PROLOGUE

Today, we live in an Economy fuelled by uncertainty. We can look at the major developments of this Economy in many different ways. For example, behavioral economics provides a good platform, since it deals with the core factor of economics, that is human behavior. However, we can take a closer, deeper look at human behavior and the direct impact it has on the Economy which is much more revealing: this is the secret, almost untold, relationship between people and their psyche and . . . Brands. In this book brands, and their hidden relationship with people particularly in wealthy countries, are used as a prism through which we can identify emerging trends in the metaglobalization economy, among other things, for the following three reasons. *Firstly*, brands—whether we like it or not—express a "significant insignificancy" in today's economy. Brands are no longer about products or services or experiences but have risen to a "pseudo-status" *expressing "social imaginary significations"* (like laws, institutions, values, etc.) and a "pseudo-authority" imposed from without, to use Cornelius Castoriadis preferred words. Furthermore, the "homo-economicus" model (the rational, self aware consumer if he/she ever existed at all that is) has collapsed and is being replaced by a "desire-centered" model of consumption and behavior. According to the old Ernest Dichter psychoanalytic school of thought, in an economy of scarcity and need, consumers make rational choices (or in Freudian terms the "ego" does the shopping and drives the economy) and, conversely, in an economy of abundance consumers are totally controlled and/or driven by desire (or the "id" goes shopping and drives the economy). Needless to say all wealthy nations, which understandably are the focus of examination of this book, represent economies of abundance, or in other words, economies driven by the Freudian "id" and people's emotional desires and the deep engagement of the human psyche with brands.

Secondly, as demonstrated through the data-driven research and analysis in this book, there is strong indication that a new species in the brand ecosystem is emerging, that of the "nice brand". A nice brand may be defined as possessing such qualities as: honesty, responsibility, community spirit, quality and value for money, ethos, human measure ("Metron" as in the Greek "measure in all things"), egalitarianism, cooperativeness, eclecticism and similar qualities. Arrogant brands are defined by their greed, immorality, paternalistic attitude, dishonesty, narcissism, psychopathic traits, cheating, ruthless exploitation and the like. Today, research data has appeared which supports the hypothesis that not only are European "nice brands" flourishing, but also that European global, nice, brands have become the most reputable in the world. Furthermore, what is more revealing is that "*Nice Brands" and "Nice Capitalism" are interconnected* and go hand in hand. According to some global studies, 14 European brands were included in the Top 20, compared to only two for the US. For example, as data suggests, a small European country like Denmark is in the lead with 11 companies in the Top 50. It is evident that Nordic countries (almost all surpassing the US in competitiveness, human development, quality of life and other relevant indicators) and Europe at large, provide a good example of the type of environment where nice brands and nice capitalism flourish. A more profound reason for this is the reduced "power distances" within the population (or "extreme polarization" in other words, as analysed in this book) that undermine the economy and society. (The notion of "power distances" was introduced by Geert Hofstede to calculate the level of equality in a society). As Europe outperforms the US in the undeclared "brand war", the same is true of their economies. Europe, with it's "Nice Capitalism", is better placed to replace America as the leading economic power. Jeremy Rifkin is apocalyptic "The American Dream is becoming ever more elusive. Americans are increasingly overworked, underpaid, squeezed for time, and unsure about their prospects for a better life. One third of all Americans say they no longer even believe in the American Dream." While the American Dream is languishing, says Rifkin, "a new European Dream is capturing the attention and imagination of the world. Twenty-five nations, representing 455 million people, have joined together to create a United States of Europe. The European Union's GDP now rivals the United States', making it the largest economy in the world. The EU is already the world's leading exporter and largest internal trading market. Moreover, much of Europe enjoys a longer life span and greater literacy, and has less poverty and crime, less blight and sprawl, longer vacations, and shorter commutes to work than we do in the United States. When one considers what makes a people great and what constitutes a better way of life," observes Rifkin, "Europe is beginning to surpass America. More important, Europe has become a giant laboratory for rethinking humanity's future".

Although one could argue that the interrelation between nice brands and nice capitalism represents a kind of a chicken and egg situation, one certainly realises that the consequences of the human encounter with brands by far exceeds the simple transaction at the super market shelves and affects the future of society and it's well being. (For those keen to answer the old chicken-egg question, biologists suggest that life is created from smaller items/forms of life and moves to higher and much more complex forms and/or species. In our case this implies that the simple transaction with a product, i.e. brand, is the starting point for the creation of a whole economic system. In other words, "Nice Brands" could contribute to the creation of "Nice Capitalism", and not necessarily the other way around.) It should be noted that "nice capitalism" in the context of this book refers mostly to the enormously successful Nordic economic model. And is by no means related to the so called "capital with a good heart" or what some analysts called "Bobonoism", i.e. the Geldof/Bono model of protesting as you shop (. . . another brand/colour line, for example "Red") in any way.

