

Jeff Bezos on Amazon Business Strategy - How They Succeed and Thrive in Everything

Intro

0:00

we're really focused on is thinking

0:03

long-term putting the customer at the

0:05

center of our universe and inventing

0:08

those are the three big ideas to think

0:10

long term because a lot of invention

0:12

doesn't work if you're going to invent

0:15

it means you're going to experiment you

0:16

have to think long term so these three

0:19

ideas customer centricity long term

0:21

thinking and a passion for invention

0:24

those go together that's how we do it

0:27

and by the way we have a lot of fun

0:29

doing it that way you have been known to

0:30

be somebody who is going to plant seeds

0:32

and just wait how do you deal with the

0:35

pressure say Wall Street or you have a

0:37

dot-com crash you I've never seen you

0:40

panic I'm sorry you stay the course and

0:42

you sort of stick to your script how do

0:43

you do that and how do you advise us to

How to internalize a strategy

0:46

internalize that as well as a strategy

0:48

well and I think that if you're

0:51

straightforward and clear about the way

0:55

that you're going to operate then you

0:58

can operate in whatever whatever way it

1:01

is and and we don't even take a position

1:04

on whether our way is the right way we

1:06

just claim it's our way but you know

1:08

Warren Buffett has a great saying along

1:11

these lines he says you can hold a

1:13

ballet and that can be successful and

1:16

you can hold a rock concert and that can

1:18

be successful just don't hold a ballet

1:20

and advertise it as a rock concert you

1:22

need to be clear with all of your

1:25

stakeholders with you know are you

1:29

holding a ballet or you holding a rock

1:31

concert and then people get to
1:32
self-select in I think and I don't I
How to selfselect
1:34
don't think there's a particular recipe
1:36
but there are elements of what we do
1:38
that I think help so one of them is that
1:42
inside our culture we understand that
1:47
even though we have some big businesses
1:48
new businesses start out small and so
1:52
you know it would it would be very easy
1:55
for say the person who runs our us Books
1:59
category to say why are we doing these
2:02
experiments with things I mean you know
2:04
that generated you know a tiny bit of
2:07
revenue last year
2:09
why don't we instead focus those
2:11
resources and
2:13
you know that all that brainpower on
2:16
this on the books category where we
2:18
which is a big business for us and
2:22
instead that that would be a natural
2:24
thing to have happen but instead inside
2:26
Amazon you know when a new business you

2:28
know reaches some small milestone of
2:31
sales email messages go around and
2:34
everybody is you know giving virtual
2:36
high fives for reaching that milestone
2:38
and I think it's because we know from
2:41
our past experiences that big things
2:43
start small you know the biggest oak
2:47
starts from an acorn and you've got to
Big things start small
2:50
recognize you want to do anything new
2:51
you've got to be willing to let that
2:54
acorn grow into a little sapling and
2:56
then finally into a small tree and maybe
2:58
one day it'll be a big business on its
3:01
own and in fact that's one of the models
3:04
for one of your initiatives and forgive
3:05
my my pronunciation of the Latin but
3:07
Greta team for Ock what does that mean
3:10
to you well it means step by step
3:13
ferociously and it's the motto for Blue
3:16
Origin and basically you can't skip
3:22
steps you have to put one foot in front
3:23

of other things take time you there are
3:27
no shortcuts and but but you want to do
3:31
those steps with you know passion and
3:34
ferocity amazing about your success is
How to identify historical momentum
3:37
that you actually your timing was good
3:39
too how does an innovator actually
3:41
identify that historical momentum that
3:43
Kittyhawk moment you recognize what was
3:46
happening with the internet and you said
3:47
you know what there's actually a room
3:48
for me to start with books and they move
3:49
on how do you do that how do you find
3:51
the time and the momentum the zeitgeist
3:53
well I think to some degree you follow
3:59
your passions and then wait that you
4:02
know you have to hope the wave catches
4:03
you I was always interested in computers
4:05
I was always interested in software I
4:09
was always a big reader and so it wasn't
4:13
you know which made me alert to things
4:16
like the internet and the possibility
4:20
that you could build a bookstore online

