THE TRIUMPH OF SPONSORING

A HIGH-GROWTH MARKET
PICTURES WORTH BILLIONS

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FEDEX..............ROLEX........H&M........MICROSOFT............

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Choosing sponsorship

This year’s second issue of Swissquote Magazine is a special one. As some of you may have noticed, Swissquote became an official sponsor of the Mercedes AMG Petronas Formula 1 team this season. As we step into the fascinating world of sponsorship, we thought it is only natural to dedicate a special report to it.

Sponsorship currently represents a $50 billion market worldwide and takes up a growing share in the budgets of multinational companies. It was even the only form of marketing to grow during the financial crisis [p. 28]. This comes as no surprise, as sponsorship can empower a brand’s reputation, often more effectively than traditional advertising campaigns. And today, its impact is amplified by the buzz created on social media, as pointed out by Mercedes-Benz Motorsport’s executive Director Torger Christian Wolff, who we caught up with on the sidelines at the Australian Grand Prix in Melbourne [p. 47].

The sports industry – the ultimate dream maker – alone dominates 80% of the market. Brands such as Nike and Pepsi pour hundreds of millions of dollars into sponsoring every year. Red Bull, featured prominently in this issue, has even made event sponsorship its trademark [p. 40].

In Switzerland, major watch brands rank among the leading sponsors. They compete to associate their image with international superstars. A great example of this is Rolex, which never misses a chance to flaunt its partnership with Roger Federer. We expanded our report to include an article on product placement in films and on TV. This technique of “embedded marketing” is another skilful, modern form of sponsorship that gets people talking about a brand [p. 36].

On a different note entirely, this edition also offers some fascinating insights into the repercussions of the Minder initiative “against excessive compensation”, filed by the Swiss entrepreneur and parliamentarian Thomas Minder. The ordinance implementing the initiative came into effect at the beginning of this year. In an effort to understand more fully the repercussions of this initiative, Swissquote has interviewed two experts on the subject.

And with Brazil soon in the spotlight for this summer’s football World Cup, we are offering a guide to gastronomy in São Paulo. Over the past few years, the Brazilian megalopolis has become a hotspot for new, adventurous and inventive cooking. Just one more reason for football fans to get on that plane!

Enjoy!

Marc Bürki, CEO of Swissquote
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   by Marc Bürki

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For Formula 1 fans, you will see this QR code (short for “Quick Response”) in the margins of some articles in the magazine. Simply take a picture of the symbol with your mobile to display a web page with extra information on the subject at hand.

Swissquote users get information on the share price of the company in question and can even buy and sell shares. Download the compatible app for your phone at www.swissquote.ch/magazine/code/f/
INTELLIGENCE

20 MILLION DOODLE USERS

The Doodle platform has topped the mark of 20 million users a month, with one person connecting to the site every two seconds. Doodle, created in 2003 in Zurich to help people organise work sessions and evenings with friends, has grown its user numbers ten-fold in the last five years. Tamedia, which recently acquired a majority stake in Doodle, is looking to step up the international development of the free service, today used mainly in Switzerland, Germany, France and the USA and already available in over 20 languages.

TAMN

ROCHE FIGHTS FOR BREAST CANCER DRUG IN INDIA

Roche recently won a battle in the fight to protect its breast cancer drug, Herceptin. An Indian court banned two of Roche’s rivals, India’s Biocon and the US firm Mylan, from selling generic versions of the drug. The court considered that the drugs launched by the two companies in the Indian market in early 2014 could not be considered exact copies of the original. Last summer an Indian court invalidated Roche’s patent on the drug, opening the door to the launch of generic versions. Herceptin earned some $6.4 billion in 2012, of which $21 million came from sales in India.

ROG

NESTLÉ DROPS SPORTS NUTRITION PRODUCTS

Nestlé has gone on a diet. The Vevey-based group is reviewing its least profitable divisions and selling them off. It dropped its Jenny Craig diet product range in November 2013 and sold the PowerBar and Musashi sports nutrition ranges to the US group Post Holdings in February. The Swiss food giant has not disclosed the amount of the transaction, but analysts put it at roughly 400 million Swiss francs.

NESN

SULZER INVESTS IN SAUDI ARABIA

The Sulzer manufacturing group has acquired a 75% stake in Saudi Pump Factory, a centrifugal pump plant, for 33 million Swiss francs. Located in Riyadh in Saudi Arabia, the 25,000-m² site with a 170-strong workforce gives the Winterthur-based group direct access to the enormous oil and gas market in the Gulf region. The acquisition is part of Sulzer’s move to refocus on its Oil and Gas, Energy and Water divisions. Saudi Pump Factory sales came to 25 million Swiss francs in 2012.

SUN

COPPER GALORE FOR GLENCORE XSTRATA

Glencore Xstrata increased copper production by 26% in 2013 to 1.5 million tonnes. The copper division accounts for 30% of the profits of the Zug-based mining group. Growth was driven by strong productivity at Glencore Xstrata's mines in Collahuasi, Chile and in the Democratic Republic of the Congo. It was also a good year for coal, the group’s second-biggest earner, with production up 4% to 138.1 million tonnes. In contrast, nickel, lead and zinc production were down.

GLEN
The Basel-based agri-business group, Syngenta, reported an 11% fall in profits in 2013, down to $1.64 billion. The group is introducing a programme to cut costs by a full $1 billion between now and 2018. The process will include thinning out its research centres, based around the world, from 84 to 65. Syngenta is also faced with opposition in the European Union against a patent it filed on an insect-resistant pepper plant and with China’s refusal to import some of its corn varieties.

EMS-Chemie sales in China over the last ten years have risen 54% to 1.88 billion Swiss francs. The growth is mainly a result of the strength of the Chinese market, where the Grisons-based firm has increased its workforce 172% to 629 over the same period and where its results grew a full 28% in 2013 alone. In China, Ems-Chemie has specialised in the production of plastic components for the automotive sector, which now accounts for 59% of the company’s revenue. It recently began the construction of a new plant in Jiangsu Province and plans to open 20 more in the next four years.

UBS and Merrill Lynch will recover the funds owed to them by the city of Detroit (which filed for bankruptcy last summer) as part of a swaps contract. The contract was aimed at bringing the city favourable interest rates – at around 6% – on its pension fund debt. But the arrangement turned against the city when interest rates collapsed in 2009. The two parties reached an agreement on the reimbursement of $77.6 million.

The fracking craze afoot in several US states in the last few years, including North Dakota, Texas and Colorado, has seen a number of local inhabitants rise to millionaire status. The newly rich sell their mineral rights to oil companies at top-dollar prices. The Zurich bank, Vontobel is looking to take a piece of the pie, having recently opened its first US subsidiary, in Dallas, Texas.

The Basel-headquartered pharma firm, Basilea, is still in the red, having reported a loss of 33 million Swiss francs in 2013. The company will be launching a new drug in the second half of the year, market-authorised in 12 European countries. The product, Ceftobiprol, is an antibiotic used to cure pneumonia, and penicillin-resistant cases in particular. Basilea is also in talks with Swiss and US health authorities. 

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1. ORACLE GOES SCREEN SHY
Edward Snowden’s leaks on American surveillance methods have created a buzz all the way to Hollywood. The US firm Oracle recently asked for its name not to appear in the spy film, Jack Ryan: Shadow Recruit, to avoid any association with practices reminiscent of the famous whistleblower’s, after initially spending several hundred thousand dollars on a product-placement deal with the film. Product placement is widespread in the film industry, generating some $8.25 billion in the USA in 2012.

ORCL

2. PILOTLESS FIGHTER PLANE
The British weapons manufacturer BAE Systems recently conducted the maiden flight of a new pilotless fighter plane. The craft flew at a range of altitudes and speeds as part of a series of tests, the longest lasting one hour. Practically invisible and fully automated, the “Tarnais” drone is intended for use in surveillance, scouting and intelligence-collecting missions, but can also be used to carry out strikes in hostile territory. The development of the new plane totalled £185 million.

BA.

3. DRUGSTORE OUT OF SMOKES
CVS, the second-largest US drugstore chain, is to stop selling cigarettes in its 7,600 stores in October 2014. The move is expected to cost the company some $2 billion dollars, out of a total $123 billion in annual sales. The group says that tobacco sales run counter to its reputation as a healthcare provider. The mismatch has become even more marked following the group’s decision to offer customers flu vaccines and check-ups from in-house nurses. A handful of cities, including San Francisco and Boston, already ban cigarette sales in drugstores.

CVS
4. FRACKING TO BEGIN IN OMAN
The BP oil company is planning to start developing the Khazan gas field in Oman. Located in the country’s barren inland deserts, the field is technically difficult to operate. To get around the problem, BP intends to use new horizontal fracking techniques common in the USA but making their debut in the Middle East. Some of the wells will be drilled up to 4,500 metres deep. If the project works out, BP will be looking to put the new technique to use in other hard-to-access gas fields in North Africa and the Gulf region. ☎ BP.

