

J. Michael Locke

Musings

#100: Musing November 14, 2020

The musings turn 100 today. Not sure where this is going but I get enough positive feedback that I am going to keep writing.

If you want a window on the future of the core American consumer, watch fast food operators. McDonald's is focused on collaborations with celebrities (social media influencers) and adding more chicken and plant-based products (the move away from red meat.) Chipotle is opening its first digital-only restaurant today in Highlands, New York. The design does not include a dining room or a line for ordering. In our new world, we all stay at home and everything comes to us or is picked up and taken home. Doordash Q3 revenue tripled.

This drastic move to online is not just an American phenomenon. Wednesday was "Single's Day" in China which is like their Amazon prime day. Chinese e-commerce giants Alibaba and JD.com racked up around \$115 billion in sales across their platforms during the Singles Day shopping event, both setting new records. From Wikipedia: *The Singles' Day, originally called Bachelors' Day, is a Chinese unofficial holiday and shopping season that celebrates people who are not in relationships. The date, 11 November (11/11), was chosen because the numeral 1 resembles a bare stick, which is Chinese Internet slang for an unmarried man who does not add branches" to the family tree. The four '1's also abstractly refer to the demographic group of single people.*

Growth stocks have been outperforming value stocks. This has even led to famous value stock managers closing their funds. But maybe we have value defined wrong? Historically, value definitions were based on tangible book value -- the balance sheet value of your tangible assets and liabilities. However, in today's technology vs manufacturing world, intangible assets become more important. [value-stocks-may-have-done-a-lot-better-than-you-think](#)

When we talk about "performance enhancing drugs," we immediately think of professional athletes. Unfortunately, we have growing epidemic of performance enhancing drugs in college and Silicon Valley. There is a growing trend of "micro-dosing" with LSD amongst professionals especially in Silicon Valley. [micro-dosing-lsd](#) or [youtube](#). If you take a small enough dose, you don't get hallucinations but just heightened acuity. Another example of using drugs to affect your brain's behavior is the use of drugs to treat ADHD. These are stimulants (yes, a sufferer of ADD is given "speed" to help focus) and many non-ADHD students are using them to improve performance creating a black market on college campuses. Your kid with an Adderall prescription might be making a little money on the side as other students seek to buy it. Chemically, Adderall et al. are very close to Meth but society doesn't look at it like Breaking Bad. This also plays into the mania around college admissions. Testing accommodations at a prominent North Shore high school here in Chicago are 4x higher than the national average. Get an ADD diagnosis, get a prescription, get extra time on the SAT.

Human ingenuity can sometimes be applied in a suboptimal way. Watch your cybersecurity and other theft. Criminals are grabbing mail and changing the payee on checks. [mail-stolen-checks-altered](#)

Watch employee burnout. Covid is wearing on everybody. Rising spread will mean more lockdowns. Your employees are fatigued and remote which is not a good combination. Some ideas in this WSJ article: [companies-offer-creative-solutions-to-worker-burnout](#)

"Smart" money is not always so smart. All of the media giants put money into a new company called Quibi which was founded by Jeffrey Katzenberg and run by Meg Whitman. They raised \$1.75bn for a new model of entertainment with short form videos delivered on your phone. It lasted under two years and is closing. [quibi-was-supposed-to-revolutionize-hollywood-heres-why-it-failed](#). Not fraud like Theranos but the same FOMO dynamic in the investing world.

Targeted ads are coming to your TV. Just like you receive different ads than others on your phone based on your profile, this will now happen with your TV in the coming year thanks to a change by Nielson on how it measures. From WSJ: *The targeted-advertising television market is about \$2 billion annually. That pales in comparison to the roughly \$70 billion advertisers spend on traditional U.S. TV advertising, according to research firm eMarketer, which tracks both categories. Advertisers are expected to spend \$142.3 billion on digital ads in the U.S. this year, eMarketer said.*

IMO we need to reset societal expectations on retirement. The "rule of thumb" embedded in our culture through things like Medicare eligibility is 65. However, that was set decades ago when the life expectancy was shorter. Since 1970, the average life expectancy has increased from roughly 70 to 80 (it varies by gender and race...see attached). As a society, we should encourage our seniors to keep working. 75 is the new 65. We need them in the labor force

I don't get Republican challenges on the Affordable Care Act. We have a suboptimal system in US where healthcare benefits are connected to employment. Healthcare is a human right. To get coverage to those who can't get healthcare through their employer, the ACA set up exchanges where premiums were subsidized by the government and forced healthy individuals to sign up by having the individual mandate. In this way, the risk pool was not just sick people. IMO, this let us get healthcare to almost everybody (including those with pre-existing conditions) without going to a government-run system. Basically, the ACA works. Leave it alone.

Can someone tell me how a fully-enclosed tent in a parking lot is different than inside a restaurant for Covid risk? Also, why do all governors have a sign language person standing next to them but never at the federal level?

Be safe. Wear a mask. I don't intend to let government officials tell me what I can do for Thanksgiving but be smart about it. I still am wondering where the state legislatures are? Why are they getting paid?

jml