Letter to Clients

September 2026

Retail Therapy

"[G]roups have never thirsted after truth. They demand illusions, and cannot do without them."

Sigmund Freud, Group Psychology and the Analysis of the Ego

"What I found does the most good is just to get into a taxi and go to Tiffany's"

Holly Golightly, *Breakfast at Tiffany's*

We humans are strange creatures. We're at once deeply rational but susceptible to seduction by pleasing illusions. We want to be ourselves, but we also crave the embrace of the group. We value the known but are also attracted to the new and shiny. The tug-of-war between cool rationality and hot impulse, the individual and the collective, and the familiar and the novel is nowhere more neatly bridged (some might say exploited) than in the world of commerce—specifically, in the development and marketing of consumer retail brands.[1] The world is chock-a-block with consumer-facing brands; some of them provide a competitive advantage by becoming synonymous with quality and reliability; others gain purchase through their low prices. Then there are the Super Brands, the ones that provide their companies with real and durable moats against competition, conferring a pricing and stickiness advantage they can take to the bank. Here at Marshfield, we're periodically called upon to assess the health of powerful-seeming brands whose corporate caretakers may have lost their way. It then becomes incumbent upon us to determine if the brand continues to present a formidable moat against its competitors or whether it has lost its mojo for good.[2]

[1] While business-to-business brands obviously exist and can be very important, there are relatively few brands that forge the kind of bond a retail business-to-consumer brand is able to achieve, much less a Super Brand. We would submit that Apple, for example, is a Super Brand on its retail side but not on its B-to-B side. Owning an up-to-date Apple iPhone or watch conveys a certain sense of tech lordship and "with-it" kinship to the rest of the Apple-owning world, but businesses use the product if the specs suit their tech stack needs, not their Ego.
[2] This is perhaps to state the obvious, but being a Super Brand—or even really having a brand at all—is not necessary for us to invest in a company. Nor is it sufficient, as the brand may be in the process of being degraded.

The Interpretation of Dreams

How does a Super Brand differ from a ho-hum brand—and why does that matter? Everyday brands can certainly confer a competitive advantage to the extent that brand awareness in the consumer can capture a sale. But it's not truly a moat against the competition. A Super Brand, by our lights, is one that drives the consumer to buy it rather than to simply settle for it just because it's recognizable. It's like a margin of safety in our business: if a company with a strong brand identity makes a mistake in strategy or product quality, it has its brand equity to fall back on and give consumers a reason to give it another chance. It also allows it to command a higher price than its competitors. If, when the customer just wants a sip of soda, a hamburger, or a new pair of kicks, you can also sell them the illusion of something deeper and more meaningful, then you've acquired an adherent—someone who feels a sense of belonging—not just a customer. Loyalty built on the foundation of feeling "seen" and discovering "your people" is very, very sticky and promotes a profound sense of well-being. It's as though a brand that resonates with us has chosen us, has accepted us into the fold, rather than the other way around. And for this to happen, a bit of magic needs to occur.

At bottom, Super Brands are ones that traffic in such sentiments as nostalgia, but also less home-spun desires such as power, strength, mastery, glamour (talking about you here, Tiffany), and exclusivity (bonjour, Hermès). The magic derives from hitting the consumer in the Id with something inchoate but fundamental, a truth that binds them to a concept bigger than just the specs, which speak to the reasonable Ego, of whatever they're purchasing. Brands that go the distance to become iconic weave a spell, born of organic authenticity, that permits entrée to a world that satisfies cravings for both the product itself and the desire to experience something bigger.