5. PANASONIC GREEN HOUSES
Like most of Japan’s electronics giants, hit hard by the emergence of smartphones and competition from Chinese manufacturers, Panasonic is obliged to change its business model. The group is looking in particular to move into the real estate sector. It recently announced the construction in a Tokyo suburb of 1,000 pilot houses equipped with green technologies. The “smart” houses will feature energy-saving solar panels, LED lighting and sensors. Panasonic is also getting involved in the automotive sector, supplying components for the batteries powering Tesla electric cars. ☎ 6752

6. BIG MACS TO GO IN VIETNAM
McDonald’s is ready to open its first outlet in Vietnam’s Ho Chi Minh City. The country will be the US fast-food firm’s 38th in Asia. KFC got there first, arriving in 1997 and currently operating 130 points of sale; and Burger King showed up last year and now has 12 outlets. Starbucks is also up and running in the country, opening its first coffee shop there in February. Vietnam, with a population of 92 million and average GDP growth of 7% in the last ten years, is seeing the emergence of a middle class, attracted to Western products. ☎ MCD

7. NEW COOPERATIVE VENTURE IN GUINEA
The Rio Tinto mining group is testing a new financing model. The Anglo-Australian firm lacks the financial strength to alone shoulder the $18 billion cost of operating the Simandou iron mine in Guinea. So it has called on external investors to finance the construction of a rail link and port for shipping the iron ore to markets. It is in talks with the Abu Dhabi investment vehicle, Mubadala, the sovereign wealth funds of Kuwait and Qatar, and the Chinese groups China Investment Corporation, ICBC and China Development Bank. ☎ RIO

8. SCOTLAND ABANDONS TAX ON ALCOHOL AND TOBACCO
Next year, Scotland is to abandon a special tax on tobacco and alcohol sold in supermarkets. The tax was introduced in 2012 to oblige mass retailers, generally located in the suburbs, to contribute to the costs generated by the abuse of these substances, currently handled essentially by urban agglomerations. The tax, applying to 240 supermarkets, was also aimed at making small city-centre shops more competitive. In its three-year existence, the tax will have raised some £95 million.

9. TAXI PLANE FOR FIRST-CLASS TRAVELLERS
First-class sections, low on profit and hard to fill, are a thing of the past for a good number of airline companies. Yet Air France still believes in them and has invested €50 million to further develop their first-class seating. Starting in June, the company will be offering its first-class passengers a taxi plane service, with mini business jets flying out of Roissy-CDG airport – the hub for Air France’s transcontinental flights – to the European airport of their choice. Air France has formed a partnership with French company Wijet, which operates a fleet of four-seater Cessna Mustang planes. ☎ AF
SECTORS

INTERNET

Twitter takes a closer look at member tweets
Twitter, floated on the market on 7 November last year, is looking to make better use of the mountains of data provided by its users. The firm has joined forces with 300, tasking the small company with analysing its extensive data-set to detect the new artists and groups having generated the most tweets. 300 is helping Twitter to better organise its data and develop software targeting the music industry and other businesses. A similar cooperative venture recently saw Dataminr and CNN create a rapid alert system for journalists. Twitter’s share price has increased from $26 to over $50 since listing, peaking at $75.

GOOG

BruTTON

Google gets human
Google has bought the UK artificial intelligence company, DeepMind, for $400 million. The US behemoth plans to use the technologies developed by the company to make its search engine more “human”, the aim being to gain a clearer understanding of the often complex questions asked by users and answer them more precisely. In the future, users will be able to ask Google to suggest a “reasonably priced holiday destination in a radius of 500 kilometres.” Google launched the Hummingbird algorithm in autumn 2013 to make its search results more relevant.

GOOG

BITCOIN

Bitcoin catches its breath
After skyrocketing in December 2013, then plummeting back down just as swiftly, Bitcoin prices seem to have stabilised. At the end of March, the cryptographic currency was trading at around $600.

Some of the websites that accept bitcoins:
• Zynga [video games]
• Tesla [automobile manufacturer]
• Virgin Galactic [space flights]
• Wordpress [blog system]
• The Pirate Bay [file sharing services]
• Etsy [handmade items]
• Reddit [content management]

* AVERAGE OF BITCOIN PRICES ACROSS LEADING GLOBAL EXCHANGES.
SOURCES: COINDESK, NASDAQ (MARCH 2014)
Nine deaths in Harmony Gold mine

The South African mining group, Harmony Gold, is coping with the consequences of an accident at its Doornkop mine, 30 kilometres from Johannesburg, in early February. A fire caused by a mini-earthquake killed nine miners. It is the worst mining catastrophe in five years in the country, home to some of the deepest and most dangerous mines in the world, with a total 112 deaths reported in 2012. The Doornkop mine generates nearly 10% of the company’s annual gold production. The company has already been impacted by the fall in the price of gold and delays at another of its mines, Khusalethu.

High-precision drilling

AngloGold Ashanti, the world’s number-three gold producer, has developed a new extraction technique to optimise mining operations compared with current methods, based principally on the use of explosives and the excavation of large galleries. The company is to use lightweight machines to bore small tunnels between existing galleries to extract the gold and then fill them in with a composite of cement and chemicals. The composite takes 21 days to solidify, attaining the same hardness as the original rock. The technique will enable AngloGold Ashanti to extend the life cycle of its mines by 30 years.

Gold

Sales of Nintendo’s new Wii U console are disappointing. The Japanese group now expects to sell 2.8 million consoles between March 2013 and 2014, down from the initial forecast of 9 million. Nintendo’s refusal to provide games on mobile platforms, like the Mario franchise, is working against it. The game-maker is also facing stiff competition from Microsoft and Sony, both of which released new consoles last year.

Gold miner

Ups

Ford recently reported its 18th positive quarter in a row. The carmaker’s revenue for 2013 as a whole increased 26% to $71.6 billion. The achievement is largely the result of internal synergies unlocked by Ford to harmonise production lines for its different models and markets. The good results are expected to keep coming in 2014, with the company to launch over 20 new vehicles, including a new version of the strong-selling F-150 pick-up.

Downs

Yahoo revenue is in free fall. The company reported $1.27 billion in fourth-quarter 2013, down 6% from $1.35 billion a year earlier. The website posted an increase in user numbers in 2013 but has failed to establish a strong position in mobile advertising compared with rivals Facebook and Google.

Vodafone

Vodafone has sold its 45% stake in Verizon Wireless to the parent company of the US group for $130 billion. The transaction marks Vodafone’s withdrawal from the US market. The UK group has been impacted by the sluggish pace of recovery in Europe, where it makes 70% of its revenues, and by competition from other operators. Last year, Vodafone tried to win market share off Deutsche Telekom by taking over the cable television provider Kabel Deutschland.

Lenovo

Chinese laptop manufacturer Lenovo is poised to take the lead in the mobile phone market. It already ranks number-two in smartphone sales in China, behind Samsung, and has started selling handsets in Indonesia, India, Vietnam, the Philippines and Russia. But Lenovo is also targeting more mature markets, having recently launched Vibe Z, a large smartphone.

GoPro

Miniature camera-maker GoPro has announced that it intends to go public. GoPro cameras, initially designed as a niche product for surfers, can be easily mounted on helmets or handle bars. They have become hugely popular, particularly at sports events. The firm sold some 2.3 million units in 2012, generating revenue of $520 million. GoPro has doubled its income every year since launching in 2004.
“We had planned to sell 1.5 million electric cars by 2016, for Renault and Nissan combined. But we are extending this objective to 2020, as sales growth has been slower than expected. The figures continue to rise though.”

Carlos Ghosn, chairman and chief executive officer of Renault-Nissan, in an interview with the AFP.

“There’s no question that it’s evolving to the point where your digital wallet is going to be the primary currency.”

In an interview with the Financial Times, Howard Schultz, president and chief executive officer of Starbucks, announced that mobile payments and the shift to digital money will be the focus for Starbucks’ development.

“The ads in those magazines are as interesting as the photo shoots and the articles. I miss the ads when they are not there.”

In an interview with The New York Times, Marissa Mayer, chief executive officer of Yahoo, said she is looking to magazine ads for inspiration to revamp Yahoo’s banner ads.

“The pharmaceutical industry is changing its model: we’re transitioning from mass treatment, used on all patients suffering from a given illness, to personalised treatment, where procedures and composition are carefully studied and differ from patient to patient.”

Joe Jimenez, chief executive officer of Novartis, at the 44th World Economic Forum in Davos (Graubünden).

“I ask you to ensure that humanity is served by wealth and not ruled by it.”

In a message read at the opening of the World Economic Forum in Davos on 21 January 2014, Pope Francis urged business leaders to use their professional skills to help fight poverty.
Imagine

Innovation is about thinking differently. It is the ability to imagine, to take existing problems and transform them into limitless possibilities. We create opportunities from challenges by joining creative minds; collaborating and building value-added partnerships today that will serve to strengthen the Kingdom’s Islamic banking industry tomorrow.

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The value, in millions of Swiss francs, of Switzerland’s arms exports in 2013, down from 700 million Swiss francs in 2012. Germany remains the biggest importer of Swiss arms, for an estimated total of 123.5 million Swiss francs.

The per-capita wealth in kroner – equivalent to 150,000 Swiss francs – of Norway’s sovereign wealth fund. According to the SWF Institute, a specialised organisation, Norway currently has the world’s largest sovereign wealth fund. Its value is estimated at 5.038 trillion kroner (740 billion Swiss francs), while the country has only 5.1 million inhabitants.

The number of users registered on Steam, a digital distribution platform for video games developed by the US firm Valve. Launched in 2003, Steam now connects up to 8 million gamers simultaneously each day.

The total amount, in billions of dollars, of monthly bond purchases made by the Federal Reserve to support the US economy. That amount is down $10 billion compared to 2013, and may be reduced even further if the upturn observed by the Fed continues.

The percentage of Swiss companies willing to offer job-share positions to their employees, according to a study by the University of Applied Sciences and Arts Northwestern Switzerland FHNW. In all, female workers would account for 92% of these job-share positions.