Thirdly, *brands represent an ever expanding consumer-driven culture and materialistic pursuits that undermine human happiness and lead to an unhappy variety of capitalism*, as the latest happiness research data suggest. According to a 1997 PBS documentary, *Affluenza*, Americans spent an average of six hours shopping every week. Yet they could find only 40 minutes each week to play with their children. Another study indicated that working couples spent almost as little time talking to each other—about 12 minutes a day. In this climate, almost everyone is vulnerable to "affluenza," an infectious disease in which one becomes addicted to having." A 2006 Stanford University study has concluded that compulsive overspending or overshopping is a legitimate disorder that affects approximately 6% (17,000,000) of the U.S. population and that men and women suffer about equally. Believing that having just the right possessions will make them happy and fulfil their needs, wants and desires leads people to continue to fill their lives with things, only to find that the opposite can be true. "In this respect," writes Tim Kasser, "the desire for material goods, fame, and attractiveness is like drug addiction . . . . Just as an alcoholic who first got a buzz from three beers eventually requires six, and then nine, and then a whole case before feeling drunk, a person strongly oriented toward materialistic values might originally experience a "high" from a small purchase or pay check, but will eventually require more and bigger possessions and sums before the equivalent positive feelings occur . . . . Through this process, their needs for feeling good about what they have and who they are remain relatively unfulfilled. The reason, according to Kasser, is that all those things take up time and consume our energy, and we not only must work harder to have the things we think we cannot live without, but we must also have the resources to maintain, upgrade and insure them. Thus the possessions we amass end up adding to the stresses of life. Kasser found that "existing scientific research on the value of materialism yields clear and consistent findings . . . . The studies document that strong materialistic values are associated with a pervasive undermining of people's well-being, from low life satisfaction and happiness, to depression and anxiety, to physical problems such as headache, and personality disorders, narcissism, and antisocial behavior."

Through overstimulation, invasion and other manipulative techniques, Brands can lead a number of individuals, usually ones with a rather low level of self-esteem, to the dark sphere of depression. And perhaps they also play a role in the overall happiness level of nations as a whole. In a report by Stefan Bergheim of Deutsche Bank Research*,* a kind of pattern emerges in the relationship between average happiness and economic policy in the OECD countries, leading him to distinguish between the happy, less happy, and unhappy varieties of capitalism. While economically dynamic Nordic/Scandinavian countries such as Denmark and Sweden rank highest on happiness surveys, the nations of "Old Europe"—such as Belgium, Austria, Germany, and France—are relegated to second-tier, "less happy" status, followed by the "unhappy" group of countries (i.e. Greece, Portugal, Italy). However, what is undoubtedly clear is the supremacy of European and particularly the Scandinavian/Nordic countries. These findings confirm our hypothesis, that countries that embrace some form of *"nice capitalism"* (as compared to *"selfish capitalism"* according to Oliver), cultivate *"nice brands"*, and vice versa, and both these interrelated parameters contribute to happier people and societies (i.e. 4% of Danes feel depressed, compared to 14% of Americans or Greeks, according to data presented by Kahneman).

Understandably "Nice Capitalism", in a way, is expressed by just the opposite qualities of the "arrogant brands". It possesses such characteristics as: democracy, a strong welfare system, equality (i.e. a narrow income gap), honesty, responsibility, "ethos", human measure ("metron"), transparency, human-centric attitudes, human improvement priorities, a sense of justice, concern for the less privileged groups in society, sustainable development, environmental responsibility, a focus on well-being and happiness for citizens, high standards of governance etc. Such an economic system is clearly cultivated in Europe and particularly in the Nordic countries. The Nordic economic model, characterized by market-based economies and generous welfare systems, seems to be working well, with the countries in the region figuring at the top of various lists that rank countries on the basis of human development, per capita income, economic freedom, etc. According to Jeffrey Sachs "we can move forward by examining the successful economies of Denmark, Finland, Iceland, the Netherlands, Norway and Sweden. The Nordic countries have successfully combined social welfare with high income levels, solid economic growth and macroeconomic stability. They have also achieved high standards of governance. Taxes at the national level in the US are equal to around 20 percent of GNP, in the Nordic countries the ratio is over 30 percent. High taxation supports comprehensive national health care, education, pensions and other social services, resulting in low levels of poverty and a relatively narrow income gap between the richest and poorest households. In the US, the poorest 20 percent of households receive just 5 percent of total income, putting their income at around one-fourth of the national average. In the Nordic countries, by contrast, the poorest 20 percent of households receive nearly 10 percent of total income, putting them at roughly one-half of the national average. Nordic countries have a higher life expectancy and a lower infant mortality rate than the US. Life expectancy is close to 80 years in the Nordic countries, compared to 78 years in the US, where the government does not guarantee national health insurance and millions of families are too poor to pay for it on their own. Ironically, the heavy reliance on the private sector in the US system is so inefficient that Americans pay a larger share of GNP for health (14 percent) than do the Nordic countries (11 percent), but get less. The Nordic countries are not "socialist" economies, based on state ownership and planning, but "social welfare" economies, based on private ownership and markets, with public provision of social protection. Importantly, they invest heavily in higher education and in science and technology, so they remain at the cutting edge of high-technology industries. Nordic states have thrived, not suffered, from a large social welfare state, with much less public-sector corruption and far higher levels of voter participation than in the US. According to Transparency International, the Nordic countries have the world's least corrupt political systems (with Iceland and Finland ranking as the least corrupt), while the US, with its big money politics, is fairly far down on the list".

