumise my decarbonization. I'm overspent in emotional currencies, exhausted with virtue signalling, avoiding the ravages of cryptofleeing. Inevitably it's bound to lead to syntrophic dark patterns.

Updates on last season's hot topics

"Click to stop the next mass extinction." - Internet ad

Advertising

Our socially-responsible agency pals attending the **Cannes Lions Festival** this year showcased a special contest to determine which client companies best adhere to the UN SDGs. The flavor of the month is still *purpose*. Public validation of environmental, social and good governance credentials was the object. But Mad Men know that sustainability metrics rarely count for a significant portion of a company's total bottom line. On the client side there remains skepticism about the practice of quarterly reporting. Execs accused the bean counters of data addiction. They may actually be reacting to a Teen Vogue survey of incoming college students, which cautioned Ivy League schools to divest from fossil fuels lest the kids opt to study elsewhere.

If you've recently noted the perceptible decline in the quality of table service, you're probably identifying a leading statistical indicator: actors' second jobs have transited to **experiential marketing**. This new high-paying entry to the gig economy aims to create emotional connections through real-life interactions between staff and human billboards, meaning you. Aspiring Othellos and Ophelias now work product launches, free sample distributions or the sign-in table at fashion shows. They appear out of nowhere to chat you up wherever a long line forms, to make sure people never get bored. As brands and marketers mount increasingly lavish and over-the-top events akin to full theatrical productions, whole new businesses have formed to staff, service and produce brand activations, a category that used to be called *event marketing*. Big alcohol labels like Dos Equis are intoxicated with such stagings. Jack Daniels created Motel No. 7, budgeted in millions of dollars, where more than 100 actors barreled across the country in the equivalent of a traveling Broadway show.

“Get Yours Now Before They’re Banned!” - online sales pitch for the world’s most powerful ultra-compact handheld blue laser

New media brands are seduced by **user experience**. Distribution has been key to their rapid success. They consider the smartphone, not people, the best billboard in the world, a direct conduit to how consumers behave, shop and communicate. In their universe, content aggregation and distribution play a major role in brand promotion. But this requires a monopoly to retain customers, raising the first of many ethical and moral issues. Modern digital consumers struggle to live without them. IG now has 1 bn monthly active users, three quarters of whom are under 35. McKinsey, Vivendi and Accenture now provide in-house social media services and already perceive a rise in mistrust of influencers.

Rethinking tactics to fortify itself against fluctuations in the luxury market, **Prada** looks in the direction of collaborations, partnerships and dedicated online campaigns. They’ve cut back their retail network, in particular brick and mortar partners, and co-launched an e-commerce campaign with a streetwear publication named *highsnobiety* in an effort to enhance the label’s desirability. They’re seeking followers (you guessed it) through an increasingly immersive brand experience, a strategy to reach a younger audience known for their social conscience.

In a case of an influencer gone rogue, **Nike** swiftly issued an apology and pulled a line of trainers from China, after an IG post by Undercover, a Japanese designer, voiced support for Hong Kong protesters. While the decision is unlikely to have significant effect on Nike’s revenues in China, the shoes - which traded on the secondary market for as much as \$700/pair - were designed as a collector’s item rather than as a mass-market product. A word to the wise on adjusting to political sensitivities in China. Mercedes Benz apologized after using a quote by the Dalai Lama in its advertising, which incensed the brain police. After Gap used a map that didn’t include Taiwan, South Tibet and the South China Sea in their ads, they felt compelled to take similar penitential action.

It could not have helped that the **Victoria’s Secret** CMO insulted plus size and transgender models, attracting unwanted attention. The fantasy lingerie seller has since cancelled its annual tv fashion show after 20 years, explaining that network television is no longer *the right fit*. Within the last 5 years interest in the once-major broadcast event suffered a two thirds drop in viewership. A new kind of event is needed, the contrite executive commented, and not a fantasy, 42-minute entertainment spectacle.

The Russians say it is impossible to spoil porridge with too much butter.