Steel consumption is set to rise in Europe in 2014, in parallel with the recovery in the manufacturing sector that began in second-half 2013. ArcelorMittal is forecasting a 2% increase following two years of decline. Meanwhile, PriceWaterhouseCooper expects steel demand in the European Union to grow an average of 1.25% a year through 2025.

IUDs sales grew 47% in France in 2013. The renewed success of the contraceptive device invented in 1928 is the result of recent controversy over the dangers of the third- and fourth-generation pills, sales of which fell 45% in France in 2013.

Hydrocarbon producers

The world’s major hydrocarbon groups are producing less oil and gas. ExxonMobil production fell 1.5% in 2013, while Royal Dutch Shell and ConocoPhilips reported decreases of 2% and 1.6% respectively. Mature fields are in decline and recently discovered sources, located in areas with extreme climates or at great depths, are expensive to operate.

Indian airline companies

The US Federal Aviation Administration has downgraded the safety rating of Indian airline companies. The companies will now be subject to more stringent controls from the USA and will not be authorised to introduce new flights to the country. The codeshare agreement between Indian and US transporters will be discontinued.
The proportion of Americans reading e-books continues to grow. The rate rose from 23% in late 2012 to 28% in early 2014 according to a study by Princeton Survey Research Associates with a representative sample of 1,005 adults. But readers do not appear to be abandoning print books. A full 70% of the respondents said they continued to read print books, up 4% on 2012. Only 4% of the sample said they were “e-book only”. Also, 14% of respondents said they listened to audio books.

**BOOM TIME IN POLAND AND ROMANIA**

Poland and Romania are among Europe’s “most promising countries”. So says a PriceWaterhouseCooper study measuring economic and social progress in 30 countries over the last decade. The study looks at each country’s health and education systems, telecommunications infrastructure, legal and political environment, and environmental policy. Poland’s GDP rose 4.5% a year between 2004 and 2008 and by 1.8% a year between 2009 and 2013. Romanian GDP growth for the same period was 3%.

### Philips Saeco GranBaristo HD8964 VS Panasonic NC-ZA1

**IN BRIEF**

After buying out Saeco in 2009, the Dutch company Philips now has an extremely varied range of coffee machines. Sitting at the top of that range, the HD8964 features a ceramic grinder, 16 coffee specialities and six customisable user profiles, all monitored via an integrated LCD display.

This high-tech device is the Japanese manufacturer’s debut effort in high-end coffee machines. Fronted by a 3.5-inch LCD screen, the NC-ZA1 makes every kind of coffee imaginable, from espresso to cappuccino to latte macchiato. It also features customisable programmes for memorising each family member’s preferences.

### SPECIFICATIONS

**Coffee type:** beans or ground  
**Power:** 1900 W  
**Water tank capacity:** 1.7 l  
**Dimensions:** 46 x 25 x 36 cm

**Coffee type:** beans or ground  
**Power:** 1700 W  
**Water tank capacity:** 1.4 l  
**Dimensions:** 41 x 19.5 x 33.4 cm

### VERDICT

Simple to use but with a broad selection of coffee drinks, the GranBaristo HD8964 is truly a 21st century machine. With its compact dimensions, it will no doubt prove a handy and trusty companion to coffee lovers. The machine is on the pricey side, but as the saying goes, you get what you pay for.

The Panasonic machine looks impressive with its stainless steel finish, perfect for the kitchen or the office. Users are unanimous in their praise for the quality of the different coffee drinks available. But some complain of the excessive amount of water used by the machine, and that the milk jug is sold separately.

### PRICE

About $1,820  
About $1,600

### FIGURES

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<tr>
<th>PHILIPS PHG</th>
<th>PANASONIC 6752</th>
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<td>FOUNDED 1891</td>
<td>1918</td>
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<td>CEO FRANS VAN HOUTEN</td>
<td>KAZUHIRO TSUGA</td>
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<td>REVENUE $32.7 BILLION [2013]</td>
<td>$94.78 BILLION [2013]</td>
</tr>
<tr>
<td>CAPITALISATION $27.54 BILLION</td>
<td>$16.72 BILLION</td>
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<td>WORKFORCE 118,087</td>
<td>330,767</td>
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The car components manufacturer was the top performer on the Swiss stock exchange in 2013. Here’s how it happened.

By Clément Bürge

Autoneum posted the highest stock price growth in Switzerland in 2013. In an otherwise lifeless European auto market, it achieved a record-breaking 310 per cent gain over a twelve-month period. The firm, which produces noise reduction and thermal management components for vehicles, saw sales jump 5.8 per cent to 2 billion Swiss francs. But things have not always run so smoothly. In 2011 Autoneum had just been spun off from its parent company, textile machinery specialist Rieter, and needed to stand on its own two feet for the first time. Nobody thought the company could pull it off. And yet, it continued to beat the odds. Month after month.

Winterthur-based Autoneum has long been connected with the automotive industry [see the insert on page 18]. The company really took off in the 1980s, when carmakers began focusing on noise reduction and thermal insulation for their vehicles. Autoneum, then called Rieter Automotive Systems, quickly became a leader in the market thanks largely to competitive pricing. It began to produce various components, including engine compartments, under-bodies and mats, for prestigious brands such as Honda and BMW.

By the end of the 2000s the automotive market had stumbled and the company’s profits were way down. Rieter then reviewed its strategy and decided to separate the automobile business from the parent’s other activities. The new entity was named Autoneum. “The young company

Figures

20
The size, in billions of Swiss francs, of the market for acoustic and thermal management solutions for cars.

2
Autoneum’s 2013 sales, in billions of Swiss francs.

9,500
The number of people employed by the company worldwide.

44%
The share of Autoneum’s sales made in Europe, North America and Asia account for 43% and 6% respectively.

310%
The growth in Autoneum’s share price in 2013, from 43.60 to 136.60 Swiss francs.
Analysing the thermal emissions of an Alfa engine using an infrared camera.
was finally going to leave the nest,” says a financial analyst from Zurich. “It was time to see whether the firm could stand alone. Investors and analysts were fairly downbeat, with many of us expecting dismal results from Autoneum.” Those fears soon materialised as the company’s share price plunged from 110.50 Swiss francs in May 2011 to 38 in July 2012.

The rest of the story is testimony to the company’s iron will. Autoneum was revitalized through a series of bold decisions. “The fact that we were independent enabled us to react more quickly,” says Autoneum CEO Martin Hirzel. Within a few months, the company shut down its least profitable production units in countries such as France and Italy. It also stopped manufacturing products like car boots, that weren’t part of its core business, closing eight factories in the process. The strategy was radically different from that employed by competitors such as IAC Group, which started producing dashboards to expand the product range. Autoneum also began focusing on the most lucrative activities, writes Credit Suisse analyst Patrick Laager. In doing so, it sought to distance itself from Fiat, which paid suppliers comparatively badly, and instead forge ties with

### A pioneer in acoustics

**1901** Entrepreneur Martin Keller founds a company trading in paints and varnishes.

**1950** The company, then called Unikeller, starts to focus on automobiles. It pioneers vehicle acoustics solutions in Italy and France.

**1966** Unikeller begins collaborating with Japanese supplier Nittoku, allowing the Swiss company to sell its products to Japanese car companies in North America and Asia.

**1984** Unikeller is bought by Rieger and becomes Rieger Automotive Systems.

**2011** The firm spins off from its parent company under the name Autoneum.

Testing the acoustics of a Mercedes saloon at the Gundernhausen centre in Germany.
"For automobile suppliers, 2013 was a banner year," says Commerzbank analyst Sascha Gommel. "This was largely due to their global presence, which allowed them to offset weak growth in Europe. And 2014 will certainly be just as good."

Gommel also expects business to pick up in Europe, but does not recommend investing in a company specialising in automobile components. "Now is not the right time," he says. "Share prices are too demanding." He recommends focusing on carmakers such as Daimler and Volkswagen: "Few people are expecting good results from these companies, but they will certainly perform better in 2014. Their shares are currently undervalued."

Despite Autoneum's excellent performance, analysts still warn of weaknesses. The firm's numerous production sites are a big expense. And Autoneum is highly dependent on the sluggish European market, which brings in 44 per cent of sales. The company is also lagging in Asia, which accounts for only 6 per cent of revenue, though this lag is also a promise of growth. "Our priority is to develop this market," says Martin Hirzel.

Growth in sight for the Asian market

"Our products – engine compartments, for instance – are becoming increasingly lightweight," says Martin Hirzel. "These components make for a lighter car, reducing fuel consumption and CO₂ emissions." The firm spends about 4 per cent of its budget on research and development to create new products that meet these criteria.

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Artificial organs: a promising market in five to ten years’ time

The first entirely mechanical heart, transplanted last December in Paris, is an undisputed medical success that raises a number of questions. What does the economic future look like for artificial organs? To find out what the economic future looks like for artificial organs, we talked to specialist Grégoire Biollaz, of Credit Suisse.

SWISSQUOTE MAGAZINE
The field of artificial organs has recently seen some spectacular successes.
Is a revolution taking place in the biomedical sector?
GRÉGOIRE BIOLLAZ The progress being made in new therapeutic solutions is fundamental for the patients concerned, be it in mechanical artificial organs, xenotransplants (using animal organs) or 3D-printed products based on patients’ cells. The artificial heart designed by the French company Carmat is a major step forward that could have an impact on tens of thousands of patients suffering from hitherto incurable heart pathologies. But most of these devices still have a long way to go before they are widely marketed. The prosthetic hand recently used to restore an amputee patient’s sense of touch is still in the prototype phase, requiring further improvement and testing. Artificial models of the trachea, skin, cornea and blood vessels exist, but artificial kidneys and lungs giving patients complete independence won’t be emerging overnight. Given the complexity of their structure and the functions they carry out in the body, it will be a good five to ten years before we can talk about a real revolution.