<u>Coke and Americana, McDonald's and Childhood</u>

A powerful consumer brand sells you its pleasing fantasy partly through a thoughtful and compelling advertising campaign but also through an organic history or origin story that speaks to our unconscious. The more basic the fantasy—the more likely it is to scratch a deep, visceral itch—the better. Think Coke and Americana, McDonald's and childhood. As is the case with these two, among the most effective emotional ties a brand can establish are those that pull you back to safety and contentment and to the comfort of meaningful social ties, like family meals and fourth of July block parties. It's no coincidence that McDonald's sells "Happy Meals". We'd wager that few who remember Coke's 1971 "Hilltop" ad campaign featuring a multicultural group singing "I'd Like to Teach the World to Sing (in Perfect Harmony)", with the tagline "It's the Real Thing", failed to feel a shiver.[3] Amid an unpopular war and against the backdrop of the peace movement, togetherness and love were values that resonated broadly. But Coke had been born many years earlier, and its deep association with Americana, youth culture, and convivial gatherings fueled its early success and formed the core of its DNA. In every aspect of its marketing and presentation, the company has clung to these concepts like the kudzu of its native soil.

To the chagrin of many a company, it's simply not possible to bludgeon or buy your way into becoming a Super Brand. The brand needs to be rooted, or "based" as they say today. It needs to acquire its connection with the consumer in a way that feels authentic rather than forced. The consumer can sniff out a poseur from a mile away. Think of how many also-rans have butted up against the McDonald's moat. Each serves burgers and fries, shakes and soda. One sports a creepy smiling King, another a jovial animated star, and a third a red-headed girl in pigtails. Several have been in and out of private equity, propelled by the arrogance of the financial class in its belief that they can fix what hapless operators couldn't. While each of the above concepts has its admirers, we would assert that none has achieved Super Brand status. McDonald's, on the other hand, did it the slow and steady way, brick-by-brick. Supported by copious advertising to be sure, it built a long runway of trust through the sale of good-tasting everyday fare, including inarguably the best fries in the business and served it all with a smile and a genuine small-town vibe. And by encouraging parents to trust them to feed their kids with child-friendly, approachable food, it set up the next generation to venerate the brand.

Nike: Just Do It

Tribal ties that bind us together live at a level well below the conscious. Just because those ties are silent, however, doesn't mean that they don't speak to us loudly. The tribe might be real, aspirational, or a fantasy made up of like-minded dreamers, but it's ideally one that boosts the ego and puts a bit more pep in one's step. Take **Nike,** for example. The company traces its origin to the 1960s and the University of Oregon track coach (and Phil Knight mentor) Bill Bowerman, whose insight over breakfast one morning was to press rubber in a waffle iron, producing a

[3] The show *Mad Men* did the jingle proud in its last episode, for those not around for the original airing.

lightweight running shoe sole with good grip.[4] The company has since created a legacy of innovation that fuses science-forward product to the concept of indomitability and mastery. The swoosh says it all, and those who buy its story feel as though they're telling that tale of grit and determination about themselves to everyone who passes them by, whether on the playing field or Main Street. This fusion of spirit and substance has allowed Nike to weather a series of strategic missteps and lulls in creative output by transcending the physical emblems of its success and enmeshing the consumer in its world of sweat, struggle, and attainment. So long as it remains true to its DNA, we believe that this brand will likely continue to be a force in the marketplace.