AI

A carbon-based tournament competitor squared off against **Pluribus**, a poker-playing synth, and found that he had his hands full. His opponent seemed to know exactly what to do during a tense game of No-limit Texas Hold 'Em. The gutsy algorithm had learned the nuances by playing trillions of hands against itself, evaluating each decision to determine whether a different choice would have produced a better result. Battling human opponents, it refined these strategies by looking ahead to possible outcomes and learned to apply complex strategies including bluffing and random behavior in real time. Poker is based on hidden information, but this system was not deciphering emotions or physical "tells." Can Poker be reduced to nothing but math? The human grumbled that his digital opponent tended to bluff too often.

"If you want to know what God thinks of money, just look at the people he gave it to." - Dorothy Parker

Amazon

Who's the bigger gorilla in the contest between wealth-below-the-sands and above-ground well-oiled Bezos Inc? Both brands definitely remove friction of one kind or another from everything you do. At a similar valuation of around \$1.8tn, Saudi Aramco isn't *directly* into cloud computing, consumer tech, movie production, groceries, healthcare, food delivery, voice recognition or surveillance technology, as is its rival in net worth.

Petrochemical products aside, the fear that the internet would kill brands because of **comparison shopping** hasn't come true. The Seattle-based behemoth supports the idea that brands are a shortcut to decision-making. On the brand side, the risks remain for *quality control* and *organizations retaining their own unique identity*.

Amazon is excluded from the Chinese market of 1.4bn people. Chinese brands live in a **highly disruptive ecosystem**, powered by conflicting strategic agendas. Haier believes the future is all about the IOT and focuses on that worldview. Service-centric Meituan, which started as food delivery app, now allows users to book a haircut, arrange a delivery. This may signal what could occur should Amazon get broken up into the equivalent of Baby Bells.

Amazon's competency continues to expand in **automation and deep learning**. Cumbersome handheld scanners are being eliminated from warehouses, replaced by higher quality computer vision systems. AI cameras and scanners watch the process and automatically track stocking. Sophisticated machine learning programs recognize patterns and make inferences. Improved robotics lead into what they call *hands-free stow*. Translation: less human error.

Eventually this kind of IP will make **inroads into the home**, well beyond the nosy and presumptuous Alexa, promoting camera-powered products and services. A patent was filed to use drones which provide a hybrid of home surveillance. At the moment wires are proving

particularly difficult for the drones, but they'll figure it out, you can be sure. Let's hope at the same time that they pay attention to increased scrutiny about privacy implications.

"Besides national television, I like to keep it really private." - Kylie Jenner

Celebrity

Forget Mick and Keith, **Kiss** is far and away the most successful band of all time. Playing to the crowd, they always met expectations, never demanded anyone believe in their moral perfection. Kiss invented the modern megashow, where production matters as much as the music, where bombast and over-the-topness prevail. They were always in it for the m-o-n-e-y. In the course of their career they've licensed their name to around 5000 products, from condoms to coffins. After 46 years on the road, they're engaged in what is billed as their *final tour*. This farewell embrace offers the Ultimate Kiss Army Experience. Five thousand bucks gets you the standard VIP package plus photo op, lithograph, \$100 swag voucher, a laminate, a private venue entrance, and of course access to the all-important crowd-free merchandise shopping.

Before she completes her law school courses on trademark and copyright, **Kim Kardashian** might consider minor studies in marketing, or at the very least international relations. An attempt at naming her new line of shape wear *Kimono* sparked angry debate in Japan. Of incalculable publicity value and profile-raising, one blogger characterized the public discussion as moronic. The traditional garment of that name is difficult to wear, and the dysfunctional new moniker chosen, substituted amid outcry over cultural appropriation, is SKIMS Solutionwear.

It's a far cry from the days when Mark Twain's image appeared on cigar packaging. A celebrity stamp on products no longer has the same effect it might have made years ago. **Superstar brands** carry more power than corporate ones in the luxury and fashion worlds. While celebrities do affect attitudinal behaviors, whether or not consumers are influenced to *buy* the product is a different story. Fashion and retail spend more than any other sector on advertising, around \$40bn a year. A good half of that represents celebrity endorsement. Millions feel that they already know a personality, and from the brand transaction associate acknowledgement for who they are, without apologies for whatever they want to be. Marketers understand that it's far more economic to convert a fan into a user than to acquire a user on FB.