Is there an economically viable market for artificial organs?
The development of artificial organs is of real interest in the medium and long term, as seen recently with prosthetic hearts. The need certainly exists. Nearly 100,000 people in Europe and the USA stand to benefit from an artificial heart, but only 4,000 transplants are carried out every year worldwide. There is also an economic interest, as the Carmat prosthetic device is expected to sell for roughly €150,000, with total transplant costs including surgical fees expected to total some €250,000. But artificial organ development entails considerable investments, and market authorisations require a relatively long phase of clinical trials.

What are the relative advantages of artificial organs?
The potential advantages are great given the problems posed by today’s organ transplants. Donors are in short supply relative to demand, transplant rejection remains difficult to treat, and therapeutic follow-up often costs a considerable amount of money. Artificial organs could be used for patients hitherto considered beyond treatment, significantly improving their quality of life. They could also reduce the cost of therapeutic and follow-up care, paid for today by public and private health insurance schemes. Lastly, patients regaining some amount of independence could resume economic and social activity. A precise study of the cost/benefit balance will be vital both in medical and economic terms.

Who are the big players in the sector?
Most artificial organ research and development is still being carried out at academic level or
by small companies based mainly in Europe, the USA and Japan. NYSE-listed organ development companies are few and far between, the exception being Carmat. Most of the firms developing these prosthetic devices remain in the hands of venture capitalists or public bodies and are still working on refining their prototypes. But some of the leading companies have now moved into the production phase. The US firm Medtronic recently launched an insulin pump in the USA, marketed as a first-generation artificial pancreas. Other leaders in the field, such as Johnson & Johnson, are likely to enter a given field on the basis of technological breakthroughs. The process will also involve buyouts of small but promising companies once their products are ready to produce and sell.

**Could some companies suffer from the development of this market?**

Companies such as Fresenius Medical Care, DaVita and Baxter, with their strong focus on dialysis services and machines, could suffer if an effective artificial kidney were to be developed. Their business is based on the fact that the lives of dialysis patients depend on the healthcare they provide, with patients obliged to attend specialised care centres three times a week. But a long-term threat to their business model remains purely hypothetical.

**Is it too soon to invest in the sector?**

For now, this kind of investment is not for all types of investor. Only investors happy with high risk profiles should invest in the sector, as a company like Carmat – one of the most advanced in bio-prosthetics – holds considerable potential in the long term but currently has just one product, and that product is still in the development phase. Whatever the case, as in the biotechnology sector, an essential rule is to diversify your portfolio.

*Dr. Grégoire Biollaz*  
Analyst in biotechnologies and medical and chemical technologies  
Credit Suisse, Zurich
Rare earth elements: China’s dwindling monopoly

China is the world’s biggest exporter of the rare earth metals vital to technology and industry, but its reserves are dwindling. Florent Detroy, an analyst specialising in rare earth elements, talks about the geopolitical situation and how to invest in the market.

Rare earth elements can be divided into two main groups: nine light metals, the most common, and eight heavy metals, which have the most interesting physical/chemical properties, making them the most sought after. Heavy metals are more difficult to refine and more rare.

What’s the geopolitical situation concerning rare earth elements?
China has been the leading exporter since the 1990s. The country is home to over one-third of world reserves, according to the United States Geological Survey. China has been able to monopolise the market thanks to its supply of cheap labour, and continues to account for 95% of world production. But the country consumes a sizeable chunk of its own production, and its reserves are far from infinite. The Quebec Office of Natural Resources says they will run out in 20 to 30 years, while other sources are predicting an even shorter timescale. This is why China has said it wants to reduce exports, and even introduce a ban on heavy rare metal exports in 2015.

How did this situation come about?
In 2011 the Chinese government reduced its export quotas by around 70% in the space of a few months. This sent prices skyrocketing. Rare earth extraction projects have been on the increase worldwide ever since, numbering some 400 today. Some manufacturers have replaced rare earth metals with other metals to reduce their dependency. This explains why China sold only half of its quotas in 2012 – 16,000 tonnes instead of the 30,000 authorised – and why prices have dropped sharply. But despite these lower sales, the country still intends to cut even ban exports because it wants to reduce the environmental problems stemming from extraction and safeguard its diminished reserves.

So where are extraction projects being developed outside China?
It’s difficult to map them out because the businesses working in rare earth extraction keep things firmly under wraps. Also, their activities are scattered around the planet, with prospection being carried out from Malawi to Madagascar to Brazil. But a number of projects are being developed for sure in Canada, a country with a strong mining tradition.

What are the major listed companies carrying out extraction projects outside China?
The US company Molycorp has brought the Mountain Pass site back on line and has refinery facilities in the USA, Canada, Europe, Thailand, China, South Korea and Japan. Lynas Corporation operates a mine in Australia and a processing plant in Malaysia, German firm Tantalus Rare Earths is prospecting in Madagascar, Matamec Explorations is looking to develop an extraction site in Quebec, and Rare Element Resources runs several sites in the USA.
Is there any one company that stands out?
Molycorp turns out to be particularly interesting. It is one of the only companies covering each link in the production chain, from extraction through to the sale of end products such as magnets. This means that the company can offset any fall in the price of rare earth elements by selling magnets. It is less vulnerable to market price variations.

What does the future hold?
Forecasts are that demand for heavy rare metals will considerably outstrip supply by 2016. So we should expect another price increase. According to a report by rare earth expert Dudley Kingsnorth, published by the Great Western Mining Group in 2012, annual world demand for dysprosium – used to make power generators, electric cars and halogen lamps – will range between 1,500 and 1,800 tonnes in the coming years, while annual supply will total 1,300 to 1,600 tonnes.

So what’s your investment advice?
For those investing in companies or directly in the metals themselves, I recommend long-term investments. Short-term investments are risky because nobody knows when supply tensions will rear their heads again. I also recommend investing in metals for which demand is urgent and reserves critical.

European Commission expects demand to quadruple between now and 2030.

South Korea is seeking to develop substitutes for rare elements. Should we expect any impact on rare earth prices?
Kyung Hee University launched a research programme in November 2013 to replace the rare earth metals used in advanced technologies. Samsung has invested €1 billion in the project. The aim is to use other, specially treated metals. But for now, the project belongs strictly to the realm of academic research. Also, it shifts rather than solves the problem of rare earth reserves.

A Chinese worker hosing at the site of a rare-earth mine in the district of Nanchang in Jiangxi Province. The country's reserves could be exhausted in 20 years' time.
The OLED revolution is in full swing. The latest display technology is pitting South Korea’s biggest TV manufacturers against those in Japan. Paul O’Donovan, an analyst at Gartner, explains what’s at stake.

## OLED TVs are very expensive at the moment. How long until the average consumer can afford them?

Three years, maybe even less. Factory output is not quite good enough yet. There are still quite a few OLED TVs leaving the factory with faulty pixels. That’s why manufacturers are continuing to invest heavily in the development of this technology. But thinking back to the early days of LCD TVs, the first models weren’t convincing at all. You felt like you were watching through a veil. Look at where we are today. We still have a few years to go before manufacturers perfect OLED technology. But once they iron out the last of the factory-related kinks, the market penetration rate for this type of TV will explode.

## For the moment, South Korean manufacturers

Samsung and LG have pulled ahead of their Japanese competitors in this market. How can Sony and Panasonic gain ground?

The question is: what arguments will they put forth to convince consumers to choose them over their South Korean counterparts? Walk into any store, and all of the TVs look alike. How do you get the consumer to buy your product? Price is obviously a factor, but the Japanese have a real problem in that regard, since the yen is so strong relative to the dollar. The other hurdle is that Japanese companies aren’t able to gain a foothold in the Chinese market. Chinese consumers tend to refrain from buying Japanese products – as do South Korean consumers – for cultural reasons. To reverse the trend, Japanese manufacturers must therefore find a new angle of attack. In this regard, Sony has a big advantage over both Samsung and LG in that it also creates content through its movie and television studios. And the Playstation 4 has also been a boon for the company, with its successful offer of both hardware and software.

## What advice would you give to someone seeking to invest in this market?

Besides OLED, I would recommend following the development of smart TVs, especially companies that develop applications specifically intended for this type of set. We believe that by 2018,
smart TVs will account for more than 80 per cent of TV production. The market is set for huge growth. It is worth noting that Chinese manufacturers such as Hisense and Skyworth have chosen to run the Android operating system on their smart TVs. Samsung and LG, on the other hand, have proprietary solutions that allow them to offer exclusive content. In the end, the possibilities offered by smart TVs will eventually win over the public.

Are there risks to investing in this sector? Of course there are, because fewer and fewer people are watching television now. I'd even venture that in ten years’ time, the television as we know it will have disappeared. Obviously, everyone will always have a big-screen TV in their living room, but the content it displays will come from different systems connected to the home network. So the potential for investment is not so much in the television itself, but in the suppliers of the content that will be displayed on our screens.

OLED vs 4K: let the battle begin

South Korea’s Samsung and LG recently created a buzz by becoming the first manufacturers to market TVs with OLED (Organic Light-Emitting Diode) displays. OLED sets are still expensive, with Samsung’s 55-Inch KE55S9C model going for nearly 8,000 Swiss francs. But they have taken a leap forward in terms of quality compared with LCD technology, offering extra-deep black hues, unsurpassed image response and a screen thickness reduced to just a few millimetres.

