

This document represents speaking notes for a presentation made to The Medinge Group, August 28, 2004 in Stockholm. I have added underlinings, interpretive or summary notes where appropriate. SM

Youth Brands 2004

Stanley Moss
Diganzi.com

A year ago I spoke to The Medinge Group about American luxury brands

They were suffering
Now they have recovered
Customization now the norm, migrating downmarket (Vans)
Latest news: brand extensions

In the intervening year there has been much history

- Iraqi incursion
- The same demographics are fighting in Iraq as being sold iPods and taking hostages and beheading them
- How the all-volunteer US Army is marketed
 1. Virtual simulation (what it's like to be in the army)
 2. Be All You Can Be
 3. Music video and special effects
 4. Through a video game
 5. Filmed adverts in the cinemas
 6. As a youth brand

It is a good moment to survey Youth Brands

- Inventory the accumulated wisdom, the corrupt and mistaken
- Youth are not yet a numerical majority, but ideological and demographic leader group
- Examine youth brands not so much at the sociological aspect, but as seen in the commercial universe
- Somewhere in the culture of youth brands reside concepts useful to the collective future of branding, the topic we study and purvey. It's relevant since youth will soon be the very people for and about whom we theorize.
- Marlon Brando, dialogue from "The Wild One" (1953)
Small-town matron: What is it you are rebelling against?
Brando (as biker): What've you got?
- Surveyed apparel, broadcast, action sports, consumer products

Source: *Le Monde*, June 2004

Harry Potter is a Capitalist Pig

By Ilias Yocaris

- Apprentice sorcerers are also consumers who dream of acquiring all sorts of high-tech magical objects including high-performance wands or the latest brand name flying brooms, manufactured by multinational corporations
- Hogwarts- subject to an incessant advertising onslaught
- The possibility of social success for young people who enrich themselves thanks to trade [in magical products]
- Ritual complaints about the rigidity and incompetence of bureaucrats contrasted with the inventiveness and audacity of entrepreneurs
- A caricature of the excess of the Anglo-Saxon social model: under a veneer of regimentation and traditional rituals... Hogwarts is a pitiless jungle where competition, violence and the cult of winning run riot
- A culture of confrontation
- Imagine as many fictional worlds, parallel universes or educational systems as you want, but they will still all be regulated by the laws of the market

Lancôme

This article gave classic examples of how to appeal to a younger demographic.

Source: *The New York Times*, July 6, 2004

In makeover, Lancôme relegates its rose

By Stuart Elliott

- Meant to help the line appeal to younger women
- Seek nontraditional methods to forge deeper emotional connections
- A fresher attitude
- Newness, hipness is good
- Give a little more surprise
- Be a little more daring
- Based on strong emotions

What is going on with Youth?

Source: *Cheskin Research*, August 2004

- Authenticity is the key – you have to see them as they see themselves, engage them, on their own terms
- Social cliques, not demographic constructs
- Multicultural, rather than narrowly ethnic
- Freely adopt trends from other communities
- Deluged with a flood of messages
- Access to a much larger pool of peers around the world
- Information on products that teens value is quickly disseminated, creating brand loyalty quicker and market share faster
- Kids don't dress for style, they undress for style
- Engaging 3 mediums at once, text messaging, on cell phone, watching TV, conversing
- Computing is part of their expected infrastructure
- Computing is integrated into their socialization and essential to their sense of entertainment
- Blog posting: "Youth culture is dead."

Source: IHT, July 27, 2004

What really brought Napoleon Down

By Catherine Field

- Killed by overenthusiastic doctors
- Colonic irrigation and purges to relieve intestinal distress
- Triggered a plunge in potassium levels, leading to heart malfunction
- JFK's Camelot crumbled, the Titanic is just another shipwreck, Venus is a toxic wasteland
- "The information society may instruct us more than ever before, but it is a killer of myths."

Source: AP, July 4, 2004

Millennial teens show an interest in voting

- Pregnant less often than teens of recent decades
- Less likely to smoke or do illegal drugs
- Have an interest in volunteering and public service
- Threat of terrorism, Iraq and Afghan wars have motivated them to get involved
- "Millennials" young adults born after 1981, a term coined by Bill Strauss, a generational expert
- Full effect of youngest generation's political influence won't be felt until 2012 when they will be pushing 30 and more invested in the economy

Source: McAnn Ericson internal research, June 2002

Asian Teens

- Place technology at the center of their identities
- "Sources of cool" as complicated as each teen's media exposure patterns
- Cooking as an emerging trend

Source: IHT, June 28, 2004

Milan newspapers reach into schools

- Increasing competition for the time of young people who are provided with a wide range of options they didn't have before
- NY Times has launched an in-house youth research initiative called NextGen
- "Human attention has become the most valuable commodity."

Source: IHT, June 26, 2004

Italy Enforces Teen Scooter Licenses

- Teens seek symbolic rites of passage into adulthood
- [Scooters symbolize] independence and acceptance by their peer group
- "We need to give young people an emotional message that will make an impression."