Every piece of Nike marketing tells the same story of hard work infused with sweat but also fun by which the company seeks to convert a simple consumerist "I want" into a follower's "I need". The company's ads speak less of success, though excellence may be implicit in the athletes it elects to sponsor, than they do of striving. The real secret to the brand is channeling the primal joy of participating and pushing oneself. Many of us can see ourselves in that message of effort and willpower—and of belonging to that like-minded swath of humanity. Even if we can't dribble like Mbappé or dunk like Giannis Antetokounmpo, we can still <u>do</u> things and take pride and pleasure in them. Nike's messaging discipline alone is inspirational. Its tight grip on how it presents itself was nowhere more eloquent than in the recent "Rip the Script" short film, centered around the World Cup. An extraordinary piece of action, heart, and humor, it showcases both highly recognizable star athletes like LeBron James and pop culture icons like Travis Scott, imparting to each of them personality and depth in brief cameos. Even non-sports fans and cultural bystanders could identify these folks. Lacing it all together were outstanding moves, connecting the chaos of the ad to the joy of the sport.[5] Contrast this with the more tepid reel teed up by Nike's perennial foe, Adidas. Wry and a little cynical, "Backyard Legends" proceeds vibe first, seeking to invoke '90s nostalgia by pushing a story line via unathletic-looking narrator Timothée Chalamet displaying his signature diffidence. Also star-studded with both athletes and civilians (Lionel Messi and Bad Bunny appear, among others), it failed to use them memorably. While it featured great players, stars like Jude Bellingham, Trinity Rodman, and Lamine Yamal, none of them rang the same bells of aha! recognition as Nike's stars did. In comparison to the good-humored electricity of the Nike ad, the five-minute Adidas video is slow-paced, clearly looking to channel blasé coolness. There's little pyrotechnic ball-handling and flare and no

[4] Unsurprisingly, thereby ruining his wife's waffle iron in the process.

[5] The ad is reminiscent of the NFL ad from a few years back featuring football players running and passing the ball while attending a gala in formalwear, gleefully breaking tables and smashing into a cake and channeling a "chaotic celebrity energy" vibe. Who wouldn't want to party with those guys?

wizardry or alchemical reaction with the viewer's deepest self. In consequence, it elicits (in these viewers, at least) no yearning to become part of the Adidas family. There's a subtle but significant difference between Nike's wink when panning over to Ted Lasso (Jason Sudeikis) and Adidas's smirk in featuring Bad Bunny.

It's not just Nike's ad agency that did it better, however—it's the underlying strategic choices the rival ads represent. One of the reasons we think that Nike is simply better at this is that, like the proverbial hedgehog, Nike has only one goal: to embed itself in our collective psyche as the brand of athletic strivers. Period. If the company plays to fashion, that's largely peripheral to its central aim, though there have been periods when it has elevated fashion to its detriment and then retreated. Fashion comes and goes, and, mostly, Nike doesn't chase it. It does, however, play to the Sneakerheads or collectors out there, because those folks function as brand ambassadors, not fly-by-night fashionistas. Their obsession is rooted in the history and mystique of the brand. The new drops, carefully controlled, are consistent with the brand's heritage anchored in sports.[6] And while the company pays big bucks for its star athletes, its real bread-and-butter are the everyday coaches and team personnel whom it sponsors, some of whom themselves are stylish[7] but first and foremost are avatars of performance and effort. Adidas, on the other hand, has fashion and sport both squarely in its headlights, aiming for the dual goals of cultural relevance and athletics. It sponsors collaborations with cool designers who produce covetable items that cannot be confused with actual sporting shoes or active/shapewear. In double-dipping on its message and too impatient to allow things to evolve organically, we believe that it ends up diluting its central premise.

<u>Disney and Happiness</u>

Disney serves up nothing <u>but</u> illusion. Whether through the Marvel Universe or Mickey and Minnie, it's selling a delicious fantasy. Mostly, it's selling escape to a better, more benign world. Those of us who grew up with The Wonderful World of Disney can probably still recall sitting down as a family and watching the show, in many of our homes an unmissable Sunday night tradition. While born at a different cultural moment, the brand's real magic (and its reel magic) continues to lie in its promise to relieve us of our daily cares and, at least for a little while,

[6] Marshfield's resident Sneakerhead tells the story of his inability to buy a pair of especially cool Jordans back in 2012. Twelve years later, the company released the same colorway to celebrate the Olympics, and he snagged a pair. Reports suggest that he was ecstatic notwithstanding the wait.
[7] "This Stylish Track Coach Won't Change for Her 'Haters'", <u>New York Times</u>, June 10, 2026.

transport us to another, better place—different from everyday reality, but still familiar in its values and overall gestalt. Disney has always been relentless in its upbeat portrayal of life as perhaps tough but ultimately a stage on which good beats evil. Its immersive world-building through the device of universally recognizable archetypes has always been second to none, in its movies, its theme parks, and even its full-throttle sports coverage via ESPN. While we can quarrel with some of its acquisitions, and certainly with the prices paid for them, it has for the most part been a ferocious guardian of its main asset: the ability to inject a bit of hope and happiness into its audience's life.