The competition, led by Sony, is fighting back with new models offering very high resolution of 3840 pixels x 2160 lines, a standard known as 4K. These screens are easier on the pocketbook than the OLED models and produce an extremely detailed image. The only downside – and it’s a big one – is a severe lack of sources available in this format. Blu-ray and TV broadcasters offer only Full HD (1920 x 1080) resolution.

Paul O’Donovan
Principal Research Analyst
Gartner
Egham (UK)
THE TRIUMPH OF SPONSORING

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A CLOSER LOOK AT SPONSORSHIPS

To attract customers, top brands are focusing greater efforts on sponsoring celebrities and big-name events. Swiss watchmakers and bankers seem more keen than most on this form of marketing.

By Serge Maillard

A helicopter touched down on 20 August 2012 in the gardens of the private residence of Jean-Claude Biver, CEO of Hublot, at La Tour-de-Peilz. Usain Bolt, the fastest man in the world, emerged all smiles. The sprinter, in Lausanne for a track meet, had come to celebrate his 26th birthday at the home of one of his main sponsors. The “Lightning Bolt” was greeted with a watch-shaped cake and a special gift – the King Power Unico All Carbon timepiece. It was a quick visit, but with a high marketing impact, notes Sebastian Chiappero, CEO of Sponsorize, a Geneva-based firm specialised in sponsorship consulting. “For Hublot, the event cost far less than a traditional advertising campaign, for example a TV commercial,” he says. “And yet the brand calculated that, with the buzz generated on social media, Usain Bolt’s visit actually reached just as many people as a regular campaign would.”

“Sponsorship was the only marketing tool to continue growing during the financial crisis.”

This story goes to show that, in the age of the internet and social media, multinationals are spending an ever-greater portion of their marketing budget on sponsorship. Ulrich Lacher, director of global enterprise services at Repucom, the world leader in sports research, agrees: “Sponsorship was the only marketing tool to continue growing during the financial crisis. Spending growth has remained stable over the past ten years, averaging about 5 per cent.”
The impact of sponsorship

Companies have a range of sophisticated tools to measure the return on investment of a sponsorship campaign. Qualitative tests, such as polls, determine whether a brand’s reputation has changed after sponsoring an event. Quantitative tests, on the other hand, are used to show the impact of, say, a watchmaker’s advertising – having a celebrity wear its product – on sales of a particular model.

Specialists in the sector note that it is important for brands to “enliven” their sponsorships. By organising contests or creating programmes or events on the internet or on Facebook, a company can make sponsorship more exciting.

Jamaican sprint star Usain Bolt, under contract with Hublot, has helped the Swiss watchmaker to significantly boost its brand awareness worldwide.
“THIS IS BORDERING ON A BIDDING WAR”

The trend shows no signs of abating. In fact, according to PricewaterhouseCoopers, sponsorship is set to become the number-one source of revenue for the sports industry sometime this year. Chevrolet, for example, has...
The Rules of the Game

After revelations of his extramarital affairs, Tiger Woods was abruptly dropped by several of his sponsors.

“We have a zero-tolerance policy when our reputation is on the line," says Daniel Huber, head of Branding & Corporate Marketing at Credit Suisse. Certain clauses in sponsorship contracts enable the sponsor to terminate the relationship should the sponsoree engage in “inappropriate” behaviour.

UK model Kate Moss was dropped by H&M, Chanel and Burberry in 2005, after allegations that she was using cocaine. But the juiciest story of late was Tiger Woods. The US golfer remains one of the highest-paid people in the world, earning $83 million last year. Much of that revenue comes from sponsors – Nike, Rolex and Upper Deck, among others. But after revelations of his infidelity in 2009, several sponsors, including Gatorade, AT&T and Gillette, decided to back out.

Woods was lucky that the affair didn't scare off all his sponsors. Watchmaker Tag Heuer maintained its engagement with the golfer following the incident. CEO Jean-Christophe Babin said he would be a fool to end the sponsorship, considering that "in Chinese tradition, success is measured by the number of mistresses you have!"
announced it will pay 78 million Swiss francs per year to feature on Manchester United’s Red Devils jersey starting next season. This record-shattering sum is more than double the amount paid by the football club’s former main sponsor, Aon. Arsenal too is supported by its sponsor, Emirates, which has injected 225 million Swiss francs into the club. For Sebastian Chiappero, the figures are bordering on a bidding war. “Relying on so few sponsors can be dangerous, because these sources of funding can disappear in the blink of any eye,” he says.

Why this growing trend to sponsor stars, athletes and big-name events? “Sponsorship allows companies to establish a dialogue with the consumer and plays on the emotional impact that celebrities have on the general public,” explains Chiappero. “A poster ad is a bland medium. But teaming up with an event or a star – for example Rolex and the Wimbledon tournament, H&M and Madonna – triggers an emotion and can be adapted to several different advertising channels, from social media to client invitations. The contact is more direct.”

New technologies are altering the behaviour of consumers, who are now less receptive to traditional advertising and seeking direct inter-
Europe, notes Sebastian Chiappe-ro. “All the big US brands have been running sponsorship campaigns as part of their marketing strategy for some time now, and these are planned well in advance,” he says. Not surprisingly, the world’s biggest sponsors are makers of mass-consumer products, such as Adidas, Nike, General Motors, Red Bull and PepsiCo (see the article on p. 40). According to IEG, a US sponsorship consulting firm, carbonated beverage maker PepsiCo spent over $340 million on sponsorships in the US in 2011. The firm’s arch-rival, Coca-Cola, trails far behind with $270 million.

Events such as the Super Bowl and the NHL Stanley Cup Finals are among the most coveted by sponsors, though golf also figures high on the list. IEG estimates that North American companies spent 1.6 billion on golf sponsorships in 2013, up 6 per cent on the previous year.

“The goal is not to be one of several sponsors, but to maintain exclusivity.”

THE AMERICAN EXAMPLE
However, when it comes to sponsorship, the US is 30 years ahead of Switzerland and 10 years ahead of Europe, notes Sebastian Chiappe-ro. “All the big US brands have been running sponsorship campaigns as part of their marketing strategy for some time now, and these are planned well in advance,” he says. Not surprisingly, the world’s biggest sponsors are makers of mass-consumer products, such as Adidas, Nike, General Motors, Red Bull and PepsiCo (see the article on p. 40). According to IEG, a US sponsorship consulting firm, carbonated beverage maker PepsiCo spent over $340 million on sponsorships in the US in 2011. The firm’s arch-rival, Coca-Cola, trails far behind with $270 million.

Social and environmental sponsorships are “in”
The sports industry still dominates the sponsorship market by a long shot. According to the World Sponsorship Monitor, the sector accounts for 88 per cent of all sponsorship spending. “As this sector gets more and more saturated, sponsorships focusing on social and environmental responsibility are gaining in popularity,” says Ulrich Lacher of Repucom. The Olympics, including the recent winter games in Sochi, are a special case. Unlike the conspicuous advertising at the World Cup, where the brands of Coca-Cola Group – which holds a monopoly on the sale of drinks at the event

Ikea, for instance, has donated over $200 million to Unicef since 2001 and is one of the organisation’s biggest donors. “But these actions are never entirely altruistic,” says Sebastian Chiappero of Sponsorite. “Besides bolstering a company’s image, foundations also provide opportunities for tax breaks.” Hublot has teamed up with British band Depeche Mode for a joint fundraising project to benefit the “charity: water” organisation, which is dedicated to ensuring access to water in developing countries.
goal is not to be one of several sponsors, but to maintain exclusivity while engaging in a focused strategy and long-term commitments,” says Daniel Huber, head of Branding & Corporate Marketing at Credit Suisse.

Banks and watchmakers dominate the list of top sponsors in Switzerland but differ in several respects. Whereas watchmakers tend to use more ambassadors and icons – for instance, George Clooney and Omega – banks prefer events, which allow them to send out invitations to clients. A rivalry has even broken out between banks vying to sponsor high-end festivals, such as Verbier (Julius Bär), the Menuhin Festival Gstaad (HSBC) and the Montreux Jazz Festival (UBS). These brands are constantly seeking more potential associations with stars and events at the international level. And in doing so, they are also helping put Switzerland on the map, whether through Usain Bolt, Tiger Woods or the country’s very own Roger Federer.

Roger Federer struck up a partnership with the Wilson sports equipment brand in 1997. He signed a lifetime rackets-and-strings contract with the US firm in 2006. The amount of the deal was never made public, but it is said to be worth $3 million a year – significantly less than his contract with Nike, worth an annual $15 million.

— were on display everywhere, the Olympic rules allow only the logo of the official timekeeper, Omega, to be shown. So brands are resorting to other strategies. Sponsors such as Procter & Gamble are reversing the procedure, using the Olympic symbols in their own campaigns, both on paper and online. Heineken is another example of a big sponsor that is particularly active on social media. The company recently extended its partnership with the Champions League soccer competition for three more years, in order to continue connecting with the event’s 4 billion spectators. According to IMR, a UK firm that studies the sports market, Heineken spends some $70 million per year on the European competition.

RIVALRY BETWEEN BANKERS
The sponsorship market in Switzerland, though nowhere near the $20 billion spent in the US last year, is nonetheless estimated at some $700 million Swiss francs, equivalent to 10 percent of annual advertising revenue. “The

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Stanislas Wawrinka's stock has skyrocketed in the eyes of sponsors since his Australian Open win on 26 January. We talked with the Swiss tennis player’s agent, Lawrence Frankopan, about Wawrinka's new status.