Source: The Economist, June 26, 2004

- Euro RSCG says they have identified "Prosumers", shorthand for Proactive Consumers
- The group represents 20% of the population and RSCG claims they can see 6-18 months in advance of everyone else, anticipating trends
- Characterize Prosumers as:
 - o Reject traditional ads
 - o Research heavily on the internet
 - o Half of them distrust companies and products they can not find on the internet
 - o Vary by category (i.e. wine Prosumer won't be a car Prosumer)

Prosumers sound suspiciously like Youthful Consumers.

Source: Stanley Moss, July 2004

Excerpt from a confidential memo to Philips on brand relaunch and new tagline
Youthful consumers

- Value their connections to the world
- Are acutely aware of marketing hype
- Won't be patronized or exploited
- Like brands to make relevant promises and keep them
- Seek an emotional message that makes an impression and a connection
- See brands as shifting ideas

Witnessing The Death of Advertising

Source: Stanley Moss /skateboarding store visit, August 2004

T-shirt worn by a teenager: Skateboarding is not a business

Source: The Economist, June 26, 2004

Five years ago P&G created 'Tremor'

Recruit an army of several hundred thousand American teenagers

Discuss ideas about new products and to help spread marketing messages

In 1993 90% of P&G's global ad spending was television

In 2003, P&G launched Prilosec, an anti-heartburn medicine

For Prilosec launch, 25% went to TV, the rest for in-store promos, internet and print

Source: BBC, August 14, 2004

Subscription TV revenues are now greater than advertising revenues

Radio listening is up

Source: The Australian, February 19, 2004

Rubber Band Stretches The Limit

By Lara Sinclair

- Trend is to move marketing upstream within companies
- Companies are reluctant to invest in marketing-director-level hirings and big brand ideas
- Breakaway firms are now "specializing in strategizing across business at the brand level creating broad brand architectures"
- Brand architectures based on a framework of values that are then implemented across all aspects of the way companies do business
- Working directly with CEOs
- High-profile change agents [who] focus on the rigorous pursuit of company profit in the short, medium and long term for all forms of marketing investment
- Offer brand architecture advice independent from advertising
- The last thing CEOs will tolerate is consultants who automatically recommend an advertising fix

Advertising agencies are running scared, co-opting any terminology they can to redefine themselves. "Brand architecture" traditionally refers to how a n organization structures and names brands in its portfolio. This particular company, composed of former ad execs, wants to redeploy its people as brand gurus, borrowing -incorrectly- any vocabulary that sounds useful.

Source: Paper Magazine, August 2004

Another ad executive trying to reposition himself out of traditional advertising by co-opting principles of corporate social responsibility as his new offering. If you visit his web site you will find a strange pastiche of lists with inconsistent standards of evaluation.

All You Need Is Love

By David Hershkovitz

- Kevin Roberts, Saatchi & Sattchi CEO says branding is over.
- The consumer has the power.
- The company cannot hide behind its brand name.
- Lovemarks theory looks for companies and brands who “do the right thing.”
- “We believe that in this world of insecurity, of vulnerability, of fear and crap, that people want to make emotional connections. They want to have a relationship, not a transaction.”

Company Profiles and Case Studies

Philips

This profile tracks the attempts by the technology giant to redefine itself in the current market, first by appealing to youth, then by “repositioning” to appeal to an older demographic. Good luck to them. For this program to work there must first be perceptible change in their corporate culture.

Source: IHT, June 17, 2004

Philips, seeking growth, tries an image makeover

By Jennifer L. Schenker

- Philips failed to turn innovation into significant products to appeal to a younger, hipper audience
- Its consumer products do not resonate with teenagers the way gadgets from companies like Sony do
- Philips will now concentrate on people who already make up 80% of its customer base: educated men and women 35 to 55 with higher-than-average incomes.
- Plans to market itself as a “health care and lifestyles technology company”

Source: China Daily, July 6 2004

Philips Asia Targeting Youth

- wants to take root in the future of China’s most influential group
- great consumption power, potential business partners and valuable talents that could share their wisdom and knowledge
- Philips surveyed widely to find out recognition of transnational companies by Chinese students

Source: The Financial Times, July 12, 2004

A Bulb Turns on at Philips

By Alan Crane

- Andrea Ragnetti, the group’s first Chief Marketing Officer
- Wants to develop the marketing panache of Sony, Samsung or Matsushita
- “Passion” is driving a transformation within Philips
- €42 billion yearly revenue in 2003
- Replacing top management old guard with younger international talent
- “All the new people are in their 40s, non-Dutch, and one is even non-male.”
- They have decided to be the company that masters simplicity
- “The brand doesn’t stand for anything. It’s time to establish a position.”

Burberry

This fashion house found two new categories of brand extension, almost by mistake, and not by any great master plan or big ideas. The market spoke and the company was smart enough to recognize the potential, a concept I like to call Organic Branding.