In the past, celebrities would receive a flat fee; today they take **equity stakes**. Street savvy and social media prowess define the most successful practitioners. A company named Lightspeed Venture Partners has invested in Lady Gaga, Paltrow's Goop, and Jessica Alba. Over 740 platforms and agencies link brands with influencers in a multitude of diverse executions. Celebrities now have involvement in developing product, and retail is mapped to the same demographic as their fans. Lady Gaga launched a new beauty brand called Haus Laboratories on Amazon Prime, a strategy which enabled her fans to pre-order lip gloss and color, commenting, "God gave me this voice for a reason." Angelababy, a Chinese model and actress with 100m Weibo fans, practises diplomacy for Tag Heuer and Dior. For Givenchy, celebrity is

the “face of the brand.” For mass retailer H&M, the celebrity’s face literally features on the product. Rihanna’s Fenty, which builds on Kering’s vast global distribution network, achieved \$100m in sales in its first few weeks.

In the age of transparency, **consumers know and accept that celebrities can be bought** for their brand endorsements. Brands understand it is always a risk, staking their reputations on the behavior of the ambassador. Welcome to an opaque world with little oversight.

“In the dark, all cats are gray.” - Benjamin Franklin

Epiphanies

For a clear understanding of the Millennial mindset, look no further than **Recess**, an uncolored sparkling water infused with CBD, which sells flavor, tribal identity and a release from cares. It’s a drink which promises self-improvement, ease, comfort and pleasure. The makers claim it reduces stress and boosts memory, focus and immunity. People in their 20s and 30s have never known the promise of life improving, economic stability, or job security. They confront debt so unweildy as to be abstract. An oversaturated market of energy drinks feels so yesterday. Instead of leaning in toward power, this product offers relief in a can. Its advertising voice is half-embarrassed, self-aware, sincere, knowing. Sales are largely driven by social media, e-commerce, and an Instagram presence, with limited IRL availability. If you can find it, a 6-pack of liquid escape is priced at a navigable \$29.99.

A business strategy to improve bottom line taps into the desires of its 1bn users to indulge in window shopping. **Instagram** forsees retail at the core of its future. Shoppers soon will be able to buy goods without leaving the app. They’re currently testing hiding the number of ‘likes’ to assess whether this would help ease social pressure to buy buy buy. Excited about the prospect of commissions on transactions, which could eventually dwarf the \$16bn in 2019 ad revenues, IG will work with payment providers to innovate buyer protection features and better controls on inventory systems management. Super apps like China’s WeChat already allow users to send money, shop and play games while never quitting the program.

Starbucks will discontinue carrying print editions of NYT, WSJ, USA Today and local papers at 8600 US locations. They will also remove shelving fixtures that display whole bean packages and grab and go snacks. The retail coffee pioneer did not give a reason for the change, but measurable customer behavior influences transformations like these. Print circulation has declined across the country. It may coincide with the lapse of the NYT’s longstanding and exclusive arrangement with Starbucks.

Falling victim to the new category called *art-washing*, **Facebook** launched an expanded patronage program. The bigger initiative broadens its support of the arts via a glut of upcoming commissions, an artist-in-residency initiative and more in-house workshops where staffers create their own prints and posters. The social media megalith already has a 500-strong

portfolio of artworks commissioned for its offices and surrounding communities. FB is trying to fix its public image as it faces increasing scrutiny for its role in the spread of misinformation, and mounting resistance to the presumption that FB was functionally useless to the 2016 Trump campaign. A PR company works to debunk negative coverage which alleges that WhatsApp posts targeted violence and civil unrest in at least five different countries.

Chinese fans, *hypebeasts* and fast-fashion flippers maimed, trampled and wrestled each other to the ground in a rampage over **UNIQLO-KAWS** collaboration goods. Some shoppers admitted they weren't even interested in the clothes - they were just there to be part of the fracas. Social media flooded with disgruntled comments from those who missed out on the product drop. Resellers priced individual items as much as six times their original retail cost.

“Low sank the music, air and words.” - James Joyce, *Ulysses*

Influencers

Selfies taken in front of landmarks represent a major aspirational and cultural statement. In a survey commissioned by a regional smartphone company, 1 in 7 **Kiwis aged 18-24** said their dream job was to be a travel influencer, and over half said if they could influence in any category, they would choose travel. So much for becoming a cancer researcher or an astronaut.

