'The best thing that can happen to Google is that all its new products fail early'

—Uday Deb

Michael Brandtner is one of the leading branding and focusing consultants in Europe and an associate of Ries & Ries. Besides consulting, he speaks frequently on the topics of branding and positioning. "All my presentations start with 'Brandtner onBranding'. But focusing is still the most important job to do in branding. A brand without a focus has no power at all in the long term. Take Sony. What does Sony stand for? Fifteen years ago, Sony was a brand superstar. Today, it is a burned-out brand," he points out, in an interview with **Vivek Kaul**. *Excerpts:*

Q&A
Michael Brandtner

You are a focusing consultant. What does a focusing consultant do?

I help companies to find the right focus for their brands. Most brands today are unfocused. That means that they try to stand for many different attributes at the same time. In a typical brand statement, you will find phrases like this: 'Our brand stands for high quality, great service and innovation.' Maybe this makes sense in a brand or positioning statement. But it sure makes no sense in the mind of the customer. Today, if you want to be successful, you need a powerful focus like "driving" for BMW, "breathes" for Geox or "search" for Google. The most powerful brands today are built around a single idea, or even better, a single word. That is the focus of a brand. And in my consulting work, I help companies to find this one word.

What does it take for a company to be focused?

It takes strategic long-term thinking. You really must decide what your brand should stand for. Here in Europe Ryanair is focused on "low fare" airline. Today, Ryanair is the most successful airline in Europe. Most other airlines are unfocused. They try to appeal to everybody. Of course, most other airlines are in trouble today. Or take the automobile industry. The brands in the so-called mushy middle are in trouble. The real successful brands are at the high end like Porsche, BMW, Mercedes-Benz, Audi or Lexus; or, at the low end like Hyundai or Kia. The brands in the mushy middle are unfocused. The brands at the high end or at the low end are focused. So I predict that Hyundai will become the largest automobile brand in the world.

How does it help if a company is focused?

For most managers, it seems not logical to focus. They still believe that the more you have to sell, the more you will sell. It sounds so logical. But it isn't. Marketing is not a battle of products. It is a battle of ideas. So if you want to win the marketing war, you have to focus on the right idea.

Here is an example from Germany: In 1988, Dr Best was just another toothbrush with a market share of about 5%. Then, the brand becomes the first "flexible" toothbrush. This idea is the focus of the brand. They only make flexible toothbrushes. The advertising is focused on the flexible idea. They developed a powerful 'key visual' -- or better called 'visual hammer' -- with a tomato to dramatise the benefits of a flexible toothbrush. Dr Best is flexible, flexible and flexible. Today the market share is over 40%. This is the power of a clearly defined focus. A focus is more than an idea, it is also a long-term direction for the brand. It is the single idea that helps a brand to dominate a category.

Any other examples?

Take Opel. Opel is a European car manufacturer that makes a lot of different car models. But Opel has no focus. Why should anyone buy an Opel? I don't know. Most people don't know. In the mind of the prospect, Opel is just another manufacturer of different car models.

What does it take a company to be all over the place?

Not much! A brand becomes successful with a single idea, even a single product like Red Bull as the 'first energy drink'. Then, the management starts to add a "sugar-free" Red Bull and even a Red Bull Simply Cola.

In most companies, this is a natural way to grow a brand. And it is the perfect way to lose focus. This does not happen overnight because it is not easy to change the mind of the prospects. And that is the big problem with the issue of brand- and line-extensions.

You can expand a brand over a long period of time and you are still clearly positioned. Then one morning you wake up and you have to realise that your brand does not stand for anything anymore.

It takes time to build a brand and it takes time to destroy a brand. Take Sony! What does Sony stand for? Fifteen years ago, Sony was a brand superstar. Today, it is a burned-out brand.

How does it hurt if a company is not focused?

