CONTENTS

ii. Brands: Imaginary and other Significations

This book is not in favor of compartmentalized and fragmented knowledge, naturally enough, since we now live in an interconnected and more transparent world. It looks at the brand situation, as Danny Kahneman puts it, from the "outside view" or the whole environment (and not the inside view) where we can see the real challenges more clearly. Which is why we have adopted a number of original thoughts and ideas from a number of diverse scientific domains in our attempt to provide a holistic view. What we want to do in the book is to provide the overall picture. Why? For a rather simple reason. Brands are no longer (and have not been for decades) about products (or services or experiences or transformations, etc.). Brands had already risen to a "pseudo-status" of expressing "social imaginary significations" a long time ago. Along with other "essential imaginaries" (i.e. institutions, laws, traditions, beliefs, behavior etc.), brands may also be considered a kind of "pseudo-authority for society" imposed from without. (Just as our driving life and behavior is controlled and dictated by "driving brands"—traffic signs/symbols—our social and personal life is controlled by "business brands".)

This is most marked in "heteronomous" societies and individuals, in other words, those that search beyond themselves to find meanings, a reason for being, stereotypes, something to mimic, passive behavior etc. The above ideas are in harmony with some of the thoughts of philosopher, economist, and psychoanalyst Cornelius Castoriadis (1922-1997), who greatly contributed to social theory with his concepts of the "imaginary" and "autonomy"[15]. It would be useful here to recall what the first symbolic (?) products the Russians sought after the collapse of Communism in the former USSR were. It was mostly trash, things like gum, blue jeans and ladies nylon stockings, initially from the black market. Later on, more "spiritual" goods like Coke and McDonalds, were added to their wish list, after permission had been granted to operate. This type of gadget and brand took the leading role in filling the gap and the sense of deprivation that the Russians felt; a rather usual technique where brands . . . substitute reality and/or emptiness. As a result, one of the most insignificant products on earth ("trash-trash") as gum it is, is transformed all of a sudden into a kind of "archetype" (i.e. "content" of "collective unconsciousness", to use Carl Jung's term). The proud but "poor" Russians were in search of a new identity, badly needed as the previous one had collapsed, and they were in a state of . . . excitement/lack/flux. An identity, naturally, more capitalistic and similar/closer/identical to the Western style. An identity that the 'western' gum could generously provide.

Brands, as expected, do not favor autonomy, instead they favor general conformity in people. It is only recently that people have acquired the technological tools necessary to react against that "tyranny of sameness", while brands are still praising and positioning products as "personal". (i.e. your own personal dishwasher . . . that is

15 *Cornelius Castoriadis: The Imaginary Constitution of Society*

also being bought by 30 million other consumers at the same time as well.) Naturally, brand conformity is extended and amalgamated in culture, politics, etc. The passion for brands in some societies is so strong, that it goes so far as to make people feel the need to give brands some kind of a "human form", the way the ancient Greeks gave their mythical, powerful, gods a human form in ancient times. For example, in Asia, the case of "Uncle Mc Donald" is very common (or Ronald McDonald). The brand becomes an allegorical character, embodying particular combinations of virtues, and sometimes solidifying into an (animated only?) character.

With brands being in a position to arouse such strong feelings, any discussion of their role, status and future is far from a simple marketing or business issue. This also opens up a discussion, a debate even, over the basic tenet of Free Market Economic Theory, that "markets know". Brands have the persuasive power to convince the individual (through conscious or unconscious stimuli) to behave irrationally and even beyond their will. The simple Coke vs. Pepsi experiment is of the Baylor College of Medicine are indicative—typical here as the epitome of irrational thinking and decision making and judgment in market conditions. In the experiment—by P.Read Montaguein of the Baylor College of Medicine[16]—in blind tests 51% preferred Pepsi (vs. 44% Coke), but in branded tests 65% preferred Coke (vs. 23 Pepsi)!! We can also notice similar phenomena in other cases, buying situations and decisions. For a number of reasons (i.e. complexity and/or uncertainly, follow the herd instinct, strange attractors, status quo bias, etc.) the buyer chooses the most "inferior" product.

This gives rise to a very serious question and undermines the basic structure of economic theory, namely the principle that "markets know". Along with many other meta-orthodox economists, Economist Brian Arthur has also written[17] about this phenomenon. The implications of such a phenomenon are serious for many sectors, decisions, etc. (i.e. stock markets). However, the psychological, cultural, political, even national, relevance and established associations of brands could work against their economic interest. With growing anti-globalization, regionalization, local producer movements, cultural or religious conflicts, etc. brands are losing parts of their market. Indicative here is the launch and success of "Mecca Cola" in the Middle East and other Muslim countries, signifying that brands have a high cultural and political content, that will probably act as a market barrier in the future.

So this book is more than just a marketing/management/business challenge. It is also about our economy, our society and, most importantly, about "You", "Me", "Us". Should the brand's excessive relevance in our life become more pragmatic, we could possibly revise our value system and reduce our blind adoration of the economy, replacing it with a more human "ethos" and moral standards, closer to the mortal nature of our life.

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16 *TIME: Marketing to Your Mind, Jan 19, 2006*

17 *Brian Arthur: Positive Feedbacks in the Economy*

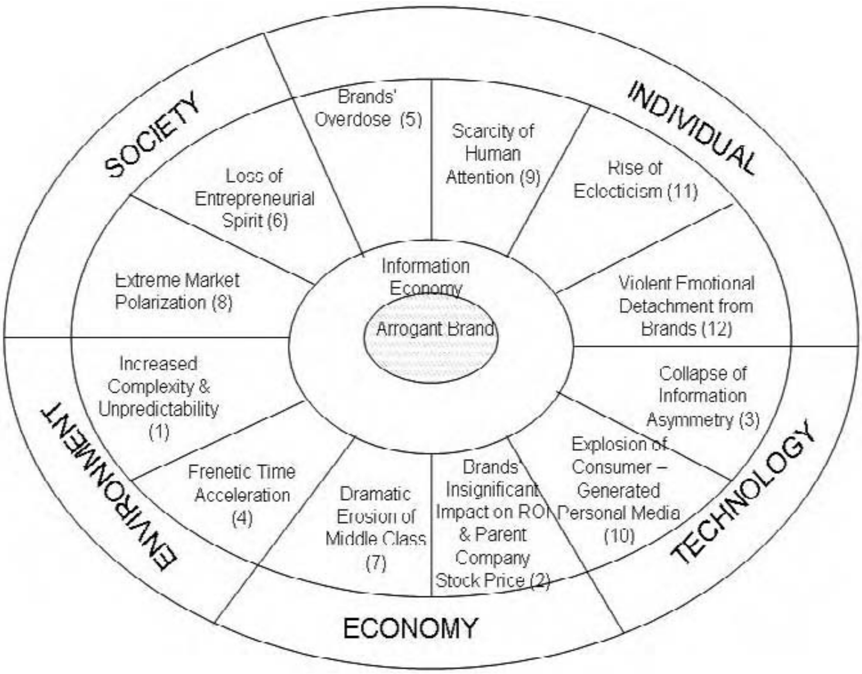
CHAPTER 2

The Twelve Known Unknowns

Our modern socioeconomic and business environment finds itself governed by unpredictability to a far greater extent than ever before. One of the central themes of our times, which has become of paramount importance, is the idea that "we don't know that we don't know". So the "unknown" has become a major force to contend with. There are two catagories of what we term "unknowns" in these pages, these are: known unknowns and unknown unknowns. Unknown unknowns thrive in the world of chaos and complexity and result from unpredictability and randomness. They have the power to provoke extreme and improbable results that are totally unforeseeable. On the other hand, although known unknowns possess characteristics similar to the former, these do at least give some warning signs that could help us adapt and soften the usually devastating consequences and results they would incur, had we not been able to detect them at an early stage. This book deals precisly with what these known unknowns in the marketing and business world are and how to detect them in a timely manner. Failure to do so could have devastating effects that could dramatically affect the future and the very existence of the brand. Why is this so important? Well, the brand is not only the cornerstone of contemporary "corporarchy", but also constitutes a strong personality extension for the modern individual, permeating all our lives, not infrequently in a pernicious way.

In the following pages we describe twelve of what we term known unknowns—deep rooted forces, apocalyptic trends and delusions—that could have catastrophic effects on the brand, as a result of which brands could lose their very "*raison d'être*" and even cease to exist, at least as we know them. These could be the Black Angels of the brand. Forces orchestrated by the rules of the non linear world and non linear thinking. Interrelated forces that we will attempt to make more familiar. This is the dawn of a new era, where the brand meets chaos or, even better, complexity. Graph below depicts a classification and topology of the known unknowns.

Figure 5
Topology of the "Known Unknowns" Undermining the Future of Brands



1. Brands, and Others, as Heroes of the Improbable and Chaos

"How to find them, those regions
of space where the equation traces
over and over a kind of path . . .
. . . to those strange, unpredictable attractors
secrets we can neither speak nor leave."

Robin S. Chapman

The Secret Of Regression To Mediocrity
SUCCESS = SOME TALENT + LUCK
GREAT SUCCESS = SOME TALENT + A LOT OF LUCK

Danny Kahneman (2002 Nobel Prize in Economic Sciences)

When Microsoft took the lead as the world's largest corporation some years ago (now currently third from the top in capitalization—$265 billion, after ExxonMobil and GE—and second in terms of brand value—$59 billion, second only to Coca Cola, in 2007 figures) serious questions arose over the accuracy of one of the most fundamental axioms of classical economics, i.e. the principle that "markets know", the "invisible hand" of the market regulating everything perfectly. However, some post modern and meta orthodox economists[31] have dared to suggest that "the markets do not know" after all! We can see evidence of this fact of real economic life as opposed to classical free market theory in the astonishing phenomenon that in many cases it is actually the inferior products and brands that are becoming market and world leaders, and not the top notch original innovations and goods. (As we all know, Xerox and then Apple were the first to pioneer the icon based window environment, but ultimately it was Microsoft that exploited this innovation gaining all the glory and the money-aided and abetted by IBM's pride and initial stupidity, of course.)

What is it that makes a corporation, a brand, an entrepreneur so unpredictably successful, particularly when no new or innovative ideas whatsoever are involved? Could all the top 'think thanks', top notch consultancies and "McKinseyties" of this world have ever conceived of and implemented a plan for the creation of a company like Microsoft in the first place? The clear answer is no, unless . . . Unless the business idea finds it's way into the proper "attractors". The term "attractor" is used in Chaos Theory or, more correctly, in Complexity Theory. There are three main types of attractor and they can all produce highly

31 *Brian Arthur: Positive Feedbacks in the Economy*

improbable results, or what mathematicians and philosophers call "unreasonable results"[32]. Without aiming to go deep into the subject, I will try to give an example of each and, at the same time, explain how some of the leading world companies and brands were created. It certainly wasn't through the preparation and implementation of a great business idea or a thoroughly prepared cutting edge business plan, however.

Point Attractor. A single parameter and/or attractor (i.e. money, personality, leadership, etc) combined with the proper sequence of a number of events, could lead to a tremendously successful global corporation or brand. A typical example here is EasyJet airline (and subsequently the "EasyEverything" empire). Of course the complexity theory phenomenon that after an initial unexpected great result and/or success, the Law of Increasing Returns or the Snow Ball effect, guarantees future success without particular effort (a kind of automatic pilot taking control as it were), should be taken into account here. Everyone knows that the business idea of a no-thrill, low cost airline is not new. It was first introduced by Sir Freddie Laker, founder of Laker Airways—that operated between 1966 and 1982 in the UK from Gatwick Airport. However, it was EasyJet that succeeded and thrived some years later, primarily owing to EasyStelios's father—a shipping tycoon with enormous wealth and the financial strength to guarantee the initial purchase of almost 20 Boeing planes by a 25 year old college graduate, even if he did happen to have an acute business mind.