Self-cannibalisation is the order of the day as Publicis Media begins to offer bespoke ‘managed’ influencer services to clients. Shunning traditional media for the homemade content generated by online stars, the **biggest ad agencies move in** on this nascent space. There are concerns over brand safety, the viability of metrics, third-party verification, and lack of standardization around pricing. More than 11% of engagement for influencer-sponsored posts come from fraudulent accounts. Already on offer is AI-driven technology to matchmake influencers and brands and then assess performance. Clients want to understand the big spikes in followership and engagement.

China institutionalizes social media with **influencer incubators**. Key Opinion Leader management companies are the new thing. One even launched a successful \$125m IPO. Scouts scour social media to identify amateurs with more than 5K fans and transform them into KOLs. The company buys exclusive portrait rights. Candidates are required to pass a battery of tests, and the influencer receives a support team plus four months of intense training in how to present yourself on camera, how to produce different types of videos, how to sell product. One influencer has sold 1bn yuan worth of goods. When you work with the big multichannel networks, whatever the powerful social media platform says goes. It's a fast-responding industry, which has refined the seamless integration of e-commerce revenue streams and online payment systems.

Interpersonal conflicts are the jet fuel that propels videos posted across YouTube channels. **James Charles**, a 19-year old internet personality and the first male face of CoverGirl, earned a

following of 16m by advising fans on DIY beauty looks, and established his own merchandise line and make up partnerships. He attended 2019's invitation-only camp-themed Met Gala. He'd previously posted a tasteless tweet prior to an Africa trip, and went on to weather an IG dispute with a former mentor which escalated into a public debate about betrayal, later accessorized with accusations hurled and longwinded apologetic monologues. It cost him 3m YouTube subscribers, even after other members of the influencer community stepped in to defend him.

Can someone please explain what the big deal is about a human kissing a robot? A digital smooch between Bella Hadid and **synth-fluencer Miquela Sousa** fake-offended somebody, who characterized it as a sham lesbian encounter. Calvin Klein apologized. Lil Miquela has 1.6m IG followers, but remember she's a computer-generated virtual influencer designed to attract clicks and likes. She operated for 2 years before it was revealed she was a product of Brud, a transmedia studio. Miquela text-generated, "My identity was a choice Brud made in order to sell me to brands, to appear 'woke'." Time for robots to unionize. Balmain blatantly exploits three synths, a diverse mix of digital models created by Fable Studio. The Chinese government's media outlet has a virtual news anchor. A company named Generic Versatility built the new synthetic Colonel Sanders. Social media to date has largely been the domain of real humans being fake, advancing stereotypes and impossible body-image standards. *Cui bono?*

The flashy presentation deck featured a day-by-day slider which detailed a **72-hour whirlwind influencer experience planned by a social media specialist**. Complete with a schedule of brand partnerships and product placements, it described an itinerary and marketing strategy for a wedding proposal from the groom - a VP at Morgan Stanley - for the bride, a Director of Brand Partnerships at Goop. During the event, the bride, inundated with tagged gifts and constantly posting, appeared astonished by each leg of her saga as it unfolded. At first she claimed she knew nothing about it, but later admitted awareness of the deck. Subsequently her name disappeared from Goop's team roster on their website. Turned out she hadn't cleared anything with them. The consolation prize: the bride gained 220k followers.

Emma Chamberlain, an 18 year old influencer, is credited with creating her own sub-genre of social media. Known for having invented the way people talk on YouTube, particularly the way they communicate authenticity, she garnered 8m followers in 2 years time. Chamberlain dropped out of school at 16, is said to make somewhere between \$120k and \$2m/year from her videos, not including sponsor deals with Hollister and Louis Vuitton. Her primary goal is to be funny. Professional YouTubers are the children of reality tv. They bond or feud with one another constantly as they recreate the overheated dynamics of the school environment. These days Chamberlain's most popular videos tend to be collaborations. The work that constant posting requires has taken a physical toll - she now needs glasses after watching the screen so many hours every day.

"Reeling and Writhing, of course, to begin with," the Mock Turtle replied; "and then the different branches of Arithmetic - Ambition, Distraction, Uglification, and Derision."