4:23
that would have universal selection I
4:25
think every
4:26
buddy has their own passion their own
4:30
thing that they're interested in you're
4:31
very alert to the things that that are
4:36
in the sphere of influence of that
4:38
passion so your passion has led you to
4:40
change the world frankly with Amazon but
4:43
yet you've got Blue Origin you've got
4:45
Basil's explorations why can't something
4:47
like you just rest on your loss go well
4:51
I you know I love what I do I have I
4:54
also have four kids I have a wife that I
4:56
love I have a lot of passions and
4:59
interests but I one of them is you know
5:03
at Amazon the rate of change is so high
5:07
and I love that I love that I love the
5:10
pace of change I love the fact that I
5:14
get to work with these smart big smart
5:19
teams the people I work with are so
5:22
smart and they all they're self selected
5:24
for loving to invent on behalf of

5:27
customers and so you know it's not do I
5:32
love every moment of every day no that's
5:35
why they call it work there's you know
5:37
there's always there are things that I
5:39
would that I don't enjoy but if I'm
5:41
really objective about it and I look at
5:44
it I'm so lucky to be working alongside
5:48
all these passionate people and I love
5:50
it why would I
5:51
I want to go sit on a beach

Why Starbucks Failed In Australia

Intro

0:01
Starbucks has coffee shops all over the world
0:03
There are more than 28,000 locations and 76 markets
0:07
From Shanghai to Guantanamo Bay
0:10
And in China, a new Starbucks location opens up every 15 hours
0:14
But there is one continent that seems uninterested in the hype over the Seattle based coffee chain
0:19

And that continent is Australia

0:22

It's proven to be one of the toughest markets in the world to break into

0:25

So tough in fact, that Starbucks closed more than two-thirds of its stores on the continent back in 2008

What went wrong

0:31

So what went so wrong with Starbucks and Australia

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To answer that let's go back to July of 2000

0:36

When Starbucks opened its first Australian shop in Sydney

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From there it expanded fast

0:41

By 2008 Starbucks had 87 stores across the continent

0:45

I think one of the problems with Starbucks

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and it's true for a lot of businesses that have been successful in one country

0:51

is that they thought that their business model could just roll out

0:54

to a different environment and there was no need for them to adjust

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But that was the problem

0:59

They tried to grow the Empire too fast

1:01

Starbucks rapidly opened up multiple locations

1:03

instead of slowly integrating them into the Australian market

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When they launched they launched too rapidly and didn't give the Australian consumer

1:11

an opportunity to really develop an appetite for the Starbucks brand

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They also moved into regional areas into outer suburbs of major cities

1:21

And so for the Australian consumer it was almost like it was too available for them

1:26

And so there wasn't this point of difference, this want, this need for Starbucks

1:30

And it wasn't an organic growth which is what we very much saw in the US

1:34

In its first 7 years in Australia, Starbucks accumulated \$105 million in losses

1:39

By 2007, Starbucks Australia was hanging on by a thread

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taking big loans from the US, totaling up to \$54 million

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And in 2008, Starbucks announced it was shutting down 61 stores

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But of course 2008 was a difficult time for businesses due to the financial crisis

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Along with Australia closures, Starbucks also closed 600 underperforming American stores

2:02

But even still such a retreat in Australia was embarrassing for the brand

2:05

When you're shutting down 75 stores

2:09

For the Australian consumer when they, when they did leave the market

2:13

or at least a large number of bestowals were shut down they didn't really care
Australia's coffee market

2:18

It's partly because Australians are spoiled for choice when it comes to coffee

2:21

Australia's coffee market is one of the biggest in the world

2:24

the industry is expected to hit more than \$6 billion in total revenue in 2018

2:29

They've been immersed in nuances of cafe culture since the mid 1900s

2:33

when Italian and Greek immigrants began traveling to the country

2:37

The immigrants introduced Australians to espresso

2:39

By the 1980s, Australians were fully engulfed in cafe culture

2:44

They've also grown accustomed to specialty menu items like a flat white or an Australian
macchiato

