the players' share of revenue helps small-market clubs like Sacramento or Milwaukee rise in the standings. There is some evidence suggesting that salary caps assist teams in larger markets compete with teams in the largest markets; salary caps level the playing field only so far.)

Lesson 4: The Owners Have the Least to Lose

The players clearly lose from a prolonged work stoppage. While a superstar like LeBron James will play in the league for over a decade and earn a great deal of money from personal appearances and endorsement deals, the median NBA player has a career of only three to four years, and generates a relatively modest amount of outside income. A year-long work stoppage can cut the career earnings of a median player by 20% or more.

Arguably, the group that suffers the second-biggest loss isn't even the owners, but the arena operators. CBS Sports reports that arena operators are expected to lose more than $1 billion in ticket revenue if the season is cancelled. And many of the league's arenas are owned, if not operated, by municipalities. The Miami Heat's deal with their city-owned arena, for example, doesn't pay the city a dime unless the team is exceptionally profitable—which isn't happening if the team isn't playing.

As for the owners, while they're not earning any revenue, they're also not paying the players, and are paying little to the arena owners. And unlike the players, NHL and NBA owners are typically like Dallas Mavericks boss Mark Cuban: with significant and diverse sources of income and wealth outside of basketball. From their perspective, a work stoppage is a short-term investment that can pay long-term gains.

With so much to gain and so little to lose from a lockout, then, the economics of the showdown are clearly on the owners' side. I can't predict if the players will settle quickly or take their time, but there's little to suggest the next NBA labour deal—whenever it comes—will be in their favour.

Casey Putsch

BECAUSE CHEAP IS NOT ENOUGH

It's no wonder Groupon's struggling—their brand doesn't stand for anything

▶ There's something comforting about a law of nature asserting itself. When the universe works the way it's supposed to, even if it's not pleasant, we feel like there may be order in it after all. That's how I'm feeling about the marketing universe right now, because Groupon is apparently running out of money.

For the uninitiated, Groupon is the most prominent among a new species of web-based enterprise, the "daily deals" site. Groupon's offer is pretty straightforward: subscribe with an e-mail address and your location, and you'll receive daily bulletins and coupons for time-limited bargains being offered somewhere nearby. As you'll soon discover, though, the offers are uncurated and unpredictable. The day I joined, I could have unwanted facial hair removed, get my car detailed and enjoy a piping hot quesadilla, none of which was on my to-do list. Which is kind of the point. In a world where technology is being applied to help us find what we're looking for with ever-greater relevance and precision, Groupon's contribution is to hunt down margin-challenged products and services indiscriminately and offer them up to subscribers as though pinned to the inside of a raincoat.

Bruce Philp

Brand consultant, author and blogger at brandcowboy.blogspot.com

It seems harmless enough at first. Who doesn't like a bargain? But with quesadillas as with anything in life, no bargain comes without some kind of karmic price. With Groupon, there are two. As citizens of the world, of course, we should look askance at the idea of buying stuff just because it's cheap, and even more so at the idea of turning that into a competitive sport. Groupon and its ilk rely heavily on the consumer's irrational fear of missing out on something (whether they wanted it or not), one of humanity's less attractive qualities. But more to the point here is what that says about the practice of marketing as Groupon sees it. Not only does its business model depend in some sense on the failures of others, but Groupon itself seem to feel it's above having a coherent value proposition that advocates for somebody. Notwithstanding its controversial foray into advertising in the 2011 Super Bowl, it is as unconcerned with who its subscribers are as it is are about what's being offered to them. Groupon's brand doesn't stand for making a certain kind of person's life better in a certain kind of way. Groupon is a garage sale.

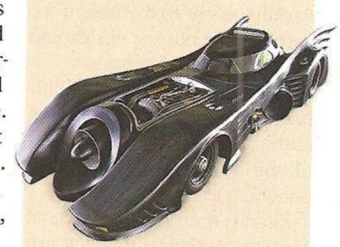
And happily, there doesn't seem to be much money in it. Happily, at least, if you still think that marketing matters, and that brands are supposed to represent some kind of accountability.

By the end of the first half of 2011, Groupon was reported to have had less cash on hand than it would need to meet its obligations to merchants. It had been the subject of an accounting controversy in which the SEC thought it might be overstating its profitability. And most recently, it decided to delay its much-anticipated IPO, a deal for which it once had such high hopes that it spurned a buyout offer from Google. The choppy equity markets were blamed, of course, but there were credible reports that negative press around the brand might have some impact on its valuation. All in all, it isn't going very well. And the root of the problem is a fundamental disregard for the value of marketing.

It's always going to be a free-market law of nature that, to have a business, someone has to create proprietary value, and someone else has to appreciate it enough to pay for it. And real marketing doesn't stop there. You also have to build a real brand. Those take accountability, the public promise that you're going to somehow mediate the world on behalf of your customers, then stand or fall on whether they're happy with the result. There's more to this game than just taking your percentage as the money goes by. Parasitism is not a business model, and cheap is not a brand. Together, they're simply a recipe for commodification. It's one of the great mysteries of the age that entrepreneurs seem to have to keep learning this lesson over and over again.

NICHE ECONOMY

Dark Knight Ride



The idea: Dublin, Ohio's Putsch Racing designs a 1989 Batmobile replica complete with a noisy 385-horsepower turboshaft engine that runs on kerosene, diesel or jet fuel.

Reaction: This 20-foot-long, street-legal cruiser is up for sale on eBay, but despite a substantial recent price adjustment, aspiring Caped Crusaders have yet to bid anywhere close to the Buy It Now price of $480,000.