Close Loop Attractor. Also known as the Periodic attractor. Personally, I prefer to call it the Ecosystem attractor because it usually thrives in specific ecosystems (and as we know ecosystems tend to generate plentifull rewards and money . . .). It usually appears in conditions of virtual monopoly, where business transparency is not a virtue (i.e. government, military contracts etc.). Enron is a typical example of a corporation that rose to incredible heights in a specific political and economic ecosystem only to collapse, to the great disappointment of investors (not to mention the devastation of employees who found their pension funds had diappeared irritrievably down into the gutter). And all this despite the great minds and expert strategic guidance from the world's most prestigious consulting firm.

Strange Attractor. Perhaps the most complex and chaotic attractor in complexity theory, sometimes also known as the "Lorenz Effect" or the "Butterfly Effect". A typical example here is Microsoft. A series of strange attractors led this company—with questionable technological leadership, a surplus of arrogance, a distinct lack of leadership, indulging in monopolistic and undemocratic practices and other

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32 *Eugene Wigner: The Unreasonable Effect of Mathematics*

questionable strategies (like it's favorite: "target, leverage, link and lock")[33] to the number one global position[34]. Complexity Theory gives us some idea of how, by "chance" (?) and through non linear sequences, some minor events and/or incidents can create unreasonably extreme results.

I do not wish to demystify brands and corporations through the above brief analysis of attractors. What I want to stress is that the unreasonable power and ability Attractors have to produce "extreme brands" are no longer restricted to one side. That is, the power of attractors is now also available not only to brands but to consumers as well, at least in the developed world. Through the more democratic use of the technium and particularly the web, the consumer is now also becoming an active agent. So it is no longer only the brand that is in a position to take advantage of the strange behaviour of the complex/chaotic systems today's "light" economy finds itself operating in. Now, the customer is also so privileged (sometimes even one customer can suffice) and can produce extreme effects and damage to the brand with devastating financial consequences, should he decide to retaliate. (Usually reacting to brands that conceive of the customer as a 'sucker' . . .) Remember the power of the butterfly effect: a small event could produce extreme damage to the brand. For example, as already discussed:

Nike faced an extensive consumer boycott after an article in the *New York Times*, *Shell's* decision to sink the *Brent Spar* in 1995 gave rise to protests and international headlines, *Coke's* bottled water *Dasan*i launched in the UK in 2004 was immediately recalled from the market when it was discovered that not only was it simply tap water but also possibly contained carcinogenic substances, *Barings Bank,* the oldest bank in London (since 1765), collapsed in 1995 owing to the poor supervision of one of it's mid-ranking employees, etc.

Today's digital and networked economy has brought enormous power and freedom back to the customer[35]. For example, the leading blog in the world (of a single person in China) has reached more than 100 million visitors . . . . And as an old axiom in the advertising business says: "Never pick a fight with someone who posts pixels by the millions". Numerous blogs have already been set up to watch the behavior of major brands, in reaction to the formerly exclusive power brands could wield. For example, WalMartWatch.com blog keeps a close eye on the retailing behemoth. On the other hand, ad industry executives are familiar with blogs that critique brand campaigns, like Adrants.com and Adfreak.com. This power is gathering momentum and is shifting from the brand to the consumer as a result of technological developments, making the brand less powerful and less confident. Welcome to the era of the "vulnerable brand".

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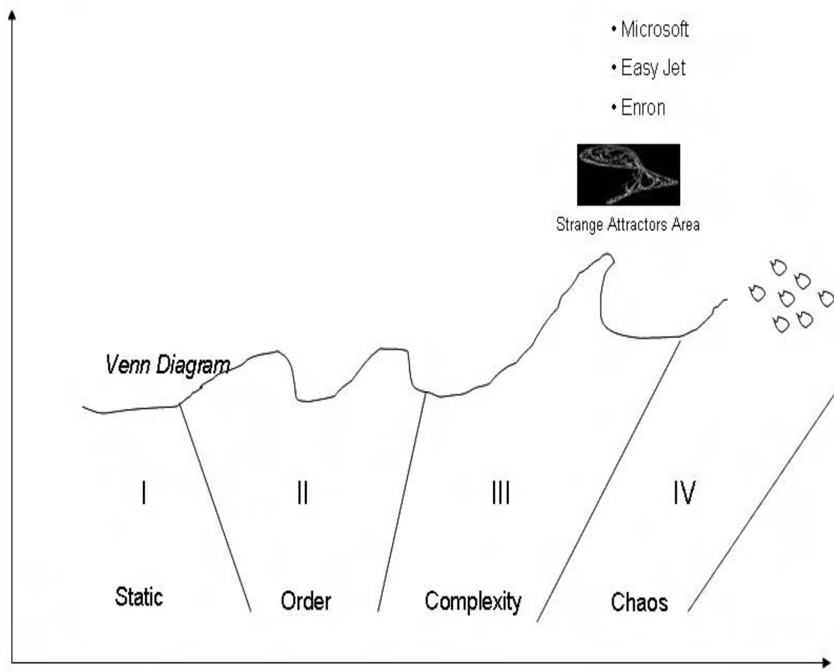
33 *Michael Geist: Vista Gives a View of the New World, BBC, 02/01/2007*

34 *J.Edstrom and M.Eller: Barbarians Lead by Bill Gates (Henry Holt Inc,NY 1998)*

35 *Costas Kataras: The Global Village Information Poor, 1998*

Figure 6
Complexity and "Strange Attractors" Can Produce Highly Improbable Results, Leading to Unreasonable Business Successes and Extreme Brands



Message 1:
Brands, and Others, as Heroes of the Improbable and Chaos
The unpredictable, non-linear, extreme forces thriving on the boarders of chaos and complexity (that in many cases created some of the most powerful brands in the world), are now also available to the consumer, thanks to technology, who can easily retaliate producing extreme and devastating results for the arrogant brand.

3. The Collapse of Information Asymmetry

In many cases the realities of economic life are a far cry from perfection. Adam Smith devised the "invisible hand" as a powerful metaphor to convey how the market, in theory, would always allocate scarce resources efficiently. Yet real world conditions tend, on the whole, to complicate matters. Competition is not perfect, consumers are far from perfectly informed etc. Leading economists appear to be currently hard at work trying to develop more sophisticated and meaningful explanations of how consumers, markets and institutions actually do interact. The 2007 Nobel Prize for economic science was awarded to three American economists working on this subject and particularly for the development of the "mechanism design theory" (Professors Hurwicz, Maskin and Myerson), which is indicative of this trend. Historically, there has always been an information deficit for the consumer in the buyer-seller relationship. Buyers have lacked the critical information necessary to make their choices in purchasing a product, a brand. Initially the missing information pertained to two main parameters: prices on the one hand and quality and product features on the other. However, a colossal new asymmetry has emerged in our information economy, and that is "patents" and the related ownership and sovereignty issues that these give rise to.

Information Asymmetry . . . Down

In modern information economics, a branch of microeconomic theory, "information asymmetry", denotes decisions where one party has more or better information than the other, thereby creating an imbalance in power. In 1991 *George Akerlof, A.Michael Spence and Joseph Stiglitz* won the Nobel Prize for Economics for their work in laying the foundations for the theory of markets with asymmetric information. There are thousands of examples of how leading world brands maximize the benefits of this power for purely financial and bottom line purposes. I will mention only two. On the price front: a cappuccino at Starbucks in Athens costs $4.6 (€3.3) but only $2.35 in New York, i.e. is 100% more expensive in Greece than in New York. Furthermore, if one also takes the average purchasing power of the American which is 100% higher than that of the Greek consumer into consideration, then the same coffee is 200% more expensive in Greece!!!

Greeks are a typical example and victims of information asymmetries, as the country ranks in the bottom amongst the EU nations in internet penetration and generally in all Information Society indicators, and in the top positions regarding corruption.

According to studies[39], Greek consumers are paying the highest prices for some global brands/consumer products more than any other nation in EU-15. At the same time, Greece is the most unhappy nation in EU-15 (again according to the latest studies) and Greeks are ranking seriously high in depression statistics (at the same place with the Americans!!). Are all these strange correlations? Not at all.

Regarding global brands' prices (for same products/packaging, quantity, etc), these are in many cases 50%-85% higher in Greece than, for example, in Belgium. At the same time, the average annual income in Greece is 19.765 euro, compared to 32.770 euro in Belgium!!

On the quality front, the case of *Anderson v. General Motors* is rather typical, as presented by Bakan in his book[40]. Mrs. Anderson and her four children had an accident in 1979 with their Chevrolet Malibu car and all suffered horrible burns because, among other factors, the Malibu fuel tank was not sufficiently protected from the impact of the collision. During the trial it was demonstrated that GM was aware of this and, according to a cost-benefit analysis prepared by the company, it had calculated that repair would cost $8.59 per automobile, while the option to pay the anticipated 500 fatalities that would occur would only cost $2.40 per automobile[41]. That meant that the company could save $6.19 per automobile if it allowed people to die in fuel-fed fires rather than alter the design of vehicles to avoid such fires. (Incidentally, in the same analysis GM calculated the average cost for each fatality or human life at $200,000)!!! What a difference it would have made had the hapless Mrs. Anderson been informed of this cost-benefit analysis before she bought her new car. But today, in our interconnected world where everything is connected to everything else, information is in oversupply and communications are creating a new economy. As leading thinkers phrase it, communication (i.e. digital technology, media etc.) is not a just a sector of the economy, *Communication is the economy*[42].

Through advanced communication technologies, information is available almost on a real time basis creating a new breed of knowledgeable, educated consumers particularly in countries with strong ICT infrastructures (i.e. fast internet). Today, the internet, democratic in nature, equips the buyer to fight this power imbalance and seek redress for the "information symmetry" and "information inequality" that had prevailed prior to the communication technology explosion. According to the main findings of this theory, it is expected that, as a result, the buyer will develop a number of strategies in his quest for information equality. These emerging strategies include: screening and signaling.

39 *NEA Newspaper: Survey on Global Brands' Prices in Greece, 24/10/2007 and EU Statistics*

40 *Joel Bakan: The Corporation*

41 *GM Fuel Tanks—www.safetyforum.com*

42 *Kevin Kelly: New Rules for the New Economy*

Screening

Screening refers to a strategy that facilitates decision making in cases of asymmetric information. The "screener" (i.e. buyer) attempts to rectify this asymmetry by learning as much as possible about the other party (i.e. the seller and/or brand). Does this ring a bell? Of course it does. We're talking about the use of the well known internet tool "search engines" (i.e. Google, Yahoo, etc.). But in addition to these general purpose search engines, specialized ones have also been created for specific product categories providing such information as price comparisons, product characteristics, product hazards, product tests etc. (i.e. vortals, marketplaces, product directories, auctions etc. (Good examples include: *www.uswitch.com* and *www.Skroutz.gr*). For brands, this screening process could not only cover high price goods but also low price products (i.e. FMCG) through automated intelligent machines and robots (i.e. the "intelligent refrigerator" in the context of an intelligent house.)

Signaling

Signaling can be described as the efforts of one of the parties to acquire more information in order to redress asymmetries. For example, the buyer could provide details of the product he wishes to buy (i.e. technical specifications, price range, safety features, legally binding terms, copyright aspects, etc.). This activity closely resembles the "wanted" classified ad columns. The consumer reverses the roles of the traditional relationship and turns the situation into a "buyer's market", dictating the terms and conditions of the transaction. This could also be described as "reverse selling" in the process of which the buyer also indulges in "reverse advertising". So it may hardly come as a great surprise if, in the years to come, it won't be the leading global brands that are the biggest advertisers in the world any more, but the consumers themselves!!![43]

Therefore, we can safely expect that information asymmetry shall be radically reduced over the coming years, in line with the above developments (at least in the digitally developed "north"). In the same way we can also safely assume that extreme profit margins, arrogance, greed and the unethical behavior of brands shall also be reduced. But a new imbalance will appear in the buyer-seller relationship. But this time it will be in favor of the consumer and against the rather powerless brand. Bye-bye "Lemon Law". Welcome "Cherry Law"[44].