2:49

So cafes in Australia were born out of like the Italian culture

2:54

of, you know, meeting of friends and knowing your local barista

3:01

and it being kind of like a local meeting place where everyone knew each other

3:05

and that coffee was just a part of that

3:08

and then Starbucks came in with what is more of an American style

3:14

like coffee culture which is essentially just like coffee is a product, coffee is a commodity

3:19

Coffee is like, like perk me up in the morning it's caffeination

3:23

Starbucks had a basic menu and offered more sugary drinks which most Australians didn't like

3:28

in Australia where, you know, local tastes are different

3:31

So we don't really want a coffee that's, you know, hundreds of ounces with lots of sugar in it

3:36

We want something a little more sophisticated

3:39

Plus Starbucks charge more than local cafes

3:42

So Australians instead opted to pay less for coffee they liked from a local barista they trusted

3:47

And so when you come in with this big like hey, we're going to open all these cafes

3:51

And they're all gonna be to go focus

3:54

It just was the complete wrong market for what, what the Australian was used to

Gloria Jeans

4:00

But there is one American coffee company that's thriving in Australia

4:04

Founded in Chicago and now based in Australia

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Gloria Jean's got the traction in Australia that Starbucks couldn't

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Gloria Jean's has more than 400 Australian locations

4:13

And serves more than 35 million consumers in Australia each year

4:17

So what is Gloria Jean's doing in Australia that Starbucks isn't

4:20

Well the company attributed to success to two Australians who franchised the business in their home country

4:25

Shops started to show up in Australia in 1996

4:28

Fast forward to today, the company has a presence in every Australian state

4:32

The reason? Its menu

4:34

The chain offers a wide variety of espresso drinks and specialty coffee

4:39

Failing to adapt its menu to Australians coffee culture proved to be a mistake for Starbucks

4:44

And the company faces another challenge later this year

4:46

Italy

4:48

Starbucks is opening its first store in Milan in late 2018

4:52

home of the espresso, Italy is rich in cafe culture

4:55

But according to Starbucks it's not going to make the same mistakes that it did in Australia

4:59

The company said that it would develop in Italy with humility and respect for its coffee culture

5:03

It announced it would be opening a roastery which is not your average cafe

5:07

It gives customers a chance to see coffee beans roasted and processed before their eyes

5:10

So there's a chance that it won't struggle like it did in Australia

5:13

But Starbucks isn't admitting defeat in Australia either

5:17

Starbucks is staging a comeback on the continent

5:19

In 2014, Starbucks locations in Australia were purchased by the Mount Waverley base withers group

5:24

Starbucks told CNBC that since its sale to the withers group the company learned a lot

5:28

So this time it's taking a different approach to putting Starbucks on the continent

5:31

So if you just think about Australia as a big tourist destination

5:35

There's a lot of U.S. and Chinese tourists

5:38

Starbucks has been very successful in China

5:40

and it makes a lot of sense for them to build out because

5:43

there are people looking for something that's familiar to them

5:46

Now with 39 locations in Brisbane, Melbourne, the Gold Coast, and Sydney areas

5:51

this time it's not looking to appeal to Australians

5:53

but instead the coffee giant hopes to be a familiar face for tourists visiting popular vacation destinations in Australia

5:59

free Australia has always been a high-volume tourist market

6:02

The same thing in terms of international students at our universities are potential opportunities for them

6:07

And we're starting to see Starbucks enter into some large shopping malls

6:12

here in Australia as well

6:14

Australia welcomed 9 million tourists from 2017 and 2018

6:18

And those international visitors spent more than \$30 billion in 2017 alone

6:23

So tourists could possibly be the key to keeping the company afloat and preventing another downfall

6:37

Hey there, thanks for checking out CNBC on YouTube

6:40

be sure to subscribe to stay up-to-date on all of the day's biggest stories

6:43

You can also click on any of the videos around me to watch the latest from CNBC

6:47

Thanks for watching

How Apple and Nike have branded your brain | Your Brain on Money | Big Think

0:00

- Coke is just soda.

0:02

Tylenol is just acetaminophen.

0:03

And Levi's are just jeans.

0:06

Yet consumers go out of their way

0:07

to select these specific brands over others.