If a brand has no focus, it will end up standing for nothing. That is the problem of Sony today. And, maybe, it will be the problem of Samsung tomorrow. Samsung is also unfocused. But today Samsung has the Galaxy. The success of the Galaxy is the main reason why most people think that Samsung is a hot company and brand. But Samsung as a brand does not stand for anything specific. Do you know what Samsung stands for? I do not.

Fifteen years ago, many people thought that Sony was a hot brand because of the success of products like HandyCam, CamCorder and Trinitron. These products faded away and Sony was left as an unfocused brand that stands for nothing specific. Now Sony is in deep trouble.

It is like in the political world: If a political candidate tries to appeal to everybody, he will appeal to nobody. Take Barack Obama in 2008. He really did a brilliant move by focusing his entire campaign on one word, on "change". "Change we can believe in" became his battle cry. That is the power of a focus.

Since everybody is talking about Facebook these days, how focused is it?

Today, Facebook is a focused brand and company. Facebook stands for "social network". It is the leading social network in the mind.

What about Google?

Google as a company is in the process of becoming unfocused. Google as a brand is still focused, because it still stands for "search" in the mind of the customers. It is still the ultimate search engine. But if Google is successful in expanding the company, it will destroy the focus of the brand. The best thing that can happen to Google is that all the new products under the Google brand will fail early.

> **A focus is more than an idea, it is also a long-term direction for the brand. It is the single idea that helps a brand to dominate a category**

How do you view the potential of Facebook when it comes to brands advertising themselves?

Facebook is not an advertising medium. It is much more of an information medium. To put it even better: It is an interactive information medium. On Facebook, people are interested in information, in conversation, in gossip, in buzz. But they are not really interested in advertising. On Facebook, marketers have to think more like editors than like classical advertising people.

How does a marketer market in the world of Facebook, Twitter, blogs and what not? How do you see social media changing marketing?

Social media today is totally over-hyped. For many people it is a medium that will change the world of marketing as we know it. Here is my point of view: Social media is an important medium, but it is still only a medium. How important is television as a marketing channel for a company or a brand? It depends on the company, on the brand, on its strategy, on its messages and so on. How important are Facebook or Twitter or blogs as marketing channels for a company or a brand? It depends on the company, on the brand, on its strategy, on its messages and so on.

For some companies and brands, social media will become very important. For other companies and brands, social media will only be another information medium like the website.

For a car brand like BMW or Audi, Facebook may be a great medium, because both brands have a lot of fans and a lot of relevant news for these fans. For a tissue brand, Facebook is more like an additional website to give some basic information about the brand.

Every company has to find out for itself how important Facebook, Twitter or blogs are in the media mix.

What's the biggest branding mistake that a company can make?

> **If a brand has no focus, it will end up standing for nothing. That is the problem of Sony today. And, maybe, it will be the problem of Samsung tomorrow**

1) Believing that brand- or line-extension is the ultimate strategy to grow a brand
2) Believing that the better product will win
3) Believing that it is easy to change the perception of customers with advertising

Especially companies in trouble are doing these three things at the same time. Typical example here in Europe is Opel! Opel is in trouble. The typical reaction: We have to launch new models under our brand name to win market share. We have to build better products than the competition, because customers prefer better products. We have to change our logo and we have to launch a new advertising campaign to change the perception of our brand. Will it work? Of course not. Opel needs a new focus.

Take Apple! About 15 years ago, Apple was in trouble. What did Steve Jobs do? He launched the iPod in 2001. He focused his efforts on a new brand to rebuild Apple. The success of the iPod did more for Apple than all other marketing efforts combined. It was also the base for the iPhone and the iPad. Steve Jobs knew about the power of a clear, defined focus. He built three leading focused brands in only one decade, the iPod, the iPhone and the iPad. By doing this, he made Apple the most admired company and brand in the world.

What are the areas of marketing which marketers have the most trouble with? How can they address them effectively?