43 *Michael Dertouzos: What Will Be: How the New World of Information Will Change Our Lives*, 1997

44 *George Akerlof: The Market for Lemons.*

Patent Asymmetries . . . Up: The Brand's New Battle to Control Our Future

As information asymmetry is collapsing and information equality and democracy have begun to prevail, arrogant brands have already drawn up their new battle lines in their fight against the "enemy" (i.e. the customer) and have already created the new colossal asymmetry of our times: patents! Brands are now focusing on intangibles, that is the "New Assets" in the knowledge based economy: genes, software, databases, know-how, etc., things that constitute the very lifeblood of the information economy, which they have now set out to control. With all sorts of patent absurdities and huge budgets available for legal services and fees, the aim of brands is firstly to carve up humanity's very intellectual legacy (by grabbing seeds, software and content and even the human genome) and secondly to undermine the customers' actual ownership rights. S.Shulman[45], a well known author on the subject, has raised a sobering alarm over the trend to privatize information and knowledge through the expansion of patents, copyrights and trademarks and asks what this trend will ultimately mean for the future of our democratic society. Lets take a closer look at three specific cases demonstrating the arrogant brands' attempts to control and even claim outright ownership of people's bodies and minds, and punish those not bowing to their wishes by illegally incorporating a kind of "terminator technology" in their products that destroys people's harvests, ideas and legacy.

License to Kill (Seeds and . . . Farmers)
We draw from an article in TIME Magazine[46]:

> "For farmers hoping for a healthy harvest, the best place to turn for help these days is the Monsanto Corp. One of the world's leading biotechnology companies—and lately a pioneer in genetically engineered seeds—Monsanto has been incorporating flashy traits like herbicide and pest resistance into everything from canola to corn. But such supercrops don't come cheap. Farmers pay a premium for Monsanto seeds, and to make sure they keep paying, the company requires them to sign an agreement promising not to plant seeds their crops produce. If farmers want the same bountiful harvest next year, they must return to the company for a new load of seeds. While this arrangement makes sense for Monsanto, it works only if farmers honor it—something that's difficult to police in the U.S. and almost impossible in the developing world. Now, however, Monsanto hopes to enforce biologically what it can't enforce

45 *Seth Shulman: Owning the Future, 1999*

46 *Jeffry Kluger: The Suicide Seeds, TIME 1/2/1999*

> contractually. With the help of clever genes currently in development, future Monsanto crops may be designed with a new feature in mind: *sterility*. No sooner will the company's plants mature than the seeds they carry will lose the ability to reproduce.

From Monsanto's point of view, the set of new genes—which others have dubbed Terminator—is a perfectly legitimate way to protect their intellectual-property rights. Not everybody agrees. And in the 10 months since the patent for the seed-sterilizing technology was issued, Terminator has become the focus of a grass-roots protest that is spreading through the Internet like, well, wildfire. Let the new science take hold, opponents warn darkly, and farmers could find themselves coming to Monsanto, seed cup in hand, paying whatever the company demands before they can plant that season's crop. Worse still, some doomsday scenarios suggest, pollen from Terminator plants could drift with the wind like a toxic cloud, cross with ordinary crops or wild plants, and spread from species to species until flora all around the world had been suddenly and irreversibly sterilized.

For all the heat Monsanto is taking, the company did not create Terminator. The technology was developed by the USDA and a Mississippi seed company known as Delta and Pine Land, and the patent was awarded to both of them. Monsanto later made a $1 billion-plus offer to buy Delta—an offer that was quickly accepted. Opponents don't care who made Terminator. To them the idea is Frankensteinian on its face. After tweezing out a toxin-producing stretch of DNA from a noncrop plant, gene scientists managed to knit the lethal genetic material into the genome of commercial plants. They also inserted two other bits of coding that would keep the killer gene dormant until late in the crop's development, when the toxin would affect only the seed and not the plant. But because the seed company needs to generate enough product to sell in the first place, the scientists included one more DNA sequence—one that repressed all the sterilizing genes they had just inserted. Once they had grown all the seeds they needed, they would soak them in an antibiotic bath that neutralized the genetic repressor—rendering them infertile. "This is the most intricate application of genetic engineering to date," says Margaret Mellon, a senior scientist at the Union for Concerned Scientists."

On the same subject Fedco, an American cooperative, points out:

> "Terminator technology, by creating genetically altered varieties that produce sterile seed, would make seed-saving by farmers who use the altered seeds impossible. It will be targeted largely at major crop commodities such as soybeans, rice and wheat that have not been successfully hybridized on a commercial scale. An estimated 1.4 billion people, mostly poor farmers in third world countries, depend primarily on farm-saved seed. Last year the United Nations Food and Agriculture Organization's Panel

> on Eminent Experts on Ethics in Food and Agriculture concluded that Terminator seeds are unethical. All of the major seed industry behemoths, including Monsanto, Novartis, AstraZeneca, DuPont, BASF, and Aventis, have similar patents in the works. The next generation of technologies will create packages which, induced by proprietary chemical activators, can control multiple factors such as acceleration or stunting of plant growth, reproductive viability, and disease or herbicide resistance. The aim of the gene giants is not just to discourage seed saving or replanting but to make farmers totally dependent on the seed company, and ultimately to control the entire food system from seed to table. Terminator is only the most visible and dramatic manifestation of the potential impact of genetic engineering on our lives."

A great thinker and author on technological issues, J.Rifkin, is also a fierce opponent of "terminator technology", which he considers shameful and suggests that the whole patent policy in the US is illegal.

We draw from an interview given by *Jeremy Rifkin to ABC Radio (Australia,1999)*:

> ". . . farmers are having lots of problems in the fields. It's not delivering, and farmers are also very very worried about corporate control. I don't know if you've ever seen a Monsanto contract, but it's quite interesting. When a farmer secures a seed from Monsanto, there's no sale. There's no seller, there's no buyer, there's no exchange of property. Instead the contracts says to the farmer You are accessing the DNA in this seed for one growing season. That means you never buy the seed and it means the new seeds that you get after the harvest do not belong to you the farmer. You cannot use them, you're violating the contract. They will have to access that information—those seeds every year form 3 or 4 giant trans-national companies who will literally have the lock on the seeds and a lock on the intellectual property contained in those seeds. That's a basic change in agriculture. That's the end of the sovereignty for farmers all over the world, and farmers are waking up to that fact and beginning to reject these genetically engineered seeds.
>
> . . . . I think the terminator is shameful. It's evil and it's unconciable(?), and I'm absolutely assured the world community's going to reject it. My personal belief is that all of these patterns on genes are illegal. You know when the chemist discovered the chemical elements in the periodic table, they were not allowed to have patents on the actual chemicals like helium and oxygen and titanium and uranium. That would've been bizarre, ridiculous. Yet we are allowing life science companies to claim patents on genes which are also discoveries of nature. I think the patent policy in the US patent policy is illegal. It's gonna be challenged and I will predict to you now that the patent policy of patenting genes will not hold."

Last but not least, according to media in India, 80% of farmers committing suicide in the country, are farmers not able to pay off their debts and loans used to buy genetically modified seeds that failed to deliver on their promises.

For Sale: A Nation's Genetic Code

But it's not just harvests and farmers that have lost their sovereignty. Men and women appear to have lost their rights to and very ownership of their own bodies!!

We draw from an article in The Washington Post[47]:

> "Iceland has decided to become the first country in the world to sell the rights to the entire population's genetic code to a biotechnology company—a move that is highlighting the promise and risks of the genetic information age. The strikingly uniform DNA of Iceland's largely blue-eyed, blond—haired populace is expected to provide an invaluable resource for studying human genetics, leading to fundamental insights into many diseases, proponents say."

In relation to the same issue, Prof Chadwick[48] notes:

> "On 17 December 1998, as a result of legislation instigated by deCODE genetics, a Delaware biotechnology company working in Reykjavik, the Icelandic parliament adopted a law making it legal for a private company to construct an electronic database of the country's health records. deCODE has received an exclusive license to build a database of Iceland's medical records (including diagnoses and test results, treatments and side effects) and will be able to combine and analyze these with genetic and genealogical data. The act also grants deCODE exclusive rights to commercial exploitation of the database for 12 years. Accordingly, deCODE has entered into a (non-exclusive) arrangement with Hoffmann-La Roche which gives the latter company access to the database for the purpose of researching the genetic origins of 12 common diseases."

Furthermore, as J.Rifkin points out in one of his books[49], we ceased to have any rights to and ownership over our own bodies long ago. In 1984 a cancer patient, Mr. Moore, discovered that his cancer cells which were used for tests by the University of California did not belong to him. In 1990 the California court decided against

47 *The Washington Post: For Sale in Iceland: A Nation's Genetic Code, 1/12/1999*

48 *Prof Ruth Chadwick/University of Central Lancashire:The Icelandic database- modern times need modern sagas*

49 *Jeremy Rifkin: The Age of Access, 2000*

Mr. Moore, decreeing that all knowledge derived from and access to his cells were the property of the University and companies collaborating with it.

Our Imprisoned Mind: Can You Ever be Free from Microsoft?

It is Vista, however that demonstrates best of all how our new world, where almost nothing is owned by buyers and people themselves, actually works. Microsoft has created the new colossal asymmetry of our times where the brand or product bought by a customer does not belong to him. In fact the opposite occurs: the customer "storing" his work, thoughts, ideas, innovations, secrets, etc. in his Microsoft controlled PC is totally dependent on the SW giant, and the "terminator technology" that can delete or harm the data stored in the user's computer. Microsoft has the power to use this technology at will. Regardless of whether the customer's copy of the said program is legal and genuine, the Company imposes enforcement of the use of the original SW in an effort to maximize sales and profits. In an interview broadcast from the BBC[50], internet law professor Michael Geist casts a critical eye over the fine print in Windows Vista and is concerned over what he finds.

"Vista, the latest version of Microsoft Windows has made its long awaited consumer debut. It incorporates a new, sleek look and such novelties as better search tools and stronger security. Early reviews have tended to damn the upgrade with faint praise, however, characterizing it as the best, most secure version of Windows, yet one that contains few, if any, revolutionary features. While those reviews have focused chiefly on new functions, for the past few months the legal and technical communities have dug into Vista's "fine print". Those communities have raised red flags about Vista's legal terms and conditions as well as the technical limitations built in to the software at the insistence of the motion picture industry. The net effect of these concerns may constitute the real Vista revolution as they point to an unprecedented loss of consumer control over their own PCs. In the name of shielding consumers from computer viruses and protecting copyright owners from potential infringement, Vista seemingly wrestles control of the "user experience" from the user. Vista's legal fine print includes extensive provisions granting Microsoft the right to regularly check the legitimacy of the software and holds the prospect of deleting certain programs without the user's knowledge. During the installation process, users "activate" Vista by associating it with a particular computer or device and transmitting certain hardware information directly to Microsoft. Even after installation, the legal agreement grants Microsoft the right to revalidate the software or to require users to reactivate it should they make changes to their computer components. In addition, it sets significant limits on the ability to copy or transfer the software, prohibiting anything more than a single backup copy and setting strict limits

50 *Prof Michael Geist: Vista Gives a View of the New World, BBC, 02/01/2007*

on transferring the software to different devices or users. Vista also incorporates Windows Defender, a security program that actively scans computers for "spyware, adware, and other potentially unwanted software". The agreement does not define any of these terms, leaving it to Microsoft to determine what constitutes unwanted software. Once operational, the agreement warns that Windows Defender will, by default, automatically remove software rated "high" or "severe" even though that may result in other software ceasing to work or mistakenly result in the removal of software that is not unwanted. For greater certainty, the terms and conditions remove any doubt about who is in control by providing that "this agreement only gives you some rights to use the software. Microsoft reserves all other rights"."