IP

Authentic Brands Group, the licensing company that owns celebrity brands like Marilyn Monroe, Elvis and Juicy Couture, bought **Sports Illustrated** for \$110m. The deal included the name, a 2m image library, Swimsuit and Sportsperson of the Year brands. Authentic plans to make money off these properties through live events, licensing, e-sports and sports gambling. Meredith, the previous owner, struggled in recent years, and sold off Time, Fortune and Money. They will continue to run SI's biweekly mag and website, paying Authentic an undisclosed licensing fee for at least 2 years. Meredith did hold on to Allrecipes and Better Homes and Gardens, publishing categories which never go out of fashion.

"Death hath overtaken me." - Inscription on the memorial to John Cawley, thrice mayor of Chichester, a signer of the death warrant of Charles I in 1642.

"Eddie, keesa-me goodnight."

Grumpy Cat, 7

With a NY Magazine cover, a how-to title on the NYT bestseller list and estimated career earnings of \$100m, the feline internet star appeared to have it all. Yet the sourpuss with the piercing look of contempt couldn't intimidate the Grim Reaper. This kitty's owner turned its puss into the center of a thriving business with nearly 900 items on offer in an official shop, a tv ad for Honey Nut Cheerios, a Lifetime movie "Grumpy Cat's Worst Christmas Ever," and even received a \$710K award in a copyright infringement suit against a cataleptic coffee company that made unlicensed Grumpy Cat Grumppucino. The beloved feline succumbed to complications from a urinary tract infection, victim of too many luxury hotel rooms, limousines, late nights and caviar-laced cat chow.

Alfred E. Newman, 67

Owner DC Comics declined to comment on the demise of MAD Magazine and its gap-toothed denizen. Since its 2018 move to headquarters in Burbank CA, the New York edge didn't fit with the culture of de facto parent AT&T. Coupled with declining sales since 1973, the contrarian personality never spoke to post-Boomers. Finally, The Usual Gang of Idiots were reduced to posting messages on Twitter that they needed work.

"Here lies Piovano Arlotto, who built this tomb for himself, and anyone else who cared to join him inside."
- epitaph in Firenze of a priest named Mainardi (1396-1484)

Robert Levine, 73

A social psychologist, he studied magicians, mentalists, assorted filmflam men, used car salesmen, Jonestown fanatics and cosmetics counter clerks. Levine was interested in as diverse questions as how car dealerships persuaded customers to buy, or whether a blind person was more likely to be helped across the street in Nashville or NYC, investigations that addressed simple acts of civility and kindness. His research examined if people in any one place are inherently nicer or nastier than other people elsewhere, and whether perceptions of

time in different cultures are related to productivity. “Sometimes,” he said, “the most productive thing you can do is nothing.”

Robert Norris, 90

His was the rugged face of the Marlboro brand for more than a decade, though he was never a smoker himself. Originally intended as a woman’s cigarette, Marlboro was repositioned as a masculine product with a cowboy feel and personality, representing an individual in control of his own destiny. It became the world’s leading cigarette brand in 1972, and remains so. Norris finally abandoned the campaign because he felt he was setting a bad example for his children.

Maria Perego, 95

In the 1965 movie “The Magic World of Topo Gigio” the main character outwits an evil magician, and saves two pals, a golden haired girl mouse and a tart-tongued worm with an inferiority complex. Perego’s creation, Topo Gigio, a 10-inch tall puppet mouse enjoyed an international following. The character was made of a soft and smooth spongelike material, ideal for faces seen in television close-ups. Three puppeteers behind the scenes operated mechanisms that allowed movement of eyes, mouth and fingers to create a lifelike illusion. The television act always ended with the same Italian-accented sign-off, a landmark of broadcast entertainment history, said to have humanized the inanimate Ed Sullivan.

“The reincarnation of living Buddhas including the Dalai Lama must comply with Chinese laws and regulations.”
- Chinese Foreign Ministry spokesman

Place Branding

The government of **Peru** is determined to build an international airport in the Andean village of Chinchero, about 30km from Cusco. This happens to be the closest access to spectacular archaeological sites nearby, most notably Machu Picchu, not to mention vast unexplored natural resources. But fog, crosswinds and hailstorms common at the 12,400 feet altitude can make landing and takeoff perilous. Noise, traffic, pollution and uncontrolled urbanization like this are opposed by archaeologists, historians and anthropologists who believe it will irreparably damage the heartland of Inca civilization. The monument currently draws 5600 foreign visitors a day. The new airport could mean upwards of 22,000 visitors a day, and annual totals, currently around 1.5m, could reach 6m. UNESCO, are you watching?