Disney goes to great lengths to ensure that its brand loses nothing while remaining in tune with the times. We cannot think of a brand that's so strong that it can simply ignore the march of time and consumer preferences. Happily, though, the brand is less about its stable of IP and more about the trust in the company's offerings and the feeling of welcome and familiarity the consumer gets—the sense of being in the right place at the right time when they settle back into their seats, mount the rides, or tune into the championship game. To be sure, Moana is a different heroine from Sleeping Beauty or Ariel, the Little Mermaid, but she has the same pluck and pulls at the same heartstrings. For now, at least, and despite the ongoing turmoil in Hollywood and entertainment more broadly, Disney's recipe for content that can bring the magic to its audiences remains vibrantly alive and relevant.

Hermès: the Aura of Having Arrived

Luxury brands take the psyche on a pleasure trip of a different kind. They let us feel part of a community of the elite, a select group of wink-and-nod aesthetes and power-players. Hermès is second to none at striking this chord. Its careful curation of its heritage linking it to equestrian and royal lifestyles, its coy presence online, where only a select assortment of goods can be readily purchased, and its unwavering commitment to small production are all in service to its larger goal of maintaining exclusivity and, through that, a whole aspirational universe.

It's impossible to talk about the brand without mentioning the iconic Birkin bag, named after model and actress Jane Birkin, who inspired (and helped design) it. The company tightly regulates how many of these bags are produced, to whom they are sold, and what kinds of materials are used in their manufacture. In contrast, most luxury brands make most of their product available online, either through other merchants or their own online store, and they're available to all who have the money. Chanel is perhaps the only other fashion brand that keeps its most exclusive goods up its sleeves (including its entire clothing line), for exclusive sale in its shops. While Hermès allows more product to be bought online, much of what they "offer" will appear whimsically, with no advance notice, and run out without warning. But the most iconic Hermès goods—its namesake Birkin and Kelly bags—are unavailable to the hoi polloi without the friction of their having to run the gauntlet of salespeople and security personnel in the rather intimidating stores. Only the brave can enter, much less ask about pricing. This is because Hermès (and Chanel, for that matter) doesn't really want everyone and her sister to own one of their bags (or dresses); it only wants those who are actually well-to-do and with the right attitudinal pedigree to represent the brand out on the street—or, more likely, at the country club.

Hermès is clever in yet another way: because its run of Birkin bags is small compared to Vuitton or Gucci, it can buy skins that are unusual and small batch—often ones that are languishing in vendor inventory simply because there isn't enough to feed the maw of mass market production. So Hermès gets the last laugh by getting its leather at a good price and selling at an extraordinary one—and that, only after the customer has proven their bona fides by purchasing a literal wealth of other items in order to qualify to buy a single Birkin.[8]

Beyond the Pleasure Principle—Brands Aiming to Inform, Not Delight

If Super Brands are the drugs in companies' tool kits, meant to adrenalize the purchase decision, then quotidian brands are the meat and potatoes, meant to inform and provide the comfort of recognizability. All brands exist along a continuum, from weak, to strong, to Super. On one end of this continuum are brands whose consumers want just the facts, ma'am, with no interest in further engagement or for the warm-and-fuzzies. It's tough to make the experience of pushing a lawnmower transcendent. These kinds of brands are often commodities, where brand identity is all about the product, what it does, and how much it costs relative to alternatives. Consumers of such items are not looking for a brand to penetrate the blood-brain barrier but just want to have a reliable machine to cut their grass. At the other extreme lie the Super Brands that have figured out how to leverage a product sale in exchange for a dream. And in the middle lie all the rest.