By Ludovic Chappex

Swissquote Magazine
You've been Stanislas Wawrinka's agent for over eight years now. To what degree has his Australian Open Grand Slam victory boosted his appeal?

Lawrence Frankopan

The win has had a phenomenal impact. I've been travelling around the world non-stop ever since. The event reached around one billion viewers, including people who aren't necessarily tennis fans. Media coverage was particularly intense just after the victory, because only five men have won Grand Slam titles in the last ten years (Ed.: Roger Federer, Rafael Nadal, Novak Djokovic, Andy Murray and Juan Martin del Potro).

The success has made Stan an instantly recognisable global celebrity.

So his sponsorship potential has gone way beyond the confines of Switzerland? Absolutely. Global companies are showing interest. I've been to Japan and the United States in the last few weeks. But global sponsorship deals aren't that easy to iron out. The costs of an international communication campaign are much higher for brands than a national campaign. Anyway, we aren't going to rush things. The key is finding the right partner.

When people talk about Stan they mention his powerful game and fighting spirit. Do you try to capitalise on these strengths when talking to brands?

Stan represents a number of values. He's brave, professional, humble, and very loyal. I can also tell you that Stan's current sponsors were extremely impressed by the elegance and modesty he showed in celebrating his Australian Open success (Ed.: Stan is currently under contract with Audemars Piguet, Visilab, BCV and Subaru).

Does international fame necessitate a change in Stan's style or public persona?

We certainly won't be trying to reinvent Stan. And he won't be doing any media training. People aren't stupid – they know when the person in front of them is for real. Some people may treat him differently since his win but he hasn't changed a bit.
EVERYTHING IN ITS RIGHT PLACE

Product placement in films, TV series and music videos, often more subtle and better received than standard advertising, is a major breadwinner for brands. We talked to Anders Granath, founder and CEO of the Propaganda GEM marketing agency, about the ins and outs of the market.

By Ludovic Chappex

Everyone who has seen the film “Cast Away”, in which Tom Hanks is stranded on a desert island following a plane crash, remembers his character’s sole companion, “Wilson” the volleyball. The prop was provided to the producers by the Wilson sports equipment brand. Also likely to be lingering in the memory of viewers is the central importance of FedEx. The US firm financed the logistics and transport costs of the film, shot on Monuriki Island in northwest Fiji, in exchange for its inclusion in the storyline – Tom Hanks’ character is a FedEx employee – and for a number of onscreen appearances of the brand.

Product placement is widespread in Hollywood. Highlights over the years have included Marty McFly’s automatic lace-up sneakers in Back to the Future 2, Carrie Bradshaw’s MacBook Pro in Sex and the City, and 007’s Omega Seamaster watch in the latest Bond films.

With product placement accounting for 2% to 5% of movie production costs, managing their relationship with brands is of prime importance for the big film studios. Placement deals also give the studios access to a host of accessories (including cars, gadgets and sets) and services (logistics, transport, and so on) that are vital to their productions.

“A product placement deal can last several years with repeated appearances, in a TV series, for example.”

Swiss pioneer in product placement

Founded in 1991 in Geneva, Propaganda GEM has gone on to become a world leader in product placement. The company, headed by Anders Granath, serves as an intermediary between brands and producers of films, TV series, music videos and video games. It has ten subsidiaries (including those in Los Angeles, Hong Kong, São Paulo, Beijing and Moscow) and a 100-strong workforce worldwide.

Propaganda GEM’s impressive customer roster features BMW, Rolls-Royce, Dior, Bulgari, Omega, Nokia and Nespresso.
Product placement has become an essential communication approach for brands. “Getting film and TV series viewers to talk about them has a greater impact on their image than regular advertising,” says Anders Granath, co-founder and CEO of the Propaganda GEM marketing agency. Born in Sweden and raised in Geneva, Anders Granath is one of today’s leading experts on the product placement market. He filled Swissquote Magazine in on the finer details.

**SWISSQUOTE MAGAZINE ➤ How much does it cost to place a product in a Hollywood movie? Anders Granath ➤** The costs vary considerably and are negotiated on a case-by-case basis, ranging from $150,000 to $400,000. But brands don’t necessarily have to pay for one-off placements. When a producer needs, say, a car for a particular scene, they quickly get in touch with a carmaker, which provides them with a vehicle. But if a brand wants its product to be seen in a certain light with a minimum of quality, then the negotiations begin. This type of contract gives us a guarantee and a certain amount of control, and makes the planning process easier to handle. I should also say here that these prices don’t include the activation campaign and media plans, simply the appearance of the product in the film in line with our conditions.

**Are there any rules to be followed for successful product placement?**

Product placement by and large respects the same principles as communication in general. The focus is on the medium and long term, with a certain degree of frequency required over time. In general, our job begins by including the product in content (film, book, TV series, music video, video game) and then managing what we call the “activation”, a 360° media campaign with all the relevant tools for showcasing the brand. A product placement deal can also last several years with repeated appearances, in a TV series, for example.
How do you measure the correlation between the placement of a product and its purchase by consumers? Studies by specialist companies calculate the quantitative and qualitative impact of the visibility of the product. Surveys can also be carried out with a representative sample of the population. But the most simple measurement technique is to follow the sales curve of a product. If the curve rises sharply following a recent product placement campaign, then the correlation is fairly obvious.

“The market has grown constantly in the last few years.”

Can you give us an example of one of your recent product placement deals that turned out to be a sales success? We were involved recently in an interesting project with Fogal, the Swiss legwear and knitwear brand, in which its products appeared in “The Great Gatsby”. But since the brand name wasn't visible on screen – which would have posed problems anyway because the film takes place in the 1920s – we had to communicate on Fogal's presence in the film. So we rolled out a public relations strategy and an adapted media plan. Fogal also launched a special product series with the name of the film on the packaging. In all, the campaign led to a near two-fold increase in sales of the product.

Is product placement an option for all brands? Some brands aren't interested in launching activation campaigns or simply don't need to. Bang & Olufsen, for example, has a long-standing strategy on product placement, but its products are so recognisable that the company has never given serious thought to launching a communication plan in parallel. Bang & Olufsen appeared in six seasons of the TV series Friends via one of the character's sound systems [Ed.: Monica]. The
cases, the repeated appearance of the product played a decisive role, even though the logos of the brands were never really shown on screen.

How much room for manoeuvre do you have relative to the director’s vision? Do you ever have an influence on the script or storyline of a film?

Some aspects can be discussed. For example, in the recent – and very beautiful – film “The Impossible”, on the Sumatra tsunami in Indonesia, a team from the Zurich insurance company appears on screen evacuating an English couple via a medical assistance jet. This was the only real brand placement in the film.

Isn’t there a risk that brands and film studios could go too far with these types of practices, ultimately annoying viewers and achieving the opposite of what they intended?

The idea is in no way about adulterating the story. We need to remain vigilant and keep a certain balance in place, because the cinema is an artistic industry. If that line is overstepped, public backlash will be swift and powerful. That said, a number of studies have shown that viewers largely prefer product or brand placement in the content of a TV series or film to being interrupted every ten minutes by an ad break.

Product placement is also becoming increasingly widespread in video games. Does this market have a strong future?

Yes, the market has grown constantly in the last few years. It’s easier to place products in this context, given the absence of human factors. There are no imponderables in the world of video games, in contrast to the creation of a film in which several scenes are edited out before release. With video games, brands are sure to get what they pay for. It’s also possible to be creative. For example, virtual sequences can be created that are fully consistent with the universe of a brand or its current ad campaign.

Also, downloadable bonus content can be provided via web links directing users to particular products. And in sports games like those of FIFA, the advertising that appears in the stands is adapted to the user depending on their geographical location. If you play online, the ad content displayed will be different if you’re playing in Switzerland or the USA, for example. This technology could even be used some day in films. If that were to happen, extreme care would have to be taken so as not to denature the original work. We pay considerable attention to this point. Once again, the public will be quick to respond if the balance isn’t respected.
RED BULL’S EXTREME SPONSORING

In less than 30 years, the brand and its crimson-coloured bovines have stampeded their way to the forefront of the energy drinks market with a sponsoring programme that is at once innovative and aggressive.

By Jean-Christophe Piot

It was THE event. On 14 October 2012, Felix Baumgartner jumped from an altitude of 39,000 metres. The whole world was watching. And in those images they saw the logo featured on the daredevil’s suit and capsule: Red Bull. The brand was the sole sponsor of the event—spectacular but hardly surprising. “Extreme” is the company’s trademark.

In 1982, while on a trip to Thailand, Dietrich Mateschitz, a marketing manager for a toothpaste manufacturer, discovered energy drinks, in particular Krating Daeng (“red buffalo”). Two years later, Mateschitz teamed up with the Thai manufacturer and founded Red Bull, launching his own version of the Asian drink on the Austrian market. Thirty years later, the company has hit nearly €6 billion in revenue and boasts phenomenal growth. The slender silver and blue cans and the brand’s famous slogan (“Red Bull gives you wings”) have infiltrated 165 countries. Red Bull is a carefully calculated mega-success.

The figures

43 million Red Bull fans on Facebook.

The company is one of the top 10 company profiles followed in the world.

600 athletes on contract.

30% portion of revenue spent on marketing.
TRANSGRESSING THE TABOO

“The brand originally targeted the 15-25 age group,” explains professor Gary Tribou, a sports marketing specialist at the University of Strasbourg. Red Bull joined the night life and student parties, especially sponsored parties, playing on its “forbidden fruit” appeal. The drink was long banned on
merely slapping a logo onto a suit, the company began organising its own events from A to Z, devoting resources and expertise that put the often overwhelmed sports federations to shame – if there even was a federation.