Cantonese opera is alive and well, preserved in a **Hong Kong** theatre. Most of the shows presented in this traditional form depict historical battles set in the distant past, lost loves and palace drama and combine acting, acrobatics, dance and singing, performed to the accompaniment of a live orchestra. In May 2019 a three-and-a-half-hour opera about Trump in China debuted. It tells the story of a long-lost twin, who meets the undead corpse of Liu Shaoqi, the Chinese leader who died during the Cultural Revolution and includes a ping-pong game between Mao and Nixon, a visit to the White House by a scheming Kim Jong-un, the ghost of

Lincoln, and finally Mr. Trump's disappearance on an extraterrestrial spacecraft, a fine example of art imitating life.

The star of an acclaimed novel in **Japan** is a convenience store. These neighborhood institutions are tiny ecosystems which aim to provide consumers nourishment as they constantly infuse people's lives with new sources of joy and meaning. They're a normal part of everyday routine, a cornerstone of community infrastructure, and an emergency hub, as they deliver additional services like concert tickets, and free wi-fi. With an unprecedented amount of choice, hundreds of new items are introduced every month, ever-rotating additions to freshly-made *onigiri* rice balls, grab-and-go *udon* noodles, traditional buns with flavors like pizza, sweet bean and pumpkin cream, baguettes stuffed with fried noodles, Pringles-branded instant noodles and pancakes pre-sweetened with maple syrup.

A press release reports that a cruise line is offering environmentally-friendly expeditions to the **Galapagos**. A new 100-guest mega-yacht is poised to connect travelers to the destination *like never before*, integrating anchorless technology to protect the sensitive sea floor system, on one of the most energy-efficient ships in its class. Blending *intimate luxury* with sustainability, it's billed as the first-ever *glamping experience* at sea in the archipelago. All-suite accommodations surround guests with *every creature comfort*, cool contemporary design and warm spaces, including service provided by personal attendants. The company promises to leave the destination in better condition than *when we found it* and cites a youth strategy to *engage and empower* young environmental leaders and advocates.

In a temporary measure to keep 354 homeless individuals away from the waterfront, the city of **West Palm Beach, Florida** used 'Baby Shark' as a public service message. They played the wildly popular and extremely repetitive children's song all night on an outdoor PA system, which was enough to drive anyone crazy, parents, tourists and neighborhood residents included.

What is the price to ruin **Mount Everest**? Apparently \$4,191,000. This season the Nepali government issued 381 permits costing \$11K each to authorized tour companies. Mountaineers found themselves stuck for hours in a high altitude human traffic jam and 8 more climbers died. Multiple cases of dehydration and exhaustion. A route strewn with spent oxygen tanks and plastic bags of human waste. Every day 750 climbers tread the path to the top. News photos showed a line of 200-300 climbers queued to reach the summit.

Gangnam Style gained a new and unwanted meaning. The Burning Sun Scandal rocked **Seoul, South Korea** when police questioned nearly 4000 people and arrested 354, including male celebs from the K-pop scene. Some were implicated in procuring prostitutes for the nightclub business. It's a flashy and fashion-conscious world, driven by prosperity and hunger for status, a culture of exploitation. One wealthy and connected club-goer bragged about spending \$17,000 on a single evening. Accusations made that women were drugged to order for powerful men, that underage girls were sexually traded for profit. Boy band and pop friends shared harrowing sex videos and bragged in chat rooms about rape. The head of a major South Korean

entertainment company resigned, and denied wrongdoing, in the wake of recent K-pop starlet suicides attributed to the ravages of cyberbullying.

“When I play with my cat, who knows but that she regards me more as a plaything than I do her?”

- Michel Eyquem de Montaigne

Privacy

In yet another instance of confidence-building, the Customs and Border Protection agency, a part of **US Homeland Security Department** disclosed that traveler images and license plate numbers had been stolen in a digital breach. Not to worry. “No more than 100,000 people had their information compromised by the attack.” In 2014 the Office of Personnel Management lost roughly 22m security clearance files, China later identified as the culprit. FEMA unnecessarily shared data of 2m disaster victims in March 2019. Breaches of government contractors have been a persistent security issue, which is how the USA lost many of the designs for the F-35 fighter jet. For your greater protection, HSD - hampered by a shortage of funds, focus and expertise - says it is deploying facial recognition systems.