<u>Progressive is Super Without Being a Super Brand</u>

[8] You may ask why we're highlighting so many companies we don't own. The answer is that price may not matter for the Birkin buyer, but it does for us.

It might surprise you that some brands don't need or even want to climb the brand ladder—their brand may be well suited to their purpose for other reasons. We own a brand like that. It's got a strong name, and it markets itself robustly, but we wouldn't call it a Super Brand because it doesn't (and really can't, because it represents a pure commodity) address any deep-seated psychic desires or urges. It does, however, address the need to buy car insurance, something everyone with an automobile must have. However, no one is going to buy more or much higher priced insurance because **Progressive** makes them feel warm inside. Progressive's moat is at the back end, where it slices and dices data so that it can provide cost-effective pricing for the right risks. What it wants is throughput, and lots of it, to feed its proprietary data set and the algorithms it is constantly updating and fine-tuning. To get that throughput, it uses marketing to reach out to the cost-conscious auto insurance buyer (pretty much everyone), projecting ease of purchase, good value, and reliability. Its brand highlights price in a memorable way and allows it to function as the search default when someone is looking for new coverage. The introduction of the (intentionally annoying) character "Flo" does just that for them. She is recognizable, snappy, and if not exactly relatable, at least believable as someone who wouldn't steer you wrong. Anyone throwing out the first pitch at a Cleveland Guardians baseball game, as Flo did last year, is surely trustworthy. Progressive is happy to sell insurance for the risks it chooses and to send the ones it doesn't want elsewhere, having first picked their pockets for their valuable data.

The Psychopathology of Everyday Life—Life Come at You Fast (and Sometimes Slow)

Clearly, not even Super Brands last forever. Tastes evolve, and even mindful management can be no match for a secular change in consumer preferences. But it's also amazing how often we see companies take actions that undermine their own brands without realizing they're doing so. A company can, with a little fecklessness and enough time to outlast the patience of its core adherents, degrade or muddy its brand by eroding its central premises. For us, the question is whether changes in taste are secular or merely fleeting, and whether corporate mess-ups can be recovered from or whether the brand has been dealt a body blow.

<u>Disney Lays an Egg</u>

Even those companies with the strongest Super Brands confront CEO transitions, industry upheaval, and changes in consumer preferences. Disney has encountered all three, many times over. Its most recent skirmish with reality came when Bob Iger first departed the company in

2020. He was replaced by Bob Chapek, a 26-year veteran of the company and most recently Chairman of Parks & Resorts. Chapek proved to be something of a wrecking ball, taking particular aim at what turned out to be critical elements of the company's infrastructure, with no real understanding of how the machine worked.

Disney's brand management had long relied on a centralized iron grip meant to ensure obedience to the brand in every particular of how the company presents itself to the world. This, curiously but critically, co-existed with operational and creative autonomy that its multiple divisions enjoyed in order to protect their individual energy and innovation. One of Chapek's initial moves was to attack this structure and to centralize everything. That reckless interference ended up disrupting long-standing Hollywood relationships and sapped independent creative will. By dismissing the delicate internal balance between what needed to be on-leash and what required some running room, Chapek threatened to tarnish what undergirded the brand. Happily, the Board understood this and jettisoned him before he could do more damage. The company was able to revert to its traditional mixture of freedom with guardrails once Bob Iger returned in 2022.