This phenomenon of theft of the computer user's rights has provoked customer reaction. The FSF's reaction is indicative of this trend[51]

"Vista is an upsell masquerading as an upgrade. It is an overall regression when you look at the most important aspect of owning and using a computer: your control over what it does. Obviously MS Windows is already proprietary and very restrictive, and well worth rejecting. But the new 'features' in *Vista are a Trojan Horse* to smuggle in even more restrictions. We'll be focusing attention on detailing how they work, how to resist them, and why people should care", said FSF program administrator John Sullivan.

Peter Brown, executive director of the FSF said, "Whilst Microsoft embarks upon its largest ever product launch, its marketing dollars will be spent in an effort to fool the media and user community about the goals of Vista. Our campaign will ask the important questions. Can you set yourself or your company free? Can you ever be free from Microsoft? As with our campaign against Digital Restrictions Management, we aim to demonstrate that technologists can be social activists, because we know the harm that Vista will cause". Among other harms will focus on the danger posed by Treacherous Computing in Vista. Commonly called Trusted Computing in the industry, it is *an attempt to turn computers from machines controlled by their user into machines that monitor their user* and refuse to operate in ways that manufacturers don't authorize.

As a result of consumer pressure, *Microsoft's "Terminator" the so-called "kill switch"* was dropped from Vista, according to recent media reports[52]*:*

"Microsoft is to withdraw an anti-piracy tool from Windows Vista, which disables the operating system when invoked, following customer complaints. The so-called "kill switch" is designed to prevent users with illegal copies of Vista from using certain features. But the tool has suffered from glitches since it was introduced with many Windows users claiming that legal copies of Vista had been disabled."

51 *December 15, 2006—The Free Software Foundation*

52 *"Kill switch" dropped from Vista: BBC, 2007/12/04*

Who Needs a License? The Customer or the Brand?

The new patent and legal asymmetry described above, poses a major threat for the freedom of people in their role as consumers of goods and services. How can a number of arrogant brands and corporations—in most cases acting in a monopolistic ecosystem under government toleration——dare to claim that our bodies (i.e. the DNA "stored" in our cells) and our mind (i.e. our ideas, thoughts and creations "stored" these days in a PC, controlled by Microsoft's software) do not actually belong to us? Lets take a quick look at the history of this legal entity known as the "corporation".

Only a Few Centuries Ago it was a Serious Crime to Establish a Company

The creation of a corporation, as a legal entity (and in extension corporate brands and product brands—though these did not then exist in their present form) constituted a serious crime in England up to 1720, entailing serious punishment for those attempting to commit such a crime.[53] For 300 years since then, however, corporations have been made "legal" and allowed to operate, after obtaining a "license to operate"—for a pre-agreed and limited time—from governments and civil society in general (through their representatives in parliament). But through their increased power mostly deriving from the funding of politicians and political parties, this basic licensing regulation has in effect atrophied today. As a result, corporations attempt to limit the use of their products by consumers who have bought them and fully paid for them, through their own licensing. Furthermore, through legal, patent related strategies, brands are now even denying the very central tenet of the free market; the constitutional right of "ownership" and even sovereignty. This is a total reversal of the situation where we, the people, were the ones giving a limited license to corporations to operate. Now it is corporations giving people a limited license to use the products which they have fully paid for, thereby denying them the right of full ownership to which they are entitled. The epitome of arrogance . . .

The Lords of the World?

Thus it was that in our times, Corporations and their brands not only became "legal", but actually became the new lords of the world. And as Hope Shand of RAFI (US) puts it with regard to farmers "only this time, instead of controlling the land, the new feudal lords—the large agrochemical firms—gain their power and wealth by owning the information contained within the new high-tech seed varieties". Arrogant brands are now even in a position to initiate wars and "coups d'état" (i.e. though the case of United Fruits in Central America may be old it is far from unique and we have many new examples) to force governments to pass legislation favorable to them, and even to place themselves beyond any legal and judiciary control. For example, in 1998 the

53 *Joel Bakan: The Corporation- The Pathological Pursuit of Profit and Power, 2004*

US Department of Justice in an attempt (truly?) to deal with Microsoft's monopolistic practices initiated legal proceedings but after four years and with the election of Mr. George W. Bush, ultimately gave up. On the contrary, Europe is persisting with its efforts to defend the freedom of Europeans against Mr. Bill Gates' monopolistic practices. Only recently, Microsoft was fined €500 million ($700 million) by the European Court of Justice. However, with annual profits of $14.7 billion this fine will hardly even a drop in the water for the software monopoly. (However, the whole story is indicative of why, in the long run, European companies operating in a more democratic and transparent environment, are becoming better and will ultimately prevail over their US counterparts, which will be discussed later on in this book).

There are no Innocent Brands nor Innocent Nations either. The Myth of Powerless Nations and "License to Operate" Enforcement

There is no doubt that in our times the power of nations vs. corporations has been considerably eroded, mainly for the following two reasons: the phenomenon of "obsolete geography" (through the "de-localization" engendered by globalization, corporations exercise pressure on governments seeking investments), and the practice of "donations to political parties" (transparent and legal or otherwise). However, it would be rather naïve to believe that nations lack the power and mechanisms necessary to establish polices ensuring the proper conduct of corporations. Prof Weiss[54] suggests that national states could develop a variety of policies to control corporations and that their cries of "victimization" are not valid. I would also like to add here that this is nothing but a very convenient lie. However, politicians' strong survival instincts and pathological addiction to running and wielding power, will probably prove stronger than corporations' pathological pursuit of extreme profits.

Lets take Mrs. Hillary Clinton, as an example here. In 1990, when she had no personal political ambitions she had a seat on Wal-Mart's board of directors. This is the biggest company in the world with turnover of $348 billion, 1.8 million employees, notorious for refusing its employees' full social security rights in many cases (and also for its heavy budget for political donations, which is possibly the largest in the world.) However, as a candidate for the US presidential nomination now, Mrs. Clinton has refused to accept a legal "donation" from her former employer. Furthermore, if she is elected and has to choose, she will not hesitate to turn against the company rather than disappoint her voters, thereby forfeiting future electibility (and if this is not the case in the US, it certainly is the rule in most other countries). Nations do have a very powerful weapon in their arsenal to force corporations to behave in a more ethical manner: this is the "license to operate". Nations must reinforce this weapon and it is expected that they shall soon start enforcing annual license renewal applications where companies will have to submit their balance sheets based on

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54 *Linda Weiss: Globalization and the Myth of the Powerless State, New Left Review*

the so called "triple bottom line" principle, that is submitting the financial balance sheet, the social balance sheet and the environmental balance sheet for approval. In some countries (UK and Scandinavia) legislation in this direction is already underway. In the end politicians will probably prove more resilient than brands.

Message 3:

The Collapse of Information Asymmetry

Information asymmetry or imbalance has always been in favor of the brand up to now, but this is being reduced dramatically in our interconnected world as it is the better informed customer who now dictates the rules of the buyer-seller transaction at the lower-end of goods or "old assets". However, brands are creating a new colossal asymmetry through the use (abuse?) of patents in order to control the "new assets" of the information economy along with customers' intellectual legacy, thus risking their very "license to operate" since in order to ensure the strict enforcement of license terms, it is expected that governments will soon require approval of brands' financial, environmental and ethical balance sheets, making it harder for them to flourish as they have been doing up to now.

8. The Brand's Death Sentence: The Violent Market Polarization Effect

The brand's arrogant genes filled with an excess of ego and vanity in their quest for extreme profits, power and "grandeur", are often prepared to sacrifice their very "homeland". In commercial terms, the brand's "homeland" is the vast middle class, the mass market, where the traditionally mass produced brands came of age and thrived. The squeeze and evaporation of the middle class (as described in the previous chapter) by the foolish and greedy behavior of brands and ruthless "corporarchy", is posing a big threat; the brand's most important and core market is vanishing. And its "terra vita" is being equally undermined.

Expelled in the "Polar"

The exponential erosion of the middle class has developed a new societal structure formation through the creation of bipolar conditions consisting of the extremely wealthy on the one hand and the extremely poor on the other, with practically no room left in between. Such a formation within the US and other countries of the affluent "north", has made it look as if two nations exist within the economically developed countries, today. According to a recent book by a Wall Street Journal columnist[88] one of the countries is called "Richistan". We can call the other "Pooristan" . . . Who are each of these two "countries" populated by, and how do the citizens of each behave with regard to their buying needs?

"Richistan", as its very name suggests of course, is populated by the elite rich. According to estimates, there were 13 billionaires in the US in 1985, while today there are more than 1,000. 227,000 new financial millionaires, people with more than one (1) million in investible assets, had come into being in the US by 2005. Usually, if you want to belong to this "nation" you need about $10 million before you can be considered eligible as a potential "citizen". The top 1% of these citizens control $17 trillion in wealth, by far more than many developed nations put together. If you like, you can add their poor relatives working in "high finance" to the above. These "poor relatives" are none other than, for example, the 26,500 employees of Goldman Sachs for instance, who all earned an average of $623,000 each in only a year-end bonus, on top of their generous salaries!! Citizens of "Richistan" are, according to Frank, "financial foreigners" within their own country. They have their own health care system staffed by "concierge doctors". They have their own travel network, private jets and destination clubs. Rumor has it that some of them even

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88 *Robert Frank: "Richistan"- Journey Through the American Wealth Boom and the Lives of the New Rich*

have house staff numbering over 100 people (servants?) and of course a household manager, etc.

Now, who is "Pooristan" populated by? Well, lets see now, that's the 35 million Americans living with low food security (i.e. in conditions of hunger), the 37 million living under the poverty line, the 46 million uninsured, elderly Americans, 2 in 5 of whom live (or rather manage to survive, to the extent that they do) on less than $18,000 a year and all those described at the beginning of this chapter. So what are the new conditions now prevailing as a result of these two opposite "nations" within a country, for the brand? This is my scenario. In "Richistan", mass produced products and brands are most certainly not an option. This is the land of the artisan and luxury items. The land of personalized, customized goods and delicacies. The land of the bespoke, where there is no room for the Nikes of this world. Furthermore, this is a land where inconceivably expensive experiences are being sought, something traditional brands would be hard pushed, to say the least, to provide. This "nation" or gated community is way out of reach for the vast majority the brands as we know them, who now find themselves left out in the cold (like most of the rest of us come to think of it). In "Pooristan", on the other hand, ordinary people (who, here, are poor by definition) would love to have a brand experience, but progressively they will no longer be able to afford it. So they will turn back to the future, i.e. to home made products, do-it-yourself, no label or own label but cheaper products, etc. In a word, it will be back to the years of the Great Depression and even worse. So in effect, after its fatal war against the middle class, the arrogant, psychopathic and ultimately suicidal personality of the selfish brand, shall be left without a market. Not very unlike a superstar on the stage with no one left in the audience to cheer and admire him.