Heads up, everyone, at the border crossings of the Chinese Xinjiang region. Tourists, traders and other visitors find smartphones surrendered to officials come back with a freshly-installed **spying app**. Authorities routinely add a digital snoop called Fengcai on mobiles belonging to travelers. It gathers personal data including text messages and contacts, and checks whether devices carry pictures, videos, documents and audio files that match any of more than 73,000 items included on a blacklist stored within the app’s code. Apple devices also targeted.

Hi and welcome back to Bite-A-Burger. We haven’t seen you in a while.¹ If it’s OK with you I can take a look at your last order.² You had a Classic Bite-A Burger and a supersize fries. Kinda hot today. Are you interested in hearing some healthy Summer choices?³ This time you might want to try a lo-cal, sustainable Bite-A-Fishy burger. It’s only a buck and a half more. Your car is number 5 in the line. Usually it takes a couple minutes less to get a fishy burger ready.⁴ Whoa, Dude, didn’t mean to upset you. You’re looking really chill.⁵ I gotta say I love your 2014 Mazda Miata, but you might want to check that left front tire - the air pressure looks a bit low.⁶

1. Fast food chains trial **license plate recognition technology at drive-throughs**.

2. Retailers will need to ask people to opt-in. They recognize it’s important to obtain customer permission.

3. The apps are there to reduce order time, improve upselling, recommend based on past orders. They can factor the weather and how much traffic a location has.

4. Businesses can track customers using cameras. McDonald’s bought machine learning start-up Dynamic Yield for \$300m. It specializes in ‘decision logic’ to help make smart food and add-on suggestions to queueing drive-through customers. It can personalise digital menus.

5. KFC partnered with Chinese search engine Baidu to develop a facial recognition tool. It can be used to predict someone’s order based on their age and *mood*. It can be trained to interpret expressions on a customer’s face.

6. LPR cameras can identify a vehicle’s age, make and condition.

Some very bad actors **paralyzed Riviera Beach FL's computer system**, then managed to get the local government to pay a \$600k ransom after a Police Department employee opened an infected email attachment. The hackers used Eternal Blue, an app developed by the NSA, now widely in use as a cyberweapon. A third of the cost will be covered by insurance. Seems like a bargain: a similar breach cost the city of Baltimore \$18m to repair.

Surveillance capitalism has a simplified business model: you aren't just the product, you're also the raw material to make the product. Big tech makes over half its advertising revenue based on targeting; if you cut off their ability to surveil, you cut off the bulk of their revenues. In this largely unregulated and opaque universe, ownership of data is the raw currency. And consumers still aren't prompted before the information is shared.

New technology in **Africa** has both progressive ramifications and regressive effects. The digital revolution substitutes for trust. Hundreds of millions of Africans use cellular services to transfer money, while information about an expanding consumer class is busily devoured by data companies who are barely accountable. At least 6 governments in Africa have shut down the internet. Most African countries are almost wholly reliant on Chinese firms like Huawei, which has a major presence in digital services. Transsion, a Shenzhen handset maker, sells the greatest share of phones in Africa and has begun to manufacture in Ethiopia.

"Language was given to man to conceal his thoughts." (*La parole a été donné à l'homme pour déguiser sa pensée*). - Talleyrand

Social Media

When the annals of digital history are spoken, it will be told that **YouTube sent into exile the very pioneers** who helped turn the platform into a 1tn view monolith by 2011. Early on, talent native to YouTube had been far more popular than any big names from the outer kingdoms. But once these digital trailblazers built their reputations, performing stunts in their vlogs, selling merchandise to young audiences - some earning as much as \$1m a month - they offended the gods. They became fixated on showing *dangerous risky shit that's so over the top that people have to click it*. YouTube didn't want its reputation built on pranks, beauty how-tos and unboxing videos. The wise elders tinkered with their algorithm to increase engagement, and shifted toward videos with longer watch times over view counts. And that is why today, children, all you can see on YouTube is commercial, advertiser-friendly content and no senseless antics or shocking footage.