0:10

- An economist would say,

0:11

"How is this possible,

0:13

that a rational consumer would be willing to pay more

0:17

for exactly the same thing?"

0:19

We love to think about ourselves as rational.

0:23

That's not how it works.

0:25

A very famous study done by colleagues at Duke University

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flashed either the Apple logo or the IBM logo

0:33

to two randomized groups of participants.

0:37

- The study found that

0:38

after being subliminally exposed

0:40

to the Apple logo, compared to

0:42

when you'd been exposed to the IBM logo,

0:44

participants performed better on creative tasks.

0:47

- And the argument is that Apple has been telling you

0:51

this story over and over again,

0:54

that Apple is the brand for hip, cool, fun, creative people.

1:01

- This is the true power of brands.

1:04

They can influence our behavior in ways

1:05

that extend way beyond the point of sale.

1:08

So to what degree can the influence of brands

1:10

wreak havoc on our ability

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to make rational spending decisions?

1:15

This is your brain on money.

1:18

This is Americus Reed.

1:20

He studies identity and marketing

1:22

at the University of Pennsylvania.

1:25

When I make choices about different brands,

1:27

I'm choosing to create an identity.

1:30

When I put that shirt on,

1:31

when I put those shoes on, those jeans, that hat,

1:33

someone is going to form an impression about what I'm about.

1:37

So if I'm choosing Nike over Under Armour,

1:40

I'm choosing a kind of different way to express

1:43

affiliation with sport.

1:46

The Nike thing is about performance.

1:49

The Under Armour thing is about the underdog.

1:52

I have to choose which of these

1:54

different conceptual pathways

1:56

is most consistent with where I am in my life.

2:00

- And once a consumer makes that choice,

2:02

their relationship with a brand can deepen to the point

2:05

where they identify with that brand like family.

2:08

And once you identify with a brand,

2:10

it can shape the way you behave.

2:12

- And it's really interesting because they will also,

2:15

if someone talks bad about that product, brand, or service,

2:18

they will be the first to go out and defend.

2:21

Why?

2:22

Because an attack on the brand is an attack on themselves.

2:27

- Michael Platt is a professor of

2:29

neuroscience, marketing, and psychology

2:31

whose research demonstrates how

2:32

our perception of brands influences our decisions.

2:36

- There's an idea in marketing, which is that

2:39

we relate to brands in the same way we relate to people.

2:43

It's like, "I love this brand," or, "I hate this brand."

2:47

Of course, what people say, right, can often be

2:49

different from what's really going on in their heads.

2:52

So we thought, "Well, why don't we just

2:54

ask the brain directly?"

2:57

- Michael and his team observed the brains of

2:59

iPhone users and Samsung Galaxy users with an MRI machine

3:03

while they heard good, bad, and neutral news

3:06

about Apple and Samsung.

3:08

- Apple customers showed

3:10

a brain empathy response toward Apple

3:12

that was exactly what you'd see in the way you would respond

3:15

to somebody in your own family.

3:18

- Strangely, Samsung users

3:19

didn't have any positive or negative responses

3:21

when good or bad news was released about their brand.

3:24

The only evidence that Samsung users showed

3:26

was reverse empathy for Apple news.

3:29

Meaning if the Apple headline was negative,

3:31

their brain reflected a positive response.

3:34

- You know, it really shows us that

3:36

Apple has completely defined the market here.

3:38

Samsung customers, it seems, from their brain data,

3:41

are only buying Samsung 'cause they hate Apple.

3:44

- The kicker?

3:45

The Samsung users didn't report feeling

3:47

the results their MRIs showed.

3:49

What was happening in their brains

3:51

and what they reported feeling towards Apple and Samsung,

3:53

were totally different.

3:55

- Most people just don't realize

3:57

that they are subconsciously choosing brands

4:00

because those brands have some kind of

4:03

self-expressive value.

4:05

- You can see there's a lot of power here

4:07

in terms of shaping consumers' decisions.

4:11

As we learn more and more about that,

4:12

we have to think much more deeply about

4:15

the ethical, legal, and societal implications of doing that.

4:19

- So, as consumers, what can we do

4:21

to make informed choices?