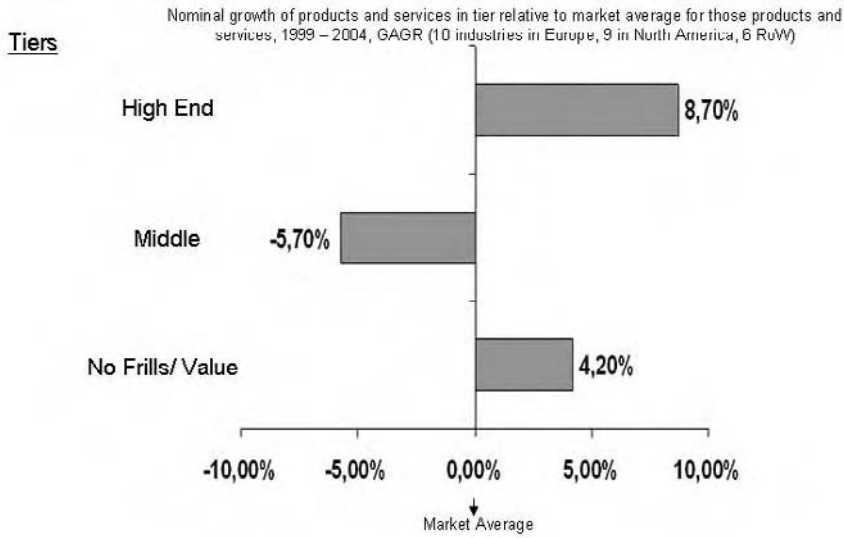
In their desire to sound more politically correct, some analysts and management gurus have called this phenomenon "polarization". But put quite simply and succinctly, what we are witnessing is simply the "disappearance of the middle class". Brands have played their own infamous part in orchestrating, initiating and performing a series of vile actions that have led to the depletion and ultimately the virtual disappearance of the middle class, through the imposition of forever growing income inequality on society. Middle class/level workers can no longer enjoy a decent income; their jobs have been shipped to Asia and other low cost (slave labor conditions) countries, reducing them to part-time, low-paid, even "unemployable" workers.

Staying in the Middle: A Death Sentence?

The above is amply supported by McKinsey's findings in a 2005 study. This leading consulting firm's report states: "Our study of 25 industries and product categories in Europe, North America, and on the global level shows the extent of this phenomenon, known as market polarization. We found that, from 1999 to 2004, the growth rate of revenues for mid tier products and services trailed the market average by nearly 6 percent a year. For companies competing in industries and product categories as diverse as appliances, banking, mobile phones, and apparel, growth is strong at both ends of the market. Such companies face a difficult choice: either focus on one of the market's extremes and concede ground elsewhere or learn to serve both premium and value customers. Nokia, for example, has opted for the latter approach by attempting to expand beyond its traditional stronghold in the middle market. The company is marketing handsets that boast features such as cameras and MP3 players to customers in the premium segment while offering stripped-down phone models to rapidly growing emerging markets.

"A second group of industries and product categories (such as airlines, groceries, PCs and servers) has been experiencing growth as customers migrate primarily toward the value-oriented part of the market. For companies in this group, it is crucial to drive costs down because no-frills competitors are constantly on the lookout for new opportunities—as Dell and Wal-Mart Stores demonstrated several years ago with their expansion into servers and groceries, respectively. Incumbents that can't lower their costs enough may find they have no alternative but to exit the market. A third group of industries and product categories, ranging from digital cameras and MP3 players to coffeemakers, diapers, and razors, is achieving growth at the higher end of the market. (A similar move toward closer partnerships and value-added solutions is also taking place in many business-to-business industries.) Companies that thrive on higher-end offerings tend to justify higher prices by focusing on innovation that adds value and on forging an emotional connection with consumers or solutions-oriented corporate customers. Consider how Apple's iPod changed the MP3 game or how Gillette has continually broken new ground with its Atra, Sensor, and Mach3 razors.

Figure 11
The Polarization Effect and the Vanishing Middle Market



Source: McKinsey, 2005

"Our research has unearthed significant variations in the ways polarization plays out within industries. Consider the refrigerator category in Europe. Although traditional producers and channels have seen their market share for midrange products remain fairly constant, this segment is in relative decline. The explanation is that imports (particularly of new brands at the market's high and low ends), which are often sold through new channels such as hypermarkets and big-box retailers, have grown significantly. The overall market, as measured by the number of units sold, is becoming polarized, as much of the revenue growth takes place at the high end.

"We also found that polarization occurs at significantly different speeds in different parts of the world. The spike in demand for high-end refrigerators occurred roughly a decade earlier in North America than in Europe, for example. This phenomenon was perhaps caused by the rapid growth of the top income categories in the United States and by the fact that premium brands such as Sub-Zero and Viking were better established there. Today, however, the growth rates of high-end models in Europe have overtaken those in North America. As companies and consumers on the Continent adjust to an expanded European Union, polarization could play out in many different ways. We also examined a significant sample of polarization in Europe's auto industry. As elsewhere, the compact-car segment has traditionally been associated with mid tier brands. Now, however, automakers such as Audi, BMW, and Mercedes are introducing luxury compact models—and changing the segment's dynamics in the process. Market polarization is a powerful trend that will continue to have a pronounced impact within channels and across industries and regions. The pattern of polarization does not lie in a category's DNA, however. Instead, product and service providers and their channel partners will heavily influence how this phenomenon unfolds. For companies hoping to stretch their offerings to take advantage of these new opportunities, developing a keener understanding of the changing needs of the customer is the place to start."[89]

A Declared Civil War: "Good" (Brands) vs. "Evil" (Own Brands)

The squeezing of the middle class and the dramatic reduction in it's purchasing power has turned middle class consumers to the cheap, so-called "own brands" (or no label brands, or house brands, or private labels, etc.), which have experienced a meteoric level of success over recent years. This development is extremely serious, threatening the very existence of traditional brands. For example, according to data in the personal care field, consumer spending on private label products grew globally from $4.3 billion in 2000 to $7.4 billion in 2005. As expected, traditional brands are putting up a fierce fight against the newcomers, now addressing the rationalized needs and depleted purchasing power of the "poor polar" ("Pooristan"). A civil war has broken out. Good (brands) vs. Evil (own brands). Even extremely powerful brands are taking this threat very seriously and have begun to respond aggressively to it. In 2006 Procter & Gamble filed its largest ever lawsuits against private labels involving nine brands. Clearly the world's largest brands are prepared to respond aggressively.

In addition, national brand associations are also responding to the same threat. (i.e. the German Brands Association with it's €25 million campaign, *"The Brand. I wouldn't buy anything else",* the Austrian equivalent with the *"Battle between Good and Evil"* campaign etc.) However, despite the power of brands, consumers are beginning to buy something else more and more frequently. More and more, own labels are not only improving their quality but also offering innovative products that consumers prefer. More and more, supermarket private label brands are creating a strong identity and profile, by spending large amounts on advertising. Consumer researchers predict that within a few years supermarket private label brands will gain a 50% share of the food

89 *Trond Riiber Knudsen, Andreas Randel, Jørgen Rugholm: The Vanishing Middle Market(McKinsey, 2005)*

retail market!![90]. What more proof do we need to realize that, in the middle glass food sector at any rate, the traditional brand is already moribund!!! And make no mistake: no product group is safe. Many more will follow, since this is not an issue of personal taste and preferences. This is not an issue of market polarization either. This is in fact a fundamental effect of the progressively growing inequality in society, income erosion and the evaporation of the middle class, by greedy brands and corporations.

Empowered and Reborn Retailers

As if civil war between traditional brands and own label brands were not enough to be causing considerable damage, brands also have to fight in very hostile terrain today. That of the new, empowered and reborn retailer. Traditionally, through their large advertising budgets and persuasive power, brands exercised the enormous force of their "pull" on the consumer and, in turn, on the hapless retailer, no mater how large or small he may have been. But things have changed and retailers are now gaining much more power, to the extent that they could actually force brands out of business (see previous page on own brands). Brands were once so powerful that they could even dictate to retailers what other brands could be offered (and ***not*** be offered) to their clients, thereby imposing monopolistic conditions on them and destroying fair competition!!

The whole situation has been turned upside down now. A number of current trends are now acting in favor of retailers, such as: the vast growth in multiplied touch points and/or distribution channels, the general shift to spend more on experiences and less on household products, and the focus on the "rich polar" ("Richistan") that usually requires special skills like pampering and private shopping experiences. Naturally, brands cannot provide all these amenities and services. It is the retailer who is better positioned to do so; a reborn retailer who can now dictate the new rules of the game to the once, but no longer, supremely powerful brand. In the meantime, brands are trying to establish what they call "more collaborative relationships" with retailers and all other channels and touch points. In that context, particularly packaged goods marketers, are learning the new "hi-tech" techniques of how to influence consumers at the point of sales of large retailers, known as "shopper marketing"!!!

Message 8

The Brand's Death Sentence: The Violent Market "Polarization" Effect

The new societal formation with its "Rich Polar" and "Poor Polar" is creating a polarization phenomenon and the death of the middle class, that, combined with the resulting demand for own labels and the empowerment of retailers/channels, are imposing an extreme threat to an already, in some sectors, moribund brand.

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[90] *Hajo Riesenbeck and Jesko Perrey: Power Brands*

iii. The Road to Evolution: From the "Reactive" Corporation and . . . Brand to the "Brand in Fragments"

"We have long believed that when the rate of change inside an institution becomes slower than the rate of change outside, the end is in sight. The only question is when".
Jack Welch (CEO GE, 2000)

Since strategic planning no longer works we need a better way to manage uncertainty. Evolutionary systems exhibit a phenomenon known as the Red Queen effect, named after the famous (or infamous) character in Louis Carroll's "Alice Through the Looking Glass" and her remarks. Unless an organization moves faster than the changes in its environment (which itself is constantly changing in response to the organization's change), it will lose its competitive advantage, and lose out to other players. The key to sustained success is to keep building competitive advantages so that when one wears off, another one has already been built in its place. All the same, it remains impossible to anticipate the future and plan ahead. The only way firms can tackle this is by creating an agile organization, where processes are designed to reduce reaction time through the reduction of various lags like feedback time, product development cycles and new project gestation periods, so that the organization may *react faster* than its competitor. Some studies propose that the organization must transform itself into a *reactive learning system* with heightened sensitivity to its environment in order to gain sustainable competitive advantage. Such a system would be adept at capturing the smallest turbulence as soon as possible and hence would best equip an organization for such a highly dynamic and unpredictable milieu.

Could The Best Strategy Be No Strategy at All?

Today, businesses operate in a chaotic environment where the tenets of strategic planning do not appear to apply any more. In such a chaotic environment, governed by randomness and a seeming absence of rules, where even small changes in the system produce huge amplified effects, the key to success lies in *speedy* reactions. It is only possible to achieve such speedy reactions, however, through a heightened sensitivity to the environment. Proper mechanisms can equip an organization to counter the Red Queen Effect, by helping it to adapt to the turbulence in the environment. Such systems can help capture information to help managers track the occurrence of turbulence. But, at the same time, it is of paramount importance that individuals within the organization must be empowered to act within the framework in order to produce the desired speedy reactions. This would enable the organization to be *"reactive"* rather than "*proactive"* in its approach and facilitate effective utilization of resources to help it retain its competitive advantage through swift adaptation to the changing environment. Studies have recognized the need for change entailing the abandonment of strategic planning and propose a model that would transform an organization into a highly sensitive and agile organization. In short, it is proposed that *the best strategy is no strategy at all.*

Adaptability and "Creative Destruction"

It is evident that speed, the time factor and particularly the "accelerium" as described in previous chapters, together with the increased uncertainty prevailing in our times, are imposing dramatic challenges to modern corporations and making long term and even short term planning almost a hopeless exercise. As living and learning agents, however, organizations adapt accordingly, shifting to a kind of "reactive" mode as a matter of course. Typical examples of such reactive corporations, operating on the edge of "chaos" and planned "creative destruction" (with the Schumpeterian meaning of the term, i.e. in pursuit of innovation) include companies like: GE, Nokia, Apple, and many others. Talking about speed and the "accelerium", former CEO of GE Jack Welch (SOS: find book in Amazon) is very precise. In the 2000 Annual Report he states: *"We've long believed that when the rate of change inside an institution becomes slower than the rate of change outside, the end is in sight. The only question is when"* Corporate history shows that the majority of companies that managed to survive over a long period of time were those with genius and a talent for inspired adaptability to which they owed their ability to endure and grow. A few such examples are: Nokia, which sold toilet paper in the USSR till 1990; 3M which began life as a failed mining company; Apple, the failed inventor of the revolutionary personal computer, on the brink of collapse till Steve Jobs came back, after almost two decades, and transformed the company to a "nice" portable/handheld, music and more (iPod, iTunes, iPhone etc.), electronics company—very much to the great annoyance of SONY (a catastrophic example and the epitome of the Japanese arrogant brand legacy, as the company has turned out over recent years.)