And naturally inequality, and the resulting erosion of the middle class, is a key parameter in such analyses. The age of globalization and the world of perfect Free Market Economics that was even heralded as "the end of history" has had unexpected and extremely unpleasant repercussions on the world economy as a whole. Repercussions that were not only not anticipated, but totally contrary to the much touted "trickle down" phenomenon that in theory was supposed to occur. Perhaps the most significant of these repercussions that were either never anticipated or totally played down to the extent that they were expected, is the demise of the Middle Class, beginning in the so called developed world, of the affluent North or West, depending on how one looks at it. This development has had devastating effects on the whole of our economic life and structure, since the Middle Class constitutes the very foundation on which the Consumer Capitalism (i.e. Selfish Capitalism) that was supposed to triumph in the post Soviet world, would be based. A dwindling Middle Class entails dwindling consumption and consequently the brand itself and the tenets its marketing and promotion were based on, find themselves directly threatened with very extinction.

Proposing a non linear and holistic approach, while taking many original ideas stemming from such diverse sciences and cognitive domains as *mathematics, game theory, physics, complexity theory, chaos theory, statistics, biology, artificial intelligence, psychology, neurology* and others into account, this book seeks to challenge some of the most fundamental beliefs prevailing in the economic, marketing and corporate world today. This line of inquiry exposes and dissects a number of significant factors that are expected to have devastating and unforeseeable effects on the brand as we know it today and on the economy, in general.

The twelve strongest delusions governing the concept of brands in our times are analyzed in this book for the first time. The book asks readers to think beyond any narrow framework. . . . What if . . .

. . . brands are often creatures of randomness, of improbable and chaotic non-linear forces and, in some cases, inferior products?

. . . the impact brands have on economic performance (RoI), and on a company's stock price, is rather insignificant?

. . . the brand's obscure "cheating advantage" and information asymmetry, regarding price/quality, is collapsing as information equality is beginning to prevail?

. . . time acceleration is imposing a lethally shorter product life cycle on brands that often tends to zero and/or the destructive/obscure “free brand” phenomenon?

. . . the brand’s unethical behavior is provoking retaliation from consumers now establishing communities that almost dominate (and are imposing their own rules on) brands?

. . . the entrepreneurial spirit is fading away and with it all interest in brand creation, as the new religion is the stealthy, virtual, money game of the financial markets?

. . . through globalization and de-localization greediness, brands are destroying the purchasing power of their most valuable mass-customer base, that of the vast middle class?

. . . as a result of extreme market polarization brands are becoming the servants of the exponentially increasing distribution points/“touch points” and “private/personal retailers”?

. . . customers empowered by digital technologies are turning out to be “out of reach” thus leading to the collapse of the brand’s persuasive and invasive power?

. . . mass media and particularly TV (the brand’s single most persuasive vehicle) are becoming almost powerless owing to the arrival of “personal and user-generated media”?

. . . eclecticism and the rise of the “You”/“Me” generation/phenomenon are threatening the very existence of the “mass market”, by nature, brand?

. . . brands start facing the consequences of their arrogance incurring “personality disorders”, through a massive “emotional detachment” leading to consumers escaping in droves rather than “engaging” which is the new concept now being praised?

This book presents a dangerous idea and will provide a stick of dynamite for the modern economic, corporate, marketing and advertising world, in the metaglobalization era. An era that should initiate a process of revising our “value system” and enriching it with a more “human ethos”, closer to the mortal nature of our life. And hopefully the Death of the Arrogant Brand will give birth to a better, more human, “Nice Capitalism”.

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