Still many management and also marketing people confuse reality with perception. That`s why, they believe that the better product will win. Not true. The better brand will win. New Coke was the better product. Coke Classic is the better brand. Who wins? Coke Classic. Marketing is not a battle of products. Marketing is a battle of perceptions.

Could you elaborate a little more on this point?

Most companies are still building or investing in better products. But they should invest in better brands. Take Nokia! Nokia is the dominant brand for mobile phones. But Nokia is a weak brand in smartphones. Nokia stands for mobile phone, not for smartphone in the mind of the customer. So what is Nokia doing? They try to build better smartphones like the Nokia Lumia. Maybe the Lumia is a great smartphone in the factory. But in the perceptions of the customer, it is just another smartphone in the market. Nokia should stop building better smartphones and start building a better smartphone brand. To achieve this, they have to do two steps: Step one: Nokia has to create a new category of smartphones with a new powerful app. Step 2: Nokia has to give this smartphone a completely new brand name.

Why are big companies unable to launch successful new brands? They usually end up buying other brands. Like Google bought Orkut or Facebook bought Instagram recently.

The reason behind this is the so-called corporate ego. If a company has a powerful brand name, it will tend to use this "powerful" name for all products. That is good thinking inside the company, but it is bad thinking outside the company.

For the Kodak management, it was logical to use the Kodak name also for the digital products. But this does not make any sense outside the company. Why should anyone buy a digital camera from a photo film company or brand? Kodak is not perceived as an expert for digital cameras. That`s the point. So it is not a bad strategy for big companies to buy new brands.

If Google had launched a website for video search on its own, they would have probably called it Google Video. Instead they bought YouTube. Google now owns two strong brands and also market leaders in the search engine business. Google is the ultimate search engine. YouTube is the ultimate "video" search engine. Additionally, Google has also Android. That is a great multi-brand strategy. Google+ on the other hand is only a me-too social network. That's a bad brand strategy.

So what does that mean?

That means: Companies have to overcome their corporate ego to launch second brands. But there is one very important point. It is not enough to launch a second brand. First of all, you need a new category.

Take Microsoft in the search engine business! It is regardless whether they call the search engine MSN Search or Bing, because the strategy "launching a me-too search engine" is wrong. That means, if you launch a second brand, you first will need a new category. Without a new category, you should not launch a second brand at all.

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Goldman-bred neuroscientist bares secret of testosterone trading

Financial risk-taking, John Coates argues, provokes the same physiological responses we feel when taking other risks, be they surfing a pipeline wave or staring down a grizzly

James Pressley

Book Review

As a Wall Street trader named Scott watched the mortgage market crater in late 2007, a switch buried deep in his brain flipped.

What happened next is anatomised, tick by clinical tick, in John Coates's unsettling book, "The Hour Between Dog and Wolf."

Scott's heart rate sped up, to pump extra blood to his arms and thighs, Coates writes. His pupils dilated, to absorb more light. He began to sweat, his breathing accelerated and he got a hit of adrenalin. Then, as his losses surged to $24 million, his bowels liquefied.

Though Scott is a fictional representation, his symptoms are all too real, judging from the observations of Coates, who spent 12 years trading derivatives for Goldman Sachs Group Inc, Merrill Lynch & Co. and Deutsche Bank AG.

"As losses mount on the trading floor, one observes anxious traders marching briskly to the toilets, the men's room starting to exude the fear and stench of a slaughterhouse," he writes. If this book isn't on Jamie Dimon's reading list, it should be following the $2 billion trading loss at JPMorgan Chase & Co.

The biological side of financial markets struck Coates during the dot-com bubble in the 1990s, as he watched normally prudent tech-stock traders become overconfident, reckless and euphoric. At the time, he had become fascinated with breakthroughs in neuroscience, notably research into how hormones affect the brain, influencing how we think and behave.

Could it be that testosterone was impairing the judgment of traders, making them feel infallible and propelling markets to unsustainable heights? Then, as tech stocks crashed, were traders overwhelmed by a stress hormone, cortisol?