Adaptability is a key element in the evolutionary process of all living organisms, in order to achieve survival. It can therefore come as no surprise that, in an effort to adapt to the new environment and survive, brands also began adapting by entering the reactive stage a few years ago.

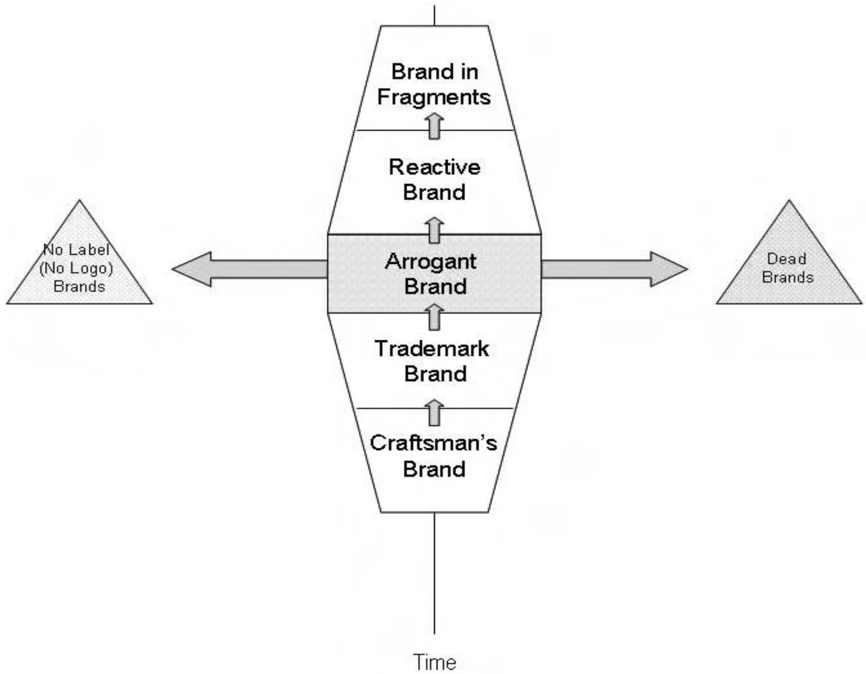
The "Reactive" Brand

P&G is a good example of what could be described as a "reactive" brand (or "house of brands"). The company's recent strategy has shown signs that it may be transforming itself into a kind of "financial house of brands" in reaction to an environment currently in a state of flux. That is, it is trying to survive in the new business environment by adapting to it. Quite simply, what it is evolving into is an entity that buys and sells brands (i.e. Gillette, Duracell etc.) much like a typical financial institution (i.e. banks, funds etc.) dealing in stocks, securities and other such intangibles, instead of brand creation per se in the traditional marketing meaning of the term. It should be noted that P&G was the company that almost invented modern marketing management and perfected the product (brand) management model that many companies adopted for their organization. However, reactive organization does not signify the end of the evolutionary journey. It is only one of the many stages that are bound to follow, and most certainly a short and intermediary stop on a long evolutionary road. Signs of the next, more permanent, stage are now already clear. The "Brand in Fragments" is the next evolutionary stage.

Towards the "Brand in Fragments"

In discussing adaptation we should bear in mind that any kind of evolutionary approach is usually best explained in a holistic framework, or some kind of General Systems Theory (GST).

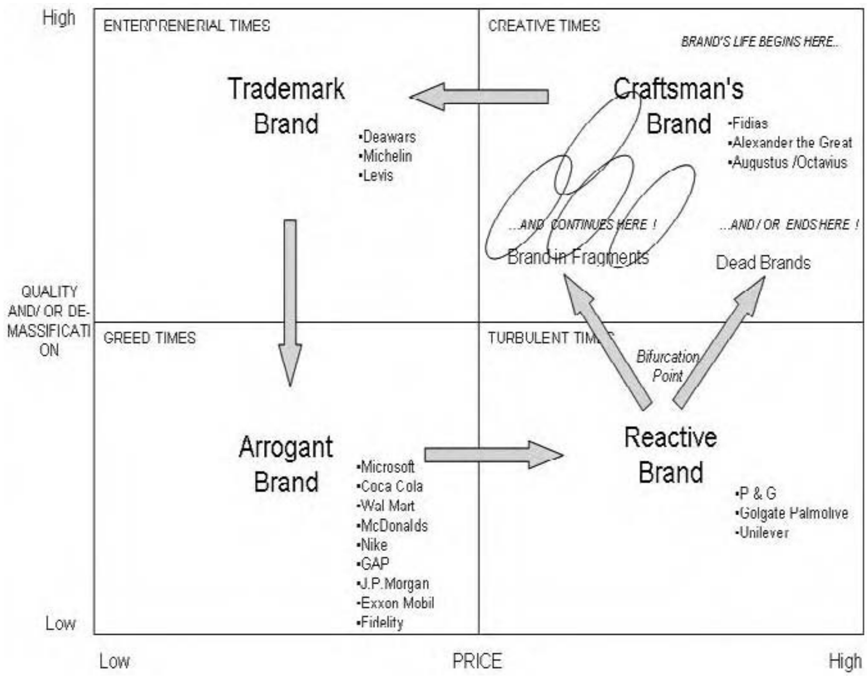
Figure 17
The Brands' Evolution Over Time



Towards a "Brand Systems" Theory
Holism (from 'ολος'—holos—the Greek world meaning all/entire/total) means that a system as a whole determines how the parts behave in an important way. As *Aristotle* summarized in his *Metaphysics* (also supported by the Gestalt Psychology main theory): *"The whole is more than the sum of its parts."* In our analysis this means that brands should be examined as a whole, as a "brand system", not only comprising companies' for profit business activity, but also taking into account the economic, social, psychological and chaotic dimensions of our times. Developments related to the application of the General Systems Theory (Von Bertalanffy), Cybernetics (Wiener), Complexity Theory/Chaos Theory, Information Theory (Shannon) etc., may provide a good way of looking at the modern "brandscape" or better "brand system" in a new way.

Systems, in general, constitute the lifeblood of complexity thinking and may be defined as a group of interacting parts functioning as a whole, distinct in their surroundings through recognizable boundaries. (For example, in the US brands cannot plan effectively nor predict their future, without taking social issues such as the extinction of the middle class, or market issues like extreme polarization, as discussed in previous chapters, into account.) Throwing a cursory glance at the modern "brandscape" over the last couple of decades, we can observe that an unreasonable plethora of brands has appeared on the market place, "arrogant" brands in particular. Among other things, this phenomenon has led to an increase in uncertainty (i.e. entropy in cybernetics terms) for the brand system and complexity in the cognitive system of the individual (i.e. buyer). As a result, from the systems/cybernetics perspective, the brand system will seek "relief from pressure" and return to more stable conditions. One way of achieving this would be to move towards a state of fewer brands, and thus avoid overload/overcapacity/increased entropy etc. As we move from the "arrogant" brand stage to the "reactive" brand stage, the number of items (i.e. brands) is expected to decline. The meteoric rise of "no-label" goods on the one hand, and the decision taken by many global corporations, "house of brands" (i.e. Unilever) to reduce the number of their brands, is indicative of this trend. However, the "brand system" is still in need of further relief and a greater reduction in the number of agents (i.e. brands) before it can reach more stable conditions, entailing less uncertainty, to the benefit of both the brand and the individual. As a result, we are now moving to the next stage which is that of the "Brand in Fragments".

Figure 18
A Brand Retrospective—Pattern of Migration (Typical Examples)



Brand Ecosystems: Survival and Big Money . . . too.
For reasons of survival, brands may organize themselves into homogeneous groups as parts of a greater ecosystem, in this stage. Despite the state of constant competition and fighting between its members (i.e. prey and predator) prevailing, such ecosystems do offer good chances of survival and advantages to its members, and their symbiosis is usually beneficial and financially rewarding for them, too. Such ecosystems are not rare in the global "brand system". Together with a large number of satellite and subordinate companies from the Silicon Valley cluster, Microsoft and Intel are reaping the benefits of such a "symbiosis", very much to the regret of the unfortunate computer user/buyer worldwide. The whole idea of "clusters", as a force for economic development in many areas, through the creation of centers of excellence, innovation etc. is much the same. From "Arrogant Brands"

to "Cultivated Brands" and from "Narcissism Brands" to "Gatekeepers Brands", the brand ecosystem means money. Let's take a closer look.

What is a "Brand in Fragments"?

Brands will be forced to break up, to become more easily identifiable in the context of a broader homogeneous group in order to survive. They will have to leave their excessive arrogance behind etc., etc. Such adaptation and transformation shall also facilitate the individual (i.e. the consumer) to understand the specifics and the overall positioning intentions of the brand, in a less complex way.

The "Brand in Fragments" stage could be described as the stage where the number of existing and surviving brands is declining, where brands have begun to seek shelter in a complementary and/or corresponding ecosystem and to evolve into a more responsible species in the interest of stakeholders and civil society, to address a polarized market (extreme poor or extreme rich) and not a mass market, and for reasons purely of survival or even altruistic reasons, some of them will try to transform themselves into "Nice" brands.

The Emerging New Brand System

One could predict that the following brand categories/species will be competing in the new emerging brand system:

ii. European "Nice Brands" Win People's Hearts and Minds and Outperform American "Arrogant" Brands

> *"The results (of the most reputable companies/brands) may come as a surprise but only one American company made it to the Top 10 worldwide (and this in the 10th position)"*
>
> *Forbes Magazine*

In recent years a rather different "brandscape" has been cultivated in Europe and the US. Greedy, immoral, psychopathic, paternalistic brands are the typical American product, while Europe is responding with more humanitarian, egalitarian and green/fair trade brands. An EU-US brand war has already been declared and there are clear indications that European global, nice brands are outperforming their US rivals by far.

Europe Leads in the World's Most Respected Companies/Brands League

According to recent international studies[122] involving 26 countries, 60,00 respondents, 1,000 companies/brands—14 European brands were included in the Top 20, compared to only two for the US!! The results may come as a surprise but only one American company made it into the top 10 worldwide!! At the same time, Europe dominates the top ten with clear winners in ranking: Barilla (Italy), Lego (Denmark), Lufthansa (Germany), Ikea (Sweden), Michelin (France) and others. The relevant ranking is shown in the table below.

[122] *Reputation Institute/Harris Interactive/Forbes Magazine: The Worlds Most Reputable Companies, 11.21.2006*

Figure 20
The World's 10 Most Reputable Companies-2006

	COMPANY	COUNTRY	INDUSTRY	SCORE
1.	Barilla	Italy	Food & Tobacco	87,79
2.	LEGO	Denmark	Consumer Products	86,58
3.	Lufthansa	Germany	Airline & Aerospace	84,09
4.	IKEA	Sweden	Retail / General	84,08
5.	Michelin	France	Automotive	83,79
6.	Toyota	Japan	Automotive	83,15
7.	Moller-Maersk	Denmark	Transport/Logistics	83,15
8.	Ferrero	Italy	Food & Tobacco	82,98
9.	Samsung	S. Korea	Electronics	82,57
10.	Kraft Foods	USA	Food & Tobacco	81,82

SOURCE: 1) Forbes: The World's Most Reputable Companies, 20 Nov 2006, (Top 200), 2) Reputation Institute, 3) Harris Interactive survey in a sample of 30.000 people, in 25 countries .Score: Reptrak Pulse 2006

The list of the Top 50 best European performers is shown in the following table.