4:23

Well, the best thing we can do is to

4:24

be aware of the influence that brands hold.

4:27

- I think it's important to always pause

4:31

and think a little bit about,

4:32

"Okay, why am I buying this product?"

4:35

- And like it or not,

4:36

brands aren't going anywhere.

4:38

- I've heard lots of people push back

4:41

and say that, "I'm not into brands."

4:43

I take a very different view.

4:45

They're not doing anything any different than

4:47

what someone who affiliates with a brand is doing.

4:50

They have a brand, it's just an anti-brand brand.

4:53

And I think about,

4:55

what is it that I've learned about identity over time?

5:00

I think a lot of it has to do with

5:03

the fundamental need that we as humans have

5:06

to have support systems.

5:08

Perhaps it was the church, it was the community,

5:11

it was these other institutions that existed.

5:14

Now, brands have stepped in as pillars of our identity.

5:19

So I'm very much motivated to see that

5:22

in that positive light.

Philip Kotler - Creating a Strong Brand

0:02

then the question is what makes a strong

0:03

brand

0:05

well here's one way to look at it

0:11

this formula of three elements

0:14

was created by the late peter doyle one

0:17

of your very best young marketers uh he

0:20

uh in his book 1997

0:23

he said that look make sure your product

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benefits are

0:27

clear and compelling

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but maybe the competitor has clear and

0:33

compelling

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benefits as well but then add a distinct

0:37

identity

0:38

you're just different you have a

0:40

different history a different

0:42

way of doing business maybe a different
0:44
set of activities and then
0:46
make sure you've built in an emotional
0:48
connection with your customers
0:51
now you might say hey i'm strong on
0:54
one i'm i haven't really
0:58
developed a distinct identity on two and
1:01
there's no emotional
1:03
uh in the session this morning there's a
1:05
woman who said she's
1:06
her job is to brand the london
1:10
subway system which you never think of
1:13
you just take it you know
1:15
uh she has a feeling that the emotional
1:18
side
1:19
has needs some work um and
1:22
how do you really make people proud and
1:25
happy and going
1:26
on down the tube and using it
1:30
okay now another formulation that is
1:33
overlaps with that one
1:34
was developed by doug hall uh
1:38

he he's a consultant for png and
1:40
actually does training courses in
1:42
marketing physics he calls it
1:44
not a bad idea marketing physics sounds
1:47
scientific
1:48
anyways uh when he advises p g says
1:51
there's got to be an over
1:52
benefit uh of course a set of benefits
1:55
but something
1:56
stands out about the benefit but it has
1:59
to be believable
2:01
i mean you can claim a benefit that
2:03
people could sort of say well that's
2:05
just
2:06
exaggeration and then it has to make a
2:09
dramatic difference in our life
2:11
uh or in in in the way we
2:15
operate without if we didn't have it it
2:17
creates a dramatic difference
2:19
so there are different formulations and
2:21
you could take any of your products and
2:23
see how
2:24

these two encoding approaches work
2:27
okay there's a process but
2:31
one of the insights is branding belongs
2:34
not to the marketing department
2:37
it may generate from the marketing
2:39
department but it is
2:40
an organizing principle for the whole
2:42
offering
2:44
it is a management tool the brand is
2:48
used throughout the organization and you
2:51
even have to
2:53
sell your retailers and your your
2:55
wholesalers
2:56
to live the brand if they carry your
2:59
product
3:00
i mean don't just get your own sales
3:03
force to
3:04
live the brand you've got to get
3:05
everyone in your network
3:08
to invest in the brand
3:11
and not spoil it you know any
3:14
retailer can spoil your brand by saying
3:16

well if you want a better tv

3:18

set why don't you buy the samsung

3:21

instead of the xyz

3:23

so if your if your retailers are not

3:26

haven't bought into the

3:28

value proposition by the way there are

3:31

one of the biggest problems is your

3:33

sales force hasn't stuck to the value

3:36

proposition

3:38

a sales person might do anything to get

3:40

the sale

3:41

say anything things that shouldn't be

3:44

said

3:45

as a reason to buy your product and one

3:48

of the headaches of marketers is

3:49

god the salesman they don't stick to the

3:52

value proposition

3:53

they'll cut the price instead of selling

3:56

the price

3:56

they sell through the price by cutting

3:58

the price and getting the sale

Why Great Businesses Fail

WHY GREAT BUSINESSES FAIL

0:00

[MUSIC]

0:07

What we're seeing in the last ten years certainly are large companies failing.