Source: *IHT*, June 29, 2004

Extending the Brand: Designers Take It To The Limit

By Suzy Menkes

- Fast-growing children's category now accounts for 12% of total sales in Barcelona
- "Tiptoeed" into the shoe category- sandals cobranded with Dr. Scholl's have created a new merchandise category

Source: Stanley Moss, interview with Jake Munsey, VP and Creative Director, July 2004

Fuel/ broadcast

- Division of Fox Television, Murdoch's youth/action sports network
- Knows its demography and continually studies the audience to see how they are making their choices
- "You have to know what is cool and be willing to tell them what you think is cool."
- Target conformists
- Mistrusts market research ("By the time it is published it is obsolete")
- Co-opts young artists and athletes for collaboration
- Thinks of the brand "as if it were a person"
- Wants to be "expressive of your own style": art, music, clothes
- "The wealth of information results in a dearth of attention."
- Concerned about issues of "image obsolescence"
- Need to appear defiant, iconoclastic, rude, ratty

Source: Stanley Moss, interview with Michael Marckx, VP and Creative Director, July 2004

Op/ apparel

- Ocean Pacific operates through a network of licensees worldwide and offers a broad array of apparel and accessories catering to men, women, young men, juniors, and kids under its Op, Ocean Pacific, Op Classics and Seven 2 labels.
- Op understands the legacy and heritage of their brand, surfer culture
- The firm got into trouble 10 years ago by excessive licensing without oversight
- About 5 years ago the company reversed the downward trend by looking at strategies for retention of customers and gaining new market share with a younger demographic
- The company's brand messaging reinforces the core concepts of authentic beach culture, without buying into the ruder tactics of "cool" competitors like Volcom
- Op sponsors teams and individual athletes, events and community involvement programs
- The company is vigilant in remaining current with its demography
- Licensing still plays a major part of Op's revenue stream
- The company was bought by Warnaco in August 2004 for \$40 million plus the assumption of \$1 million of debt

Source: Stanley Moss, interview with Danielle Hambleton, K2 Marketing Director, August 2004

K2 Snowboards/ action sports

- Parent company K2 is known as a ski company, but has 5 snowboard sub-brands, each filling a fractional part of the niche category.
- K2 emphasizes technology, love of the outdoors, doing what feels good
- Snowboards is a crowded category, and K2 was #2 for a long time; the company is now regaining position as category leader
- The main dilemma is differentiating product from competitors
- Company promotes its product through athletic sponsorship, events, demo tours, email marketing, and active collaboration on the dealer level
- Company believes the biggest brand dilemma is relationship-creation
- Authenticity is supported by unofficial tagline: "We are snowboarding."

Source: Stanley Moss, interview with Philip Shaw, former VP Global Licensing, August 2004

Disney/ consumer products

- Disney meets the needs of ongoing product introductions by formulaic brand launches. It's all by the book and is done identically as before. Very little innovation.
- CSR figures, but largely in guidelines on the manufacturer level. Standards more stringent than Nike. There are few strategic directives in place, and change is difficult to implement.
- Disney pays lip service to the concept of an "emotional connection," but beyond a professed awareness of the idea, most Disney execs operate at the gut level.
- "Disney is about the commercialization of creativity, not about creativity itself."
- Consumerism is one of the big issues the company is self-examining. There is much soul-searching.
- The company's main focus is on adding value to its Play Group.
- But the pressure to equal a \$27 billion yearly revenue from year 2003 is the main driver.

If they can't figure it out themselves, how do established companies typically find out about Youth? The Cool Hunters.

Look-Look

- LA based research company, trying to appear sincere, credible and real to kids
- Incentivizes contacts by online magazine highlighting creativity
- Likes ostensibly edgy style, but are firmly rooted in ingrained corporate methods

TRU

- Based in Skokie IL, traditional metrics, insidious modeling, monolithic presence
- Visual style is definitely not cool, oriented to the mainstream and mass market
- A business structured to be understood by b-school grads

NextGen

- NY Times in-house youth research initiative

Tremor

- P&G in-house product development and research group described above

The takeaways

- Rebellion is healthy, age-appropriate, normal, timeless
- Capitalism still a powerful influence in business perception
- Authenticity a prime driver in youth brands
- The information society as a killer of myths
- Passion as a driver of brands (origin of the term- “suffering”)
- Youth like brands
- Youth see brands as shifting ideas
- Faster brand loyalty, faster brand alienation
- Technology as an expected component
- Convergents, not Millennials, comfortable with multiple brands and technologies
- Be on the lookout for new merchandise categories
- Big brand ideas a formula for failure, or shortfall at the very least
- Brand architecture- an idea being incorrectly repurposed by obsolete ad execs
- ‘Marketing’ less and less relevant
- Move marketing upstream: the diminishing importance of marketers
- Human attention has become the most valuable commodity- don’t waste their time