We would be remiss were we to fail to mention that, because of its claim to being a sort of "every man" culturally, Disney has also been a lightning rod in recent years. The kinds of culture wars that have riven this country apparently seemed ripe for exploitation by ambitious politicians—in vain, as it so happens. In a testament to the power and universality of its brand, Disney was able—again, after offloading the oafish Chapek—to stay the course and sail through the shoals of disgruntlement largely unscathed. Maybe it lost a person or two while navigating its corporate version of Pirates of the Caribbean, but its brand still has the power to unite rather than divide.[9]

Nike Punts

Lest it be thought that Nike never misses, we'd like to disabuse you of that notion right now. Not only has it undergone a series of CEO changes just as Disney has, but it has experienced stress even under the management of its first CEO and founding visionary, Phil Knight. We owned the stock during two such bobbles. In the '90s and into the early 2000's, reports that Nike used sweatshop labor to manufacture its shoes reached something of a boiling point. Knight's initial

[9] Indeed, ailing Super Brand Kraft, many of whose products have fallen into disfavor as eating habits have evolved and processed foods have come under the gun, has sought to take shelter under Disney's brand umbrella by forging an alliance whereby it will provide its products at Disney properties (for, we're imagining, a price that favors Disney). Disney, in turn, will allow Kraft to use some of its own characters on its boxes for advertising.

response was to deny such claims, essentially arguing that contractors alone were responsible for any failures in working conditions. Enter boycotts and pushbacks by universities responding to student activism, and Nike began to wake up to the magnitude of the problem. It adopted a code of conduct for its factories and sought proactively to address at least some of the wage and working condition complaints. The brand not only survived this episode (though complaints about exploitation continue to pop up from time to time), but it flourished after the brand confronted reality rather than continuing to wish cast it away.

More recently, Nike sought to increase margins by taking command of its distribution. By stiff-arming retailers like Foot Locker and Dick's and instead leaning in heavily to their own direct-to-consumer operations, they ended up leaving third party retailers high and dry. Enter On, Hoka, and the like—new brands that were able, at least in part, to rise in consumer awareness because Foot Locker et al needed product on their shelves and Nike wasn't supplying it. By giving those new brands oxygen and space to create their own competing concept of a high-tech running shoe, Nike took its focus off what should really be propelling it. Along with troubles in the Chinese market (Chinese brands are getting better and have displaced at least some sales of western shoe brands in that market), this misjudgment cost the company mightily, sending its share price downward. Believing that the new CEO, Elliott Hill, would reverse the misbegotten strategy (as he has begun to do), we were there to catch it in its fall. Time, of course, will tell whether the brand is strong enough to sustain its moat, but we're betting that the swoosh will maintain its lead.

Civilization and its Discontents—How Things Can Go Very, Very Wrong

Miscalibrations of management aren't always immediately apparent. Nor are their consequences always reparable. Remember that a Super Brand represents a promise—not just a promise to provide a quality product, but a promise to deliver with it an associated feeling that addresses a deep need or desire on the part of the consumer. The ground is littered with the remains of once storied Super Brands that ran out of relevance, that failed to innovate, or that were unable to keep producing the magic that first propelled them to Super stardom. While, as with Target (RIP Tar-jay), they may still be around, they no longer impart that special "je ne sais quoi". Part of the pleasure of shopping at Target used to be the knowledge that you were saving money while also being the cool kid nabbing your limited edition (and cheap!) Missoni mini dress. Sometimes, in breaching its core promises to the consumer, the damage done is too profound to fix, even by replacing the CEO with a shiny new one.[10]

In addition, a well-designed generic can become a viable substitute for a Super Branded product if either the "feeling" component or the functional characteristics of the branded good have weakened over time. In particular, for a brand whose value proposition has become less about the "feels" and more about the actual product, good dupes priced attractively can do some serious damage.[11] These "house brands" might even themselves gain some of the attributes of a Super Brand (think Kirkland and Costco working their cooperative magic) in due time.

Are Consumers Abandoning the Fizz?