Table 1 : Top 50 Most Reputable European Brands-2006

No	RANK	COMPANY	COUNTRY	INDUSTRY	SCORE
1	1	Barilla	Italy	Food & Tobacco	87.79
2	2	LEGO	Denmark	Consumer Products	86.58
3	3	Lufthansa	Germany	Airline & Aerospace	84.09
4	4	IKEA	Sweden	Retail - General	84.08
5	5	Michelin	France	Automotive	83.79
6	7	A.P. Moller-Maersk A/S	Denmark	Transport/Logistics	83.15
7	8	Ferrero SpA	Italy	Food & Tobacco	82.98
8	11	Danfoss A/S	Denmark	Industrial Products	81.57
9	14	Philips	Netherlands	Electrical & Electronics	80.98
10	17	Tesco PLC	UK	Retail - Food	79.65
11	18	BMW AG	Germany	Automotive	79.58
12	21	Aldi Group	Germany	Retail-Food	79.18
13	22	VELUX A/S	Denmark	Industrial Products	78.92
14	24	Novo Nordisk A/S	Denmark	Pharmaceuticals	78.75
15	26	Kone Corp.	Finland	Industrial Products	78.73
16	29	Mercadonna, S.A.	Spain	Retail-Food	78.00
17	31	Luxottica Group	Italy	Consumer Products	77.68
18	33	Coop Italia	Italy	Retail-Food	77.44
19	34	Airbus S.A.S.	France	Airline & Aerospace	77.41
20	36	Robert Bosch GmbH	Germany	Electrical & Electronics	77.26
21	37	Grupo Leche Pascual S.A.	Spain	Food & Tobacco	77.06
22	41	Nokia Corp.	Finland	Telecommunications	76.85
23	42	Vestas Wind Systems A/S	Denmark	Industrial Products	76.80
24	44	Grundfos A/S	Denmark	Industrial Products	76.71
25	45	Marks & Spencer Group PLC	UK	Retail-General	76.66
26	46	Ebro Puleva S.A.	Spain	Food & Tobacco	76.60
27	48	Sol Meliá, S.A.	Spain	Services	76.33
28	50	L'Oreal S.A.	France	Consumer Products	76.12
29	55	Danone	France	Food & Tobacco	75.48
30	58	Friesland	Netherlands	Food & Tobacco	75.33
31	60	Heineken N.V.	Netherlands	Beverage	75.29
32	61	Rockwool International A/S	Denmark	Industrial Products	75.28
33	62	Carlsberg A/S	Denmark	Beverage	75.23
34	63	ICA AB	Sweden	Retail-Food	75.20
35	67	Siemens AG	Germany	Electrical & Electronics	75.11
36	69	Esselunga Group	Italy	Retail-Food	75.09
37	72	Motability	UK	Services	74.74
38	73	J Sainsbury PLC	UK	Retail-Food	74.67
39	74	Ericsson	Sweden	Telecommunications	74.64
40	80	Volvo AB	Sweden	Automotive	74.18
41	92	Unilever N.V.	Netherlands	Consumer Products	72.91
42	94	Auchan S.A.	France	Retail-Food	72.73
43	96	Danisco A/S	Denmark	Food & Tobacco	72.68
44	97	Inditex S.A.	Spain	Retail-General	72.64
45	100	PPR S.A.	France	Retail-General	72.31
46	101	Otto GmbH & Co KG	Germany	Industrial Products	72.30
47	103	Pirelli & Co.	Italy	Automotive	72.22
48	105	Electrolux AB	Sweden	Electrical & Electronics	72.06
49	110	H. Lundbeck A/S	Denmark	Pharmaceuticals	71.88
50	115	Air France	France	Airline & Aerospace	71.64

SOURCE: 1) Forbes: The World's Most Reputable Companies , 20 Nov 2006, (Top 200),
2) Reputation Institute, 3) Harris Interactive survey in a sample of 30.000 people,in 25 countries.Score: ReptrakPulse 2006

Furthermore, as data suggests, a small European country like Denmark is in the lead with 11 companies in the Top 50, proving that the "small" (or better the "anti-giant" movement) is beautiful. It is evident that Nordic countries and Europe at large, provide a good example of the type of environment where nice brands flourish. A more profound reason for this is the reduced "power distances" within the population (or extreme polarization in other words) that undermines the economy and the future survival of brands. The notion of "power distances" was introduced by Geert Hofstede to calculate the level of equality in a society. In brief, a relatively small gap in society helps to focus better on the needs of the people, with the obvious result that better products and services, both in the public and private sector are created. This phenomenon also contributes to the creation of better brands that soon become very successful on a global level.

Figure 21
The World's 50 Most Reputable European Brands—By Country 2006

Country	No of Companies	%
Denmark	11	22
France	7	14
Germany	6	12
Italy	6	12
Spain	5	10
Sweden	5	10
Netherlands	4	8
UK	4	8
Finland	2	4
Total	*50*	*100*

SOURCE: 1) Forbes: The World's Most Reputable Companies, 20 Nov 2006, (Top 200), 2) Reputation Institute, 3) Harris Interactive survey in a sample of 30.000 people, in 25 countries .Score: Reptrak Pulse 2006

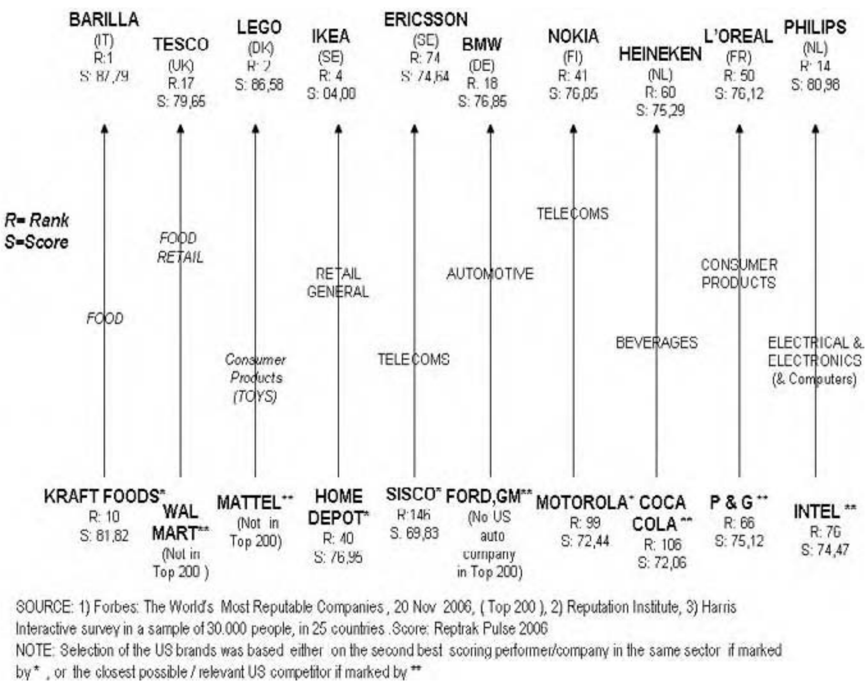
European Brands are Leading Across all Sectors, Worldwide

What is even more staggering in the above studies, is that European global brands are outperforming their US rivals by far in almost every singe business sector. For example: in Food Retail, Tesco (UK) outperforms Wal Mart, in Fashion Retail, H&M

(Sweden) outperforms Gap, in Toy Retail, Lego (Denmark) outperforms Mattel, in Tires Michelin (France) outperforms Goodyear, in Automobiles BMW (Germany) outperforms Ford, in Telecoms Nokia (Finland) outperforms Motorola, in Food Barilla (Italy) outperforms Kraft Foods (the only US company in the top ten at all, but unfortunately Barilla ranked No 1!!) etc. The graph below gives a representation of these findings and comparisons by sector.

Figure 22

European Brands are Outperforming their US Rivals Worldwide in Almost All Sectors



Though these studies reflect somewhat of a "bias" in favor of small countries—since it is easier to get input in a small country with fewer large firms and the customer-brand relationship is stronger—the same argument supports the idea that consumers are not much in favor of mass brands, preferring brands with a more "human measure" (metron) which is what the US arrogant and selfish conglomerates lack.

CHAPTER 5

Branded . . . Unhappiness

Although happiness seems like a somewhat commonplace and popular subject, it would appear that we still do not fully understand what it is that makes people happy and that we still lack important knowledge on the psychology of human satisfaction. However, no matter what theory or ideas we approach the subject with (i.e. *Galbraith, Sen, Layard, Kahneman, Stiglitz, Maslow, Max-Neef, Castoriadis, Easterlin, Frank, Diener, Schumaher, Scitovsky, Lyubomirsky, Kasser, de Botton etc.*) it is clear that individuals—at least in the Western world where physical and subsistence needs have been covered—struggle over two main quests: love/affection and identity/recognition. And if money, materials and brands cannot buy you love (. . . well, not always), they certainly can buy you attention and instant recognition. Brands and their logos provide the vehicle for fast recognition of the individual's personality in our fast times, conveying such messages as: image, wealth, acceptance, popularity, status, success, sexuality etc. The American and Western identity in general, has been defined by its relationship to consumer goods (. . . brands) notes Prof *Gary Gross.*

As already stated, brands are no longer about products, services, experiences, etc. but have risen to a "pseudo-status" of expressing "social imaginary significations" (like laws, institutions, values, etc.) and a "pseudo-authority" imposed from without by advertising. A whole new value system has been established based on consumerism and brands, and individuals have become prisoners without bars of this new ideology and consumer culture. The time when a decision to buy a bag, for example, was based on our need to carry our personal items, i.e. wallet, papers, etc. for instance, is long gone. When buying a $ 3,000 Lieber bag, what women are actually buying is such things as status, fame, acceptance, popularity, attractiveness, attention and possibly satisfaction. (However and as we shall see later, as more and more women buy and or carry the same branded bag for instance, they begin to feel disappointed and instead of enhancing their status etc., their life actually begins to feel . . . miserable!!) So, there is no doubt that brands are the single most important representatives of the established materialistic and consumerist ideology of our times, at least in affluent countries. As a result, it is only natural that we should attempt to examine their role and positive or negative contribution to human happiness, as happiness constitutes the real purpose of life.

Even as far back as the 5C BCE, Aristotle[125] was already concerned with the problem of lifelong happiness. He believed that happiness was the ultimate human goal and provided a guide to the art of living. However, it should be noted that for ancient Greek philosophers happiness is usually associated with the Greek world *"eudemonia"* (a good psychic situation, eu = good, demonia/demon = psyche) which has a much broader meaning. Eudemonia occurs when the individual's soul/psyche acts in accordance with virtue (*arete*, or the system of ethical values). To put it simply, it is when the individual, after he has attained *"aponoia"* (lack of physical pain), reaches a stage of balance and satisfaction with his own soul/psyche. The use and meaning of the Greek word "eudemonia" provides the simplest and the most solid definition of happiness, which remains valid even after some 2500 years. Happiness is a very important parameter, as it is generally considered the ultimate goal of life. The US Declaration of Independence in 1776 takes it as a self-evident truth that the "pursuit of happiness is an unalienable right", comparable to life and liberty.

125 *Aristotle: Nicomachean Ethics*

i. Brands: Troublemakers of the Psyche?

