

## J. Michael Locke

### Musings

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#### #103: Musing December 5, 2020

In a first, digital advertising this year is expected to account for the majority of U.S. ad spending. Madison avenue has officially moved to Sandhill road (that is Silicon Valley's prominent street by Stanford). Of the 51% of ads which will be digital, here is the market share: 29.8% Google, 23.5% Facebook, 10.2% Amazon and 32.9% Other (according to sMarketer as reported in WSJ). Interesting discussions on the negatives of zoom calls. We all have zoom fatigue but there is more downside. Scott Galloway recently commented on his podcast (Pivot with Kara Swisher) on the loss of empathy due to zoom world. You just don't connect in the same way. Galloway likes the idea of national service. With our divided society seeking elements of commonality, how about some kind of "national service" requirement like Americorps, Peace Corps, Teach for America? Mayor Pete had this in his platform. Here was a quote from him: *"National service can help us to form connections between very different kinds of Americans, as was my experience in the military," Buttigieg said in a statement. "I served alongside and trusted my life to people who held totally different political views. You shouldn't have to go to war in order to have that kind of experience, which is why I am proposing a plan to create more opportunities for national service."*

Good article in WSJ on tricks to be charismatic on a zoom call. [do-you-have-e-charisma-on-zoom-heres-how-to-get-it](#)

Private company valuations are pretty frothy just like public equity market. Lots of cash seeking a place to invest. 2020 is the year of SPACs (special purpose acquisition companies) which are public pools of capital that then seek an acquisition. There are 255 SPACs. Only 70 have found a company and 185 are searching with \$65bn in equity. They have to something to buy in 18-24 months or give the money back. On the lower end of the market, there are roughly 200 "search funds" where individuals raise initial capital by selling units and seek smaller businesses to buy and run (and then call the unit holders to put up the equity to buy the business.)

Welcome to the world of "connected cars." The majority of vehicles sold in US today have a modem. GM rolling out its own insurance based on driving data collected via its "On Star" service.

I look forward to the next decade of the Supreme Court discussions. I am not commenting on the political leanings of the current court but rather the intellectual engagement of the justices. Interesting decision last week on Cuomo's Covid restrictions on religious gatherings in New York. Here is a great line from Justice Gorsuch's opinion on the definition of essential businesses not subject to restriction: *"So, at least according to the Governor, it may be unsafe to go to church, but it is always fine to pick up another bottle of wine, shop for a new bike, or spend the afternoon exploring your distal points and meridians. Who knew public health would so perfectly align with secular convenience?"* Another good line: *"Even if the Constitution has taken a holiday during this pandemic, it cannot become a sabbatical."* If you have never read a judicial opinion, this is an easy read and is attached.

Covid is creating all kinds of interesting questions on governance and democracy. Hamilton time. I believe everyone should be wearing a mask but that doesn't mean I think it should be ordered by the government. I am still looking for the state legislatures. Why are governors operating like rulers 10 months into the pandemic? Here in Illinois the state legislators are drawing full pay and building credit for their generous pensions while not having a meeting during the pandemic?! Also fascinating issue of Federal vs State on the coronavirus. States can tax to raise revenue so why should they get money from federal government (if not a federal mandate like Medicaid)? One of state budget issues is the growth of Medicaid which is now over 30% of state budgets according to the National Association of State Budget Officers.

To the K-shaped recovery, interesting data point from CNBC: *"Researchers found that 51% of Black, 53% of Hispanic and 51% of Native American workers hold a job that must be done in-person."* Nasdaq really leaning into the national diversity discussion. A proposed new rule would require one female director and one from an underrepresented minority. According to NYT, 75% of the exchange's roughly 3,200 companies do not meet the criteria.

Empty nesters no more. Not since the Great Depression have so many young adults lived with their parents. In July, 52% of young adults ages 18 to 29 years old resided with one or both of their parents, surpassing the previous peak in 1940, according to a Pew Research Center analysis of Census Bureau data.

Mark Cuban is talking about "American 2.0" after pandemic. Key trends according to him: 1) ongoing remote work; 2) less travel (Bill Gates predicts 50% of business travel will go away); 3) digitization of business; and 4) accelerated innovation.

RIP Tony Hsieh who built Zappos. He looked at happiness as a science. *"Most of the frameworks for happiness conclude that there are four things required: perceived control, perceived progress, connectedness and being part of something bigger than yourself."* He built the Zappos culture around this concept. Here were five customer-service lessons he espoused: 1) Put the service first (not the product); 2) Don't hide the phone number (the company's service number at the top of every page on website); 3) Recognize the bigger role of customer service; 4) Pay workers to quit (they offered new staff a month's pay to quit so they wouldn't stick around unable if didn't fit); and 5) Create community.

Be safe. Vaccines are coming.

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