Was human biology, evolved over millenia to help us fight or flee lions and bears, driving booms and busts?

Deciding to test his theory, Coates retired from Wall Street and spent four years studying neuroscience and endocrinology at the University of Cambridge, where he's now a senior research fellow. He then conducted an experiment with 250 high-frequency traders in the City, London's financial district.

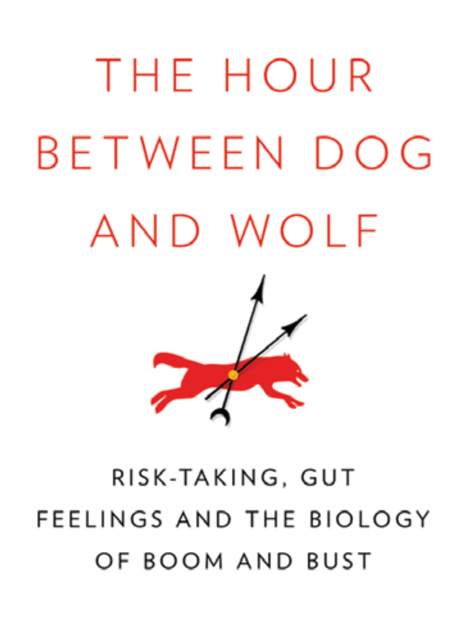
Only three were women.

Over two weeks, he tracked the traders' testosterone levels and compared them to their daily profits and losses. The conclusion: They scored above-average profits on days when their testosterone was significantly elevated. The reason: The hormone drove them to take more risk, he says.

Another experiment documented how volatile markets and losses triggered traders' stress hormones, which are sensitive to uncontrollability and uncertainty.

Financial risk-taking, Coates argues, provokes the same physiological responses we feel when taking other risks, be they surfing a pipeline wave, gunning a Ferrari up a twisting mountain road or staring down a grizzly.

As a trader's testosterone rises, he is being primed like an animal steeling for a fight, Coates says: His risk appetite increases along with his confidence in a moment of metamorphosis alluded to in the book's title. He has reached what the French call "entre chien et loup," the hour between dog and wolf.



This is a highly speculative and profoundly unconventional book. It's also so absorbing that I wound up reading it twice and taking copious notes.

Coates frames the book as the story of a floor of traders caught in a bull market that transmogrifies into the great bear of 2007 and 2008. He describes how they make and lose money, and how their bodies influence their behaviour.

The narrative arc will be familiar to anyone who has read "Macbeth": It's a tragedy tracing the relentless logic of hubris and nemesis, overconfidence and downfall.

From the first page to the last, Coates challenges deep-seated assumptions, arguing that we think with our bodies as well as our brains. Recall that George Soros took the onset of acute back pain as a signal that something was amiss in his portfolio.

Coates also treats us to what he calls "Aha! moments." Why do you get butterflies in the stomach? Stress makes the blood vessels in your stomach constrict. Goosebumps? That would be the erector pili muscles in your skin trying to make you look bigger by raising your fur, as a cat does when threatened.

If confirmed by more extensive research, Coates's theory carries profound implications for our understanding of economics and financial market stability. It gives a whole new meaning to John Maynard Keynes's famous observation that human actions often flow from "animal spirits," from "a spontaneous urge to action rather than inaction."

The failure to study the physiology of traders marks "an extraordinary omission," says Coates. It's analogous, he says, "to studying animal behavior without looking at an animal in the wild."

If a testosterone cocktail really does drive irrationally exuberant risk-taking, what can be done about it? Change the market's biology, Coates suggests.

Banks could, for example, increase the number of women and older men on the trading floor, he says. Women have about 10% to 20% of the testosterone found in males, he says, while levels of the hormone in men decline as they mature.

Though trading is usually thought of as a young man's game, most legendary investors are much older, Coates says. Think of Warren Buffett and his mentor, Benjamin Graham.

Sometimes a master of the universe needs an old master around. Bloomberg

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