Coke is going through a few things lately and, frankly, it's unclear what it can do about it. Back in the day when the battleground was defined as Coke vs Pepsi, the much-vaunted fight to the finish provided Coke with great visibility and posed no real threat in terms of consumers abandoning cola altogether, much less Coke in particular. Certainly, Coke's willingness to update its brand for modern tastes and preferences helped catapult it even further into the Super Brand pantheon when it introduced Diet Coke[12]. Today, though, the fight seems to be among categories, not within cola. The "cola wars" existed at a time when the default nonalcoholic/recreational drink was a category of one. Now, there has arisen a panoply of energy drinks, flavored waters, and noncarbonated beverages of pretty much every stripe, including coffees and teas meant to be consumed cold. While Coke has participated in this effusion of products through brand extensions like Coke Zero and its acquisition of drinks like smartwater and Powerade, it still faces substantial competition.

Perhaps partly a victim of its own success—you can buy a Coke almost anywhere around the globe—and partly a captive to its own brand focused on a sparkling drink, it is unclear to us what the future holds for Coke. While we find it hard to imagine a world without its dominant

[10] And even, in the case of Target, trying to reboot the strategy after ten years of decline.
[11] It's also worth noting that a changing structural environment in retail can weaken a brand, even make it obsolete. A great packaged good Super Brand such as Tide detergent (owned by Procter & Gamble) can become a dud as an investment if it sells through huge merchants like Walmart and Amazon, all but destroying its pricing advantage. But that's grist for a separate letter.
[12] After the company learned its lesson from its disastrous flirtation with New Coke.

presence, we do wonder whether it may in time have to cede its crown as the liquid Super Brand. And somehow, we doubt that updating its font will stem the tide.[13]

Lulu's Lemon

Over the years, we've scratched our collective head about how companies could build such seemingly impressive brands, just to lose their grip on them. We have our theories as to why this happens, with management hubris, overestimation of the brand's bond with the customer and underestimation of the customer's willingness to settle for dupes, all in the mix. The case of Lululemon is interesting in this regard. The brand earned Super Brand status by riding the wave of interest in yoga, after the founder, Canadian Chip Wilson, clocked the absence of clothing suited to the kinds of poses and movements required by the practice. Predicated on technical innovation in both its fabrics and its construction and prioritizing a sense of community through the use of its stores as hubs for yoga classes and wellness events, Lulu provided a sense of identity that spoke to the very core of what yoga stood for in the minds of its early adherents. Through its ambassador strategy, which uses local instructors and eschews the celebrity endorser path, Lulu became everywoman (and everyman, as it expanded into men's gear), gaining a devoted assemblage of acolytes in the process. As with Nike, even those for whom a downward dog is just some canine antic[14] found it satisfying to join the club and to sport their athleisure around town.

Cut to 2013 and the company's first bout with inadvertently transparent leggings. Specifically, their core black leggings made with their signature Luon fabric, which had clearly been defectively manufactured. While Lululemon pulled both the leggings and the chief product officer, the fact that it was a mainstay product was enough to cause some mistrust to take hold. Worse, Wilson blamed women's bodies for the mishap, stating in a Bloomberg interview that "Frankly, some women's bodies just don't actually work [for the yoga pants]. It's more really about the rubbing through the thighs, how much pressure is there over a period of time, how much they use it."[15] Wilson signaled this kind of disparagement of women and their different shapes and sizes in other comments and also, reportedly, within the organization, further straining the concept of body positivity and revealing his particular version of "namaste" as out

[13] See, e.g., "Everyone's Saying the Same Thing About the New Coca-Cola Font," Daniel John, Creative Bloq, July 21, 2026.
[14] Or a leering observation by Krusty the Clown (to those in the know).
[15] See, "Lululemon Athletica (LULU): Where is John Galt?", June 24, 2026, John Burry Substack.

of sync with that of his primary audience.[16] So far, we've taken a pass on buying what we believe to be a tarnished brand whose corporate owner is signaling little in the way of effective remedial action.