Divers want to jump off cliffs in Hawaii? Red Bull organised the Red Bull Cliff World Series. Extreme ice skaters want to set up a competition? The brand put together the Red Bull Crashed Ice Championship. Pilots are looking for a new way to practise their aerobatic stunt flying? Red Bull took care of the logistics and paperwork and launched the Red Bull Air Race. This competition, organised near major cities, features stunt planes zigzagging just a few metres off the ground through a slalom course marked out with giant inflatable cones. Guaranteed thrills.

As it was already associated with partying, the brand decided to stick with emotional marketing. Although sport was the ideal context, the disciplines that receive the greatest media attention are already saturated with sponsors that pack a much more powerful punch than anything Red Bull could have served at the time. No difference, the brand turned to extreme sports. “By working with unconventional disciplines, Red Bull brought its image that ‘wow effect’,” explains Boris Helleu, director of the Sports Management MBA at the University of Caen. “These sports are so spectacular that they literally take your breath away.”

Mateschitz began modestly, financing a few friends who were into extreme sports, before shifting into higher gear. “Red Bull never saw sponsoring as simply paying for a panel in a stadium,” says Boris Helleu. Not satisfied with merely slapping a logo onto a suit, the company began organising its own events from A to Z, devoting resources and expertise that put the often overwhelmed sports federations to shame – if there even was a federation.

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Red Bull quickly understood that it had to get out of the limited night club scene to break through on the market. As it was already associated with partying, the brand decided to stick with emotional marketing. Although sport was the ideal context, the disciplines that receive the greatest media attention are already saturated with sponsors that pack a much more powerful punch than anything Red Bull could have served at the time. No difference, the brand turned to extreme sports. “By working with unconventional disciplines, Red Bull brought its image that ‘wow effect’,” explains Boris Helleu, director of the Sports Management MBA at the University of Caen. “These sports are so spectacular that they literally take your breath away.”

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DIVERS WANT TO JUMP OFF CLIFFS IN HAWAII? RED BULL ORGANISED THE RED BULL CLIFF WORLD SERIES. EXTREME ICE SKATERS WANT TO SET UP A COMPETITION? THE BRAND PUT TOGETHER THE RED BULL CRASHED ICE CHAMPIONSHIP. PILOTS ARE LOOKING FOR A NEW WAY TO PRACTISE THEIR AEROBATIC STUNT FLYING? RED BULL TOOK CARE OF THE LOGISTICS AND PAPERWORK AND LAUNCHED THE RED BULL AIR RACE. THIS COMPETITION, ORGANISED NEAR MAJOR CITIES, FEATURES STUNT PLANES ZIGZAGGING JUST A FEW METRES OFF THE GROUND THROUGH A SLALOM COURSE MARKED OUT WITH GIANT INFLATABLE CONES. GUARANTEED THRILLS.
surveys. But Red Bull is not an Olympic sponsor,” says Boris Helleu.

The brand is gradually transitioning from marginal sports towards more mainstream disciplines. Once again, Red Bull goes against the grain, breaking the mould of traditional sponsoring. Its arrival in the very closed world of Formula 1 racing is a textbook case. The brand’s purchase of the Jaguar team, rebranded Red Bull Racing, and Minardi [now Toro Rosso], brought a few snickers. Sebastian Vettel’s four world championship titles have since silenced any such mockery. The German driver perfectly illustrates the Red Bull model. Spotted at age 12 by the high-tech training centre of the Red Bull Junior Team, he debuted with Toro Rosso before speeding into victory. The model has since been applied to other sports. Red Bull now owns an ice hockey team [EC Red Bull Salzburg, a star in the Austrian league], five football teams – including the New York Red Bulls – and one of the top motocross teams in the world.

“This strategy provides a way for Red Bull to enlarge its original target group while raising brand awareness in older groups,” says Boris Helleu. “But it remains essentially male-driven.” It’s a bit of their own youth that Red Bull is selling to these 40-year olds as it reaches out to them with zanier, family-oriented events like...the soap box derby. There again, a definite web-wide buzz.

CONTROLLING THE ENTIRE CHAIN
Sponsor, events organiser, owner of nightclubs and motor sports teams...does

The figures

4,000
Red Bull employees, across 165 countries.

5.5
Million cans sold in 2013.

15%
Company growth between 2012 and 2013.

All that remained was to control the final stage: content distribution. That step was taken in 2007 when the brand launched its own magazine, Red Bulletin. Published in 36 languages with a circulation of 4 million copies, Red Bulletin is sold at newsstands through partnerships with leading newspapers. A two-page ad currently goes for €50,000. Three years ago, the company even created its own media agency, Red Bull Media House. The agency has over 500 employees – photographers, journalists, reporters, graphic designers, etc. – who produce a full range of sports, lifestyle and celebrity news. The content is available to the media or distributed through the

brand’s own network, starting with its YouTube channel, which attracted 8 million viewers for Felix Baumgartner’s skydive from space. The previous record was held by the London Olympics opening ceremony, with only 500,000 viewers. “It’s permanent storytelling,” says Boris Helleu. “Red Bull’s business more closely resembles HBO than Coca-Cola.”

THE RISKS OF RISK
Hard to imagine what could jam such a smoothly-run machine. But Red Bull flirts with danger by associating its name with high-risk sports. In 2009 alone, three athletes involved in Red Bull events were killed. Bad publicity is always looming, but could it really damage the brand’s image? “Oddly, this kind of event can actually boost it. People don’t react negatively to tragedies that occur in extreme sports,” says Gary Tribou. “An accident can even strengthen Red Bull’s credibility, since the brand has never backed down from taking risks. Not to be cynical, but the brand has what it takes to prepare for any scenario.”

To guarantee the longevity of its business model, Red Bull has had to face the fact that Generation Y is aging. And the Austrian group does seem set to conquer the youth of tomorrow. It’s no accident that the group has begun moving its famous logo outside the sports arena by launching a music label, Red Bull Records, and targeting younger groups with its apps and video games.
Could Formula 1 be the most heavily sponsored sport? Executive director of the team Mercedes AMG Petronas, Toto Wolff, gives us the low-down on the latest in this sector.

By Lionel Froissart

At the age of 42, Austria’s Toto Wolff has become a high-profile player in the field of Formula 1 Grand Prix events. After buying shares in the Williams team, he was named director of motorsport activities for Mercedes-Benz in early 2013. He quickly became a key figure among F1 executives. Wolff’s open-minded approach breaks with the overly conservative mindset that tends to dominate the sport, which is itself in the throes of considerable commercial, sporting and technical change. The pleasant, forthcoming and multilingual Toto Wolff also knows how to listen to people. We met up with him a few hours before the start of the first Grand Prix of the season in Melbourne. In between technical and business meetings, he gave Swissquote the lowdown on the main trends in F1 sponsorship at the start of the 21st century.

Our presence on social media is exploding.

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The visibility of brand stickers on the cars isn’t always a given. People say that a sponsor providing a certain amount of money to a team has to spend at least the same again to publicise the fact. Is that fair? The 1/1 calculation was true back in the day of conventional advertising distributed purely on TV. But it no longer holds today because the media sector has changed a great deal. Sponsors can now communicate actively in the digital world, through social networks and web media, for far less money. And in the end, the results are much more concrete and quantifiable. Today the share is roughly 80% for branding and 20% for “activation”, or making the fact known.

TV ratings are down, and more scattered, with the growth of...
hit-and-miss about the process. You can't fool a sponsor anymore. A five- or six-fold return on a media investment is already an excellent result and can be considered the minimum amount.

Apparently social networks are now considered as credible marketing media? Absolutely. And not enough attention is paid to the trend.

pay-TV options. How do you measure the impact of a sponsor's presence in your team, and how does the sponsor itself go about it? Let's start with the second part of the question. We have very precise tools for measuring the impact on the public, sponsor by sponsor. Everything's entirely visible now, and there's nothing
We are working to rectify that with the FOM [Ed.: Bernie Ecclestone’s Formula One Management, responsible for commercial aspects of F1]. We’ve decided to make a lot of effort in this area. Our presence in social media is exploding. We’re getting an average 35,000 to 40,000 new Likes a day on Facebook, and even more during Grand Prix races. In Melbourne, on the evening of Lewis Hamilton’s pole position, we topped the four-million-follower mark. We would like to rank in the top ten sports teams in Europe and Asia by the end of 2014. All these figures give you an idea of the popularity of F1 and its undiminished appeal.

Do you think social networks will supplant the basic image of live TV? I’m quite certain that in five years’ time, we won’t all be watching Grand Prix races traditional-style, at two o’clock in the afternoon in front of the TV. There will be a host of different platforms for consuming F1.

So you aren’t bothered by dwindling ratings and pay-TV? We are clearly in a tough
period, and “classic” viewers – for live broadcasts – are falling slightly. We are mindful of that, but it also means that we are in the midst of a transition period to digital. This is a huge change, and one that we have to accept, understand and take advantage of. In the UK for example, where Sky TV and the BBC share the broadcast of Grand Prix races, live viewer figures for the qualifications and the race itself are clearly heading south. But when you include highlights, repeat broadcasts, special F1 shows and specialised websites, then overall viewer figures are on the rise. This is one of today’s paradoxes, and one that shows we are on the way to attracting an even more global audience.

