

# Monthly Musings



courtesy of Fletcher Consulting

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## SMART OR NO:

### Gucci Burns Excess Purses

Here's a shocking bit of info fashionistas may want to know: [Most luxury brands burn their excess goods at season's end!](#)

Manufacturers send high-end handbags, shoes and clothing—women's and men's—to be burned every year in a widely used but rarely discussed technique. The companies incinerate these items to maintain the scarcity of their goods and, in turn, the exclusivity of their brands.

In reality, many brands use this tactic – not just the luxury labels. Italy is among the countries that allows the companies to claim a tax credit for destroying their “excess” inventory.

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The brands fear that sending these top-quality fashion items to outlet stores or the gray market with a steep price discount conflicts with the main brand premise that their products are scarce and, therefore, inherently more valuable.

As one industry expert stated, “Some luxury brands do not want their product to be seen or photographed on people who might not be able to afford that brand. As you can imagine, that can be very controversial.”

**The companies incinerate these items to maintain the scarcity of their goods and...**

Among these many prestige brands are Gucci, Chanel, Louis Vuitton and Stefano Ricci. The jeweler Cartier has spent hundreds of millions of euros in recent years buying back unsold watches that piled up at retailers due to the decline in demand from international buyers. Cartier removes the jewels and then melts the rest down to be reused.

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Burberry has recently changed its policy of destroying unsold inventory in a nod to its younger shoppers who are more environmentally conscious and, importantly, represent the future of the brand. Burberry is also removing fur from its future fashions, again catering to the younger shoppers.

Some less exclusive brands such as Gap, Inc. (Gap, Banana Republic, Old Navy, Athleta and Intermix) sell their overstock through national recovery centers or donate the inventory to local

nonprofits.

Starting this year, then, you may find authentic more affordable Burberry goods since outlets and other discount providers now have access to this prestigious brand.



## SMART BRAND EXTENSION: Apple Moves More into Wearables

Apple wearables already have your and my attention. My smartwatch is an Apple Watch, and my wireless headphones are Apple AirPods.

“Smart start,” you say. “But where can Apple go from there?”

How does Apple love thee? Let me count the ways! According to David Mims in the Wall Street Journal:

- Health monitors that will provide real-time readings of your heartbeat and additional information like glucose monitoring
- Augmented reality (AR) glasses or goggles – or other sensors on our bodies or in our environment that can monitor health
- AirPods will be a direct bridge to Siri and other apps



- Each of these will likely be most effective when connected to – you guessed it – the NEXT generation iPhones

Apple has already acquired the leading augmented reality developer and a startup that makes lenses for AR glasses, so it's clear that Apple is racing Microsoft to be first in the AR space. With Apple's \$1 trillion market cap, I'd be hard pressed to bet against the house that Steve Jobs built.

Using the iPhone playbook as an example, look for the rollout of AR products that start at a reasonable price point and can be upgraded again and again and again, with each upgrade offering customers the opportunity to spend more money.

The key word for Apple is "ecosystem." They want you and me to become hooked on wearables that live in the Apple universe (iPhone, Apple Watch, AirPods, AR, etc.) and will not be fully compatible with products from non-Apple competitors.

Look for Apple to be the major player in wearables, and also anticipate a veritable clash of the titans with Amazon when the battlefield shifts to cloud computing.

**THAT is the next horizon.**

# SMART INNOVATION:

## One-Handed Tapping, Not Typing

Quick – name the first six keys on the keyboard!

In case you forgot, they are Q-W-E-R-T-Y, and they are the namesake of the traditional QWERTY keyboard.

This keyboard design was introduced in 1873 and has been the standard format ever since. In recent years, we have seen keyboards with a more ergonomic platform that splits and curves the keyboard into halves.



Now, though, you don't even need a keyboard. [Tap Systems](#) has developed a [wearable](#) (there's that word again: **WEARABLE!**) one-handed keyboard/mouse controller that allows users to activate a virtual keyboard.

While the best results are achieved by typing onto a hard surface (for example, a desk or table), some users type in the air and the remote sensors type the letters onto a Bluetooth-enabled computer. The cost? Just \$179, but there's a not-insignificant twist: You have to learn a new set of typing strokes.

According to co-founder Dovid (yes, "Dovid") Schick, "Tapping has the accuracy, complexity and speed that this type of system needs. It's an inherently human kind of action."

Innovators have long tinkered with typing and keyboards to find a solution that could bring QWERTY into the 21st century. Experts state that the original format was developed because typing on manual typewriters had to be limited to a certain maximum speed, and the QWERTY layout was designed to adhere to this limit to prevent keys from jamming.

According to the Wall Street Journal, the TapAlphabet pairs the most commonly used letters with the least demanding movements. Each vowel is entered with the downstroke of a single finger – for instance, one tap of an index finger types an "E."

Schick and his partner have identified their best prospects as gamers, gadget aficionados and avid learners/early adopters.

# THE Tiebreaker

## Oreos Create Disney 90th Anniversary Cookies

Monday (September 24) marked how two of America's most iconic brands are co-promoting the 90th birthday of Mickey Mouse with limited edition "Celebrate Mickey" Oreo cookies.

The Oreo cookies, manufactured by Nabisco, bear the imprint of Mickey on the front. The icing inside is a festive confetti birthday cake filling to celebrate the birthday of Steamboat Willie, whose first animated movie appeared in November 1928. Of course, the Steamboat Willie character became Mickey Mouse, one of America's most beloved characters.

The cookies are all the same classic shape, but three different Mickey designs are available, and they will only remain on grocery shelves "while supplies last."

Lesson learned: Develop partnerships with respected brands inside **AND** outside your own industry to grow the prestige and sales of your company.

**We can always learn from the pros at Disney!**