0:12

Companies like Kodak, companies like Blockbuster, companies like Sears.

0:17

And if you step back and think about it, it's not obvious why that should be.

0:20

And when you ask people why that's so,

0:23

they typically say they're being disrupted.

0:26

But disrupted by what?

0:27

Disruption really means the emergence of a new set of competitors,

0:32

a different way of doing business,

0:34

a different technology that allows you to do business in different ways.

0:39

But the interesting thing is that the pace of change,

0:42

the pace of disruption is actually increasing.

0:45

And in the face of that disruption, those changes,

0:48

what we're seeing are big companies failing.

0:51

[MUSIC]

WHAT DO BIG COMPANIES NEED TO DO

0:56

There are three very separate disciplines.

0:59

That they have to be good at if they're going to

1:01

be successful at dealing with disruption.

1:04

They have to have a process, a discipline for developing new ideas,

1:08

what we call ideation.

1:10

They have to figure out which of those ideas are likely to be successful as

1:14

a business.

1:15

What we refer to as incubation and then the third discipline is that they have to

1:20

once they have an idea that looks like it could be successful,

1:24

they have to have a set of processes that ensure that, that new

1:28

business gets the assets and capabilities they need to grow and here's the problem.

1:34

Some companies are pretty good at incubation.

1:38

They're perfectly willing to spend money to come up with new ideas.

1:42

The problem comes when these businesses begin to scale and

1:47

it takes serious resources.

1:49

When that happens, suddenly these senior executives who are all in

1:54

favor of innovation suddenly realize that to develop new businesses,

1:59

they may, in fact, have to sacrifice some short-term profits.

2:04

That's when many CEOs suddenly step back and say, maybe not.

2:09

[MUSIC]

WHICH COMPANIES

2:14

Let's focus just for a second on Amazon.

2:17

Amazon was founded in 1994.

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In 25 years, they have gone from 0 revenues to \$230

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billion with more than 600,000 employees.

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They compete in businesses as diverse as online shopping,

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but they also produce TV shows.

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They have Amazon web services, which is the largest cloud provider in the US.

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They run a variety of different businesses.

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How have they done that?

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They have done it by having very careful processes for ideation,

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incubation and scaling.

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They have a process which they called a PR FAQ, F-A-Q process.

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This is the process that encourages people throughout the organization to come up

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with ideas for new businesses.

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If the idea is deemed to have potential,

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then they immediately move into an incubation phase.

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They form small teams.

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These teams are responsible for

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coming up with a minimal viable product to put in front of a customer.

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If that idea turns out to look potentially successful,

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they immediately move into a scaling mode where they provide resources for it.

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They escalate it.

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They get senior management attention.

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One of the things Baso says is that most companies don't really do experiments.

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They don't take the big risks.

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What Baso says, if you place big bets

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just a couple of those big bets succeeding will pay for all the small failures.

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The nice thing about companies like Amazon and

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Walmart and some of these other companies is that they do these things.

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In very rapid pace, that is they don't take forever to

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decide whether a new idea is potentially valuable or not.

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The problem is that in big exploit organizations, the processes are typically

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very measured very slow and that oftentimes can kill innovation.

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So when you do these things, you need to do these processes rapidly.

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[MUSIC]

WHY IS LEADERSHIP IMPORTANT?

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This is really a leadership issue.

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When we look at companies that have failed, have been disrupted,

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it's not because of technology.

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They fail,

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because they didn't have leaders who could play multiple games simultaneously.

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Almost all companies today are really interested in innovation, but

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the thing that they often are not sophisticated enough at is making this

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distinction that we've been talking about between ideation, incubation and scaling.

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The best of these companies have managers who understand that it takes

5:00

all three of these disciplines.

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[MUSIC]