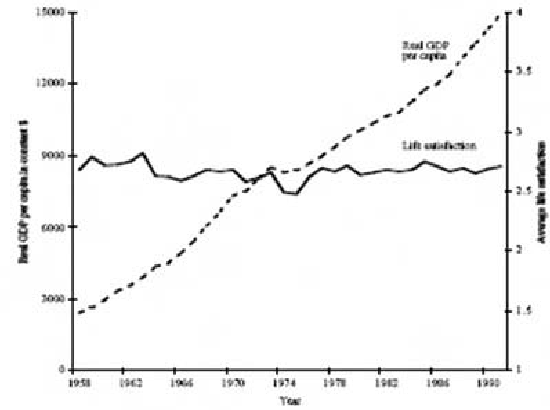
"Happiness is the meaning and the purpose of life, the whole aim and the end of human existence"

(Aristotle)

More (brands and materialistic values) is Less (satisfaction and happiness)

Material goods (i.e. products, brands, etc.) not only cover people's basic needs, but also, it is supposed, increase people's happiness, in affluent countries at least. As a rule of thumb, people with higher income have more opportunities to achieve what they desire: in particular, they can buy more material goods and services. There is a strong corelationship between income and happiness; however, is it true that income (that buys material goods and brands) can buy happiness? Several scholars have identified a striking and curious relationship: per capita income in Western countries such as the US, UK as well Japan and others, has risen sharply over recent decades, but average happiness has stayed "virtually constant" or has even declined over the same period. Graphically, the development of income and happiness diverges like open scissors. This very telling graph, that plots average income in the US since 1956 (same is true for other countries like Japan, etc) against the percentage of people who say they are "very happy", shows that while income has risen more or less steadily from $ 9,000 to $ 20,000, the very happy line stays more or less constant at around 30%, if it does not in fact decline in some cases/countries.

Figure 23
The Scissor Effect (Easterlin Paradox):
Satisfaction with Life and Income (Per Capita, 1958-1991/Japan)



Source: Frey and Stutzer, Penn World Tables , World Database of Happiness

Additional material goods and services (i.e. brands) initially provide extra pleasure, but this is usually only transitory[126]. Higher happiness with material things wears off. Satisfaction depends on change and disappears with continued consumption. This process that reduces the hedonic effects of a constant or repeated stimulus is called "adaptation'. Many economists do not subscribe to the idea that higher income produces greater happiness, including Galbraith[127] and Scitovsky[128] and suggest that "money does not buy happiness". Other scholars also address this "Scissor Effect"

126 *Bruno Frey and Alois Stutzer: What Can Economists Learn from Happiness Research, Journal of Economic Literature, 2002*

127 *John Kenneth Galbraith: The Affluent Society, 1958*

128 *Tibor Scitovsky: Joyless Economy—The Psychology of Human Satisfaction, 1976*

(or "progress paradox" or "Easterlin Paradox") and the hopeless pursuit of happiness in commercialism and materialism. Here we will focus on two interesting books and their useful insights as commented on by B. Butler[129]. We draw from Butler:

. . . "we are embedded in an ever expanding consumer-driven culture. The world economy, it seems, is based on the next sale. Accordingly, the consumer is increasingly persuaded to focus on materialistic pursuits, to acquire that next "want" that goes far beyond a genuine need for sustenance, safety and security.

Helping the process along, advertising bombards the consuming public daily. The promising slogans offer happiness and fulfilment if we will just buy a particular product. And many of us are surrendering unconditionally in this battle for our attention and our minds (not to mention our money)—choosing materialism over self-restraint.

This shift has been occurring for more than a century, according to Gary Cross *(Gary Cross: An All-Consuming Century—Why Commercialism Won in Modern America, 2000. Columbia University Press, New York.).* Cross, professor of history at Penn State University, looks at the 20th century and concludes that the American identity has become defined by its relationship with consumer goods, both on the personal and the public level. Considering the various ideological "isms" that flourished over the years, he contends that "the real winner of the century was consumerism. Visions of a political community of stable, shared values and active citizenship have given way to a dynamic but seemingly passive society of consumption in America, and increasingly across the globe."

While Cross gives a historical overview, associate professor of psychology Tim Kasser *(Tim Kasser: The High Price of Materialism. MIT Press, Cambridge, Massachusetts, 2002.)* takes a scientific approach to the subject. Kasser investigates whether materialistic values really do produce happiness and well-being. He cites and agrees with studies showing that once people have met their basic needs for food, clothing and shelter, there is little benefit in accruing more. Using statistical studies, including his and cocreator Richard Ryan's *"Aspiration Index,"* Kasser shows how those who place a high value on acquiring wealth and material goods aren't as happy as their less materialistic counterparts.

The Aspiration Index (AI) by Kasser and Ryan has distinguished between two types of goals. *Extrinsic*, materialistic goals (e.g., financial success, image, popularity) are those focused on attaining rewards and praise, and are usually means to some other end. *Intrinsic* goals (e.g., personal growth, affiliation, community feeling) are, in contrast, more focused on pursuits that are supportive of intrinsic need satisfaction.

The original version of the AI (Kasser & Ryan, 1993) examined four domains of aspirations (self-acceptance, affiliation, community feeling, and financial success) and assessed ratings of how important and likely to occur subjects perceived these

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129 *Bill & Donna Butler: Enough is Enough, Vision, 2004*

goals as being. Kasser & Ryan (1996) added three more aspirational domains (image, popularity, and physical health) and Kasser (1996) added another of spirituality. The most recent published version of the AI (Grouzet, Kasser, et al., 2005) also assesses conformity, safety/security and hedonism, for a total of 11 domains.

Affluenza, Shopaholics and other Disorders

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.

(See more at *http://www.shopaholicsanonymous.org/*)

As specialists and therapists suggest, the main causes of the symptom include: emotional deprivation in childhood, inability to tolerate negative feelings, a need to fill an inner void, excitement seeking, approval seeking, perfectionism, a genuinely impulsive and compulsive, need to gain control etc. The types of behaviour shown include: compulsive shoppers, trophy shoppers, image shoppers, bargain shoppers, co-dependent shoppers, bulimic shoppers, collector shoppers, etc.

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 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 headaches, and to personality disorders, narcissism, and antisocial behavior."

This unhappiness can in turn cause more materialism. When we get into the habit of buying things to make us feel better or more secure, we are more likely to listen to the advertisers' messages that buying their products will enhance our self-esteem and make us more deserving of others' attention and affections. This fuels the fires of possession obsession, while the feelings of inadequacy persist.

The Secret Paths to Depression, the No 2 Killer of Our Times

An examination of how brands, through overstimulation, invasion and other manipulative techniques, can lead a number of individuals, usually ones with a rather level low self-esteem, to the dark sphere of depression can show interesting results. The main secret paths to depression from brand engagement for modern consumers are briefly described below.

The first path relates to *"Brand Values"*. It is expressed, among other things, by a New Value System of Success imposed on individuals from without by brands. The mechanism works as follows: at a first stage (*State of Discrepancy*) individuals notice that people's values and lifestyles in brand advertisements are very different from their own, and are "forced" to comply with what they see by buying the product in order to become part of society, as this has been imposed by the new brand value system, and not be "rejected". At a second stage (*State of Permissiveness*) the individual's values reach a kind of "atrophy" which leads to the third stage (*State of Apathy*), a stage characterized by "soft neuroses" and a high level of receptiveness to brand stimuli. (See more in the relevant work of *Cornelius Castoriadis, Gary Gross, Tim Kasser* and others).What follows next is usually the dark field of depression.

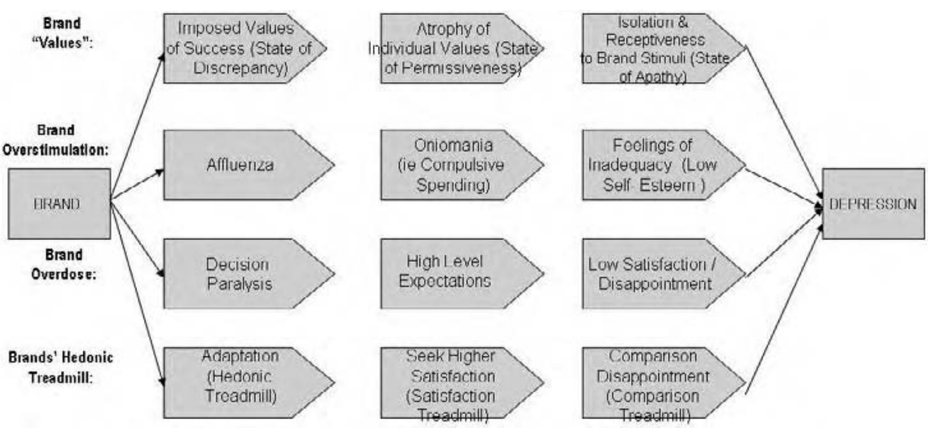
The second path relates to *"Brand Overstimulation",* i.e. the unlimited attack of the brand on the psyche with commercial, persuasive, stimuli. The mechanism works as follows: at a first stage (*Affluenza*) the overstimulation of artificial needs gives rise to this rather painful, socially transmitted condition of overload and anxiety resulting from the pursuit of more. In a second stage (*Oniomania*) individuals with a rather weak personality show signs of "compulsive spending behavior", which leads to the third stage (*Feelings of Inadequacy*) a state also characterized by feelings of low self-esteem. (More in the relevant work of *de Graaf, Oliver James* and others). Then, depression is nearby.

The third path relates to *"Brand Overdose",* the unlimited number of choices from a vast number of available brands in certain product categories. Research shows that this greater freedom of choice—contrary to what is widely believed—usually leads to *decision paralysis*, then to *higher levels of expectation* and finally to low satisfaction and, sometimes, *disappointment* and feelings of guilt (See relevant work by *B.Schwartz*). Then again depression is around the next corner.

The fourth path relates to the so-called *"Brand Hedonic Treadmill",* the theory which compares the pursuit of happiness to a person on a treadmill, who has to keep working just to stay in the same place. (Lottery winners are a good example: within a year, they usually return to their former happiness level . . . People handicapped in motor vehicle accidents are another example. They too return to their former happiness levels, despite their loss of function . . . Could happiness be in our genes after all?

It is believed that the baseline of an individual's happiness is at least partially genetic. For example, identical twins are usually equally bubbly or equally grumpy. As leading psychologists suggest, human beings are predisposed by genetics to plateau at a certain level of happiness, and the occurrence of novel happy events merely elevates this level temporarily). The process works as follows: at a first stage, after a while, individuals no longer respond to or derive pleasure from repeated stimuli and or experiences because of the adaptation mechanism (*Hedonic Treadmill*). As a result they move to a higher satisfaction level (*Satisfaction Treadmill*) which also soon reaches a saturation point. Then in looking around and noticing by comparison that others too, possess the same materials and or brands (*Comparison Treadmill*) disappointed and even misery is experienced[130]. Depression again is nearby. The relevant figure gives a schematic, brief description of the four main paths to depression as orchestrated by brands in our times.

Figure 24
The Secret Paths to Depression in a Brand, Materialistic, Culture



130 See relevant original work by *Michael Eysenck, Brickman & Campbell, Bruno Frey & Alois Stutzer, Tibor Scitovsky, Lyubomirski, and others*

Depression is one of the greatest problems and killers of our time. Here is a list with the latest depression statistics, reveal surprising facts about underlying depression causes, the failure of standard treatments, and what works for depression in the long-term, according to Murray and Fortinberry *(Bob Murray and Alicia Fortinberry*: *Creating Optimism,McGraw-Hill, 2004)*:

Depressive disorders affect approximately 18.8 million American adults or about 9.5% of the U.S. population age 18 and older in a given year. This includes major depressive disorder, dysthymic disorder, and bipolar disorder.

15% of the population of most developed countries suffers severe depression.

15% of depressed people will commit suicide.

Depression will be the second largest killer after heart disease by 2020—and studies show depression is a contributory factor to fatal coronary disease.

Depression results in more absenteeism than almost any other physical disorder and costs employers more than US$51 billion per year in absenteeism and lost productivity, not including high medical and pharmaceutical bills.

Many studies show antidepressants (particularly SSRIs) work only as well (or less) than placebos!!!

New studies show supportive relationships are a crucial factor in healing emotional and physical illnesses, including depression and anxiety.

And it comes as no surprise that the most important target group of consumer/ brand advertising traditionally, individuals from 35-50 years old, are those with a higher probability of suffering from depression at the same time.

Figure 25
Depression Probability, by Age