Two artists and an advertising company using VDR (video dialogue replacement) technology and *real-time facial re-enactment* created a **deepfake of Zuckerberg** saying sinister things he never said. Then they posted it on IG, a fake speech about FB's power, complete with scrolling chyron at the bottom of the screen. Two other fairly realistic videos from the same source made Trump and Kim Kardashian appear to dish misinformation. FB didn't boycott reposting it, instead

chose to de-prioritize it, so that it appeared less frequently. The makers claimed it wasn't a pitch for work, just an opportunity to educate the public on the uses of AI today.

"What is acting but lying, and what is good lying but convincing lying?" - Laurence Olivier

Trends

Consider the *fastest growing social platform* in China and what it heralds for other global geographies. Aspiring members are required to pass a *100-question test* before they are admitted to the club. This closed group has over *100 million monthly active users*, engaged Gen Z kids who *average 81 minutes a day* on the platform. Most access it from *mobile devices*. They are deeply engaged with the content and *with fellow users*. The site bases its offering on *70% User Generated Content* and collects revenue from in-game purchases, microtransactions during live broadcasts, advertising and ecommerce. Its main categories of interest are beauty, fashion, entertainment, advertising and digital products. Can anyone in the West even remember the name, let alone utter it? Just say **Bilibili**.

Strange and disoriented days for **booze**. Perhaps in response to its declining popularity, beer is being marketed as a wellness drink. Bud and Bud Light no longer appeal to consumers, who seek the more complex tastes of craft beers. People who don't drink beer may be stumbling toward *alcopops*, a category of liquid junk food. If those don't get you high, why not try Seedlip, a non-alcoholic gin-flavored botanical-infused drink? Worldwide alcohol consumption is falling down. People are trading up to high-quality products. Emerging markets like India and China are downing more spirits, preferring international brands as a sign of prestige. Gin and tequila advancing in the market, but vodka has lost its shine. Taking a cue from Nespresso, AB InBev tests a home cocktail-making machine that uses pods.

Four memes to ponder when you meditate on the growth of she-commerce

1. Women in China have a labor participation rate of 61%.
2. Christine Lagarde, an irreproachable personal brand, always seen wearing a Gucci scarf
3. Women in China represent 70% of online shoppers
4. Ursula von der Leyen, the next wave of global leadership

"Stupidity came off him like steam over coffee." - Mickey Spillane

Vocabulary

ACG Platform - an anime, comics or games platform, reputed to absorb much of the time engaged Gen Z users spend every day. See *Bilibili*.

AGI - Artificial General Intelligence, the multi-billion dollar bet on computers that can match the neural architecture in the human brain and deliver a comparable level of intelligence

Alpha Gen - those who are 10 years old and under

butterfly effect - in chaos theory: little, insignificant, unpredictable events which can lead to widely divergent effects on a system and significant results over time. By their very nature they cannot be forecast.

cancel culture - oops, they deleted you from all their social media

creative disposability - short-term ideas, many of which are focused on relatively low-budget, digitally focused campaigns

KOL - Key Opinion Leader - Not an influencer! A term that intimates specialist knowledge, especially on a precise demographic target. Often an unpaid position.

Konbini - Japanese convenience stores

LPR - license plate recognition, latest surveillance gizmo adopted by fast-food chains. Rhymes with gait-recognition

Mukbang - a South Korean food-video genre, which involves blatant, unashamed pigging out in front of the camera

public opinion guidance - typically a euphemism for censorship; found in descriptions of Chinese-made intelligent monitoring systems

she-commerce - world's single biggest consumer market in China

survival porn - a hypermasculine fantasy that danger is near and a select few will be able to save themselves and their families - as long as they are prepared.

woke washing - brand campaigns which promise to improve the world but fail to take real action

“It is a smoke ring framing a one-way portal to eternity.” - description of first photo of a black hole in galaxy M87 by journalist Dennis Overbye

What Is A Brand?

Depends on who's asking. It might be a transactional lever, a trick of valuation, a promise, or a profiterole. Brands answer a consumer's fundamental need for community, a sense of belonging, fellowship or shared values. Lately I've been thinking of brands as simply vehicles which provoke a *euphoric experience*.

Let's talk about it more in Summer 2020. A beautiful new year to all!

A handwritten signature in grey ink that reads "SMoss". The letters are cursive and fluid, with a long horizontal stroke at the end.

DiGanZi