When the Chips Are Down: Chipotle

Even harder to detect than a Super Brand shooting itself in the foot can be changes that may at first blush seem to have nothing to do with the brand at all but somehow affect it anyway. In fact, we've found that it's often the fetish with growth and margin expansion that undercuts a company's crown jewel. We believe that the current struggles of Starbucks, for example, flow from its efforts to grow, moving away from being the cozy "third place" where coffee drinkers linger to being a full-on coffee utility, accessible via drive-throughs and in-store take-out lanes. Trading near-term revenue growth at the expense of abandoning what made it a Super Brand in the first place is a bad long-term swap. Management is now faced with a conundrum it doesn't seem to understand and is confronting renewed competition as a result. [17]

Nearer and dearer to our heart is Chipotle, a Super Brand we bought while it was facing the music after sickening a swath of consumers across the US. Yet hidden behind its recovery and ensuing success was a distancing of it from its historical underpinnings that, we think, left it a bit rootless and sapped some of what had made it different and special.[18] When Brian Niccol arrived from Taco Bell to "save" the company, he initiated a series of moves that bolstered sales, margins, and the company's share price, the latter of which we benefited from rather nicely. But we believe that some of what he did also destabilized what turns out to have been foundational to the brand: hospitality, abundance, and the feeling that you're being cared for. Swashbucklers rarely understand the subtleties, and Niccol was no exception. From being appalled that restaurant managers had been permitted under founder Steve Ells to use their own guacamole recipes, to dismantling the company's historic practice of promoting managers from within the restaurants,

[16] Not to mention the fact that, rolling forward to 2024 and 2026, you see a repetition of these product quality misfirings, further trying the patience of their core customer.
[17] On one hand, Luckin, from China, is doing fast no-frills service better and on the other, small, inviting places have proliferated, as have chains that allow you to linger—some, like new arrival Tatte, with excellent food as well. And unlike Nike, which blew it when it turned away from being a wholesale supplier to places like Foot Locker in favor of going DTC but has since changed course, the company gives off no sense that it understands the tradeoffs required in order to achieve two antithetical strategic goals at the same time.
[18] Indeed, so special that one of our kids claimed he had selected his college based in part on its proximity to a Chipotle.

he whittled away at employee self-worth and autonomy, drivers that had helped make the place "feel" special to the customer. By also limiting the ability of servers to respond to guest entreaties to "go a bit heavier on the chicken", he helped margins at the expense of both customer and worker satisfaction. Even what were touted as big advances, like the "second make line" to expedite online orders (growth!), while contributing nicely to margin and throughput, had the unintended consequence of making the second line sloppier and less attentive to proper portion size. Without the customers looking at the employees as they make the bowl or burrito, and with speed the main metric for evaluation by management, work-to-rule became the standard. Given that Chipotle's brand is predicated on healthful food with real ingredients cooked by actual humans, with staff happy to give an extra heaping spoonful or make an off-menu quesadilla, these small cuts to both the experience and the quality might explain why brand and share price have languished over the past six years since we sold the stock.[19]

Totem and Taboo

A Super Brand is not so much trickery as it is a clever leveraging of human psychological traits to make consumers willing to share their identity with that of a product. So long as that product does what you need it to—gives you support and grip for running, entertains you when you're looking for a laugh or an engrossing story, or feeds you the familiar meal you're looking for or the refreshment you need—there is no sleight of hand at work. What a good brand really does is use the product to lure the consumer into buying into its mythology. Through compelling messaging, the promise of a community of the like-minded, and an evocation of certain universal longings, iconic brands create a pleasant world that is intangible but alluring. A strong brand can withstand failed experiments and missed trends, logistical bobbles and manufacturing glitches—so long as it ultimately continues to provide what it promises, both psychically and materially.

[19] We're not especially surprised that the architect of Chipotle's brand deterioration, Brian Niccol, has been unable to snap his fingers and magically turn around Starbucks. While he talks about returning the coffee house to its roots, he continues to push the mass marketization that is intrinsically in tension with those roots.