**Mercedes-Benz today sells over 90% of its cars in countries hosting a Grand Prix race**

Do some sponsors have major demands? They have to. For our part, we want to bring them a 360° service. Convincing a sponsor to come on board is never an easy task. But keeping that sponsor because it is pleased with the results, service and image boost is even more difficult. We don’t want to be signing one- to two-year contracts because that’s akin to failure. Our idea of a business partnership is joining forces with a sponsor for ten or fifteen years. Every additional year for a sponsor makes a lot of sense. At Mercedes, our objective is not to have a car covered in stickers. We are currently working with six to eight major sponsors. They are loyal partners, and that lends credibility to a team.

**How much money do you have to spend to become a sponsor of the Mercedes team?**

The problem is that there are only 24 hours in a day and seven days in a week. When we sign with a partner, we want to be sure that we are giving it what it has paid for. “Full service” obviously has a price, but some partners are entirely satisfied with an adapted service for a smaller investment. Without going into the finer details, the initial layout is generally around a few million.

**What are the most media-friendly Grand Prix races?**

Monaco, Singapore and Abu Dhabi stand out from the rest with their huge media coverage. For Mercedes and some of its main partners, there are the local races, the German Grand Prix for Mercedes, the British Grand Prix for the British team and market, and the Malaysia Grand Prix for Petronas, the oil company and main partner of the team.

For the automotive market alone, the three biggest events are the Grand Prix in the USA, Germany and, of course, China, whose importance for carmakers everyone is aware of. Mercedes-Benz today sells over 90% of its cars in countries hosting a Grand Prix race.
“WE ARE STEPPING INTO A FASCINATING WORLD”

Swissquote is now one of the official partners of the Mercedes Formula 1 team. Marc Bürki, the online bank’s CEO, discusses what this sponsorship means for Swissquote.

The change hasn’t slipped past Formula 1 fans unnoticed. Since the beginning of the season, the Swissquote logo has been showcased on the nose and rear wing of the two Mercedes F1 W05s driven by Lewis Hamilton and Nico Rosberg. This partnership is expected to boost the online bank’s worldwide visibility. Here is the interview.

SWISSQUOTE MAGAZINE ▶ What prompted Swissquote to sponsor the Mercedes Formula 1 team?
Marc Bürki ▶ We inherited the sponsorship deal with our takeover of the online bank Mig, which had been a partner to Mercedes since 2010. The deal was up in 2014, but we felt it was worth it to continue supporting Mercedes. It’s easier to integrate an existing relationship than to start from scratch. And we have considerable appeal for Mercedes as well. We are new, and our technological profile dovetails with the team’s image.

How do you work together? This is a new experience for Swissquote. We are stepping into a fascinating world, one that we don’t know much about. The world of sponsorship. We were immediately impressed with the impeccable professionalism of the Mercedes marketing teams. They leave no detail to chance. We rapidly had to expand our team and bring in sponsorship professionals to match their standards.

How much does this sponsorship cost, and what types of services does it offer you? It represents around 15% of our annual marketing budget. On top of the Swissquote logos featuring on the cars and drivers’ suits, this sponsorship works like a toolkit that we can customise to our needs. We have preferential access to the paddock, receive customer invitations to races and can organise a variety of VIP events. Mercedes also provides us with a driving simulator designed for the general public that we can use at exhibitions and trade shows, for example.

What advantages does this sponsorship offer Swissquote? Formula 1 is a great springboard because it’s a worldwide event that moves to a different country every two weeks. That’s a considerable advantage, as we hope to promote our brand globally for our forex products, especially in Asia and the Middle East, where F1 is extremely popular. We have clients all over the world and can offer them VIP invitations to different races.

Will you adapt your communication strategy to benefit from your involvement with Formula 1? We intend to handle this sponsorship with care. It’s very tempting to start sticking Formula 1-related information all over our website and social media. We could post news, pictures
of the drivers or the standings after races. But if we do that, we would be promoting F1 more than our company. We would risk turning into some bad blog. One of the challenges is to strike the right balance with the Mercedes brand. As a junior partner in a huge event, we could end up completely engulfed and fail to reap many of its potential benefits.

This sponsorship has the Swissquote logo appearing in black on a grey background. Any regrets?

We would have liked to keep our trademark orange colour, but contractually we couldn't. Only the main sponsor Petronas is allowed to decide on their colour. If we multiplied our current budget by 20, we could consider that option and have two orange single-seaters... Seriously, we may one day do just that. If we're going to be a sponsor, we may as well shoot for maximum impact.

So does this first step into the world of sponsorship herald other, similar projects?

Since we made the announcement, we have definitely received a lot of new requests to become a sponsor. Several football clubs, especially in the UK, have contacted us. This whirlwind effect has helped us gauge the importance of the sector, which deals in the billions. But what surprised me and touched me the most was the passion you feel at that kind of event. Many people ask us if they can have autographed pictures of the drivers. For a sponsor, being able to capture some of that passion is a real advantage.
MAP OF SWISSQUOTE’S GLOBAL TRADING ACTIVITIES

AND SWISSQUOTE OFFERS SO MUCH MORE

- **swissquote.ch** — a free, real-time information portal for bank customers
- Innovative tools to manage private wealth (e-Private) and/or to analyze securities
- A real-time, multi-currency bank account, a custody account, an online payments service and securities trading at discounted prices
- Real-time share dealing on the world’s largest stock exchanges (see map)
- Direct access trading for options and futures on the largest futures and options exchanges (Eurex, CME - Chicago Mercantile Exchange - and ISE - International Securities Exchange)
- Real-time trading of warrants and other derivative or structured products (Scoach and Euwax)
- **Fundshop:** the largest Swiss trading platform for investment funds (more than 5,500 products online)
- Bond trading (more than 9,000 products)
- eForex (foreign exchange and precious metals): more than 60 currency pairs available thanks to our innovative FXBook technology (spreads from 1.8 pips and a leverage ratio of 100:1)
- **An innovative savings account**
- **An online mortgage**
- Foreign exchange: currency spot trades, futures, swaps and options
- Lombard loans
- Term deposits and fiduciary investments
- Credit cards (Visa and MasterCard)
- Multilingual call centre open Monday to Friday from 8 AM to 10 PM. Tel: +41 825 88 88
**HATCHING TWITTER**

By Nick Bilton (Sceptre, 2013)

In this explosive book, journalist Nick Bilton gives a behind-the-scenes look at the founding and rise of the company launched in 2006 by Jack Dorsey, Evan Williams, Biz Stone and Noah Glass. Rather than scrutinise the Twitter phenomenon, Bilton instead tells an enthralling story of money, power, friendship and betrayal, based on a wealth of interviews and written in a colourful style.

**HOW TO FAIL AT ALMOST EVERYTHING AND STILL WIN BIG: KIND OF THE STORY OF MY LIFE**

By Scott Adams (Penguin, 2013)

Scott Adams, creator of the well-known comic strip “Dilbert”, is no stranger to swapping pencil for keyboard. In his latest work, he reflects on his professional career and how his failures actually ended up leading him to success. Part autobiography, part “how to” manual, *How to Fail at Almost Everything and Still Win Big* inspires readers to do just that.

**SURF AT LIGHTNING SPEED**

[iPhone, iPad, Android]

Fed up with the sluggishness of your smartphone’s default web browser? Look no further, Puffin is just what you need. The app, developed by CloudMosa, not only supports major video formats but also outperformed big guns Chrome and Firefox in several recent comparative tests. There’s just one downside: support for the Flash format is limited in the free version.

Puffin
Free

**TODAY OR TOMORROW?**

[iPhone, iPad, Android]

This app is no excuse to procrastinate, but then again… Do It (Tomorrow) features an extremely simple interface with just three screens: today’s to-do list, tomorrow’s to-do list, and a settings screen. Unfinished tasks keep getting pushed to the following day until you mark them as completed. Easy as ABC.

Do It (Tomorrow)
Free

**GUESS WHO’S CALLING**

[iPhone, iPad, Android]

This app, launched by WhitePages, identifies incoming calls from unknown numbers and allows you to organise your contacts and follow their latest status updates on social media. For now, the database used by Current Caller ID & Contacts contains mostly North American users, but new functionalities are frequently added to the app.

Current Caller ID & Contacts
Free

**HORIZONTAL VIDEOS**

[iPhone, iPad]

This app, solves one of the most annoying problems of recording videos on an iPhone. You used to have to hold your phone horizontally to shoot a horizontal video. But Horizon, taking advantage of the iPhone’s integrated gyroscope, now allows users to hold their phone vertically, or even at an angle, and still shoot videos that are perfectly level with the ground.

Horizon
$1.99
Minding the Minder Ordinance

Companies listed on Switzerland’s stock exchange must adapt to the changes introduced by the Minder initiative, which came into effect early this year. Specialists Florent Ledentu and Paul de Blasi weigh in on the matter.

By Serge Maillard

The political shockwave unleashed by the approval, on 3 March 2013, of the Minder initiative “against excessive pay” by listed companies has now given rise to an ordinance, in effect as of early this year. Swissquote Magazine spoke with two experts on the subject to get a firmer grasp of the implications of the legislative change.

Paul de Blasi, a lawyer at PricewaterhouseCoopers in Geneva, shares his “insider’s” take. The specialist is currently helping listed companies to comply with the requirements of the new ordinance. Florent Ledentu, professor of business economics at the Vaud School of Business and Engineering, analyses the rise of the concept of “corporate governance”, having written his thesis and several reference guides on the subject.
“More rights for shareholders”

Paul de Blasi, an expert at PricewaterhouseCoopers, describes how listed companies are adapting.

In the countries where shareholders have the most rights in terms of deciding remuneration policy for top management. But that doesn't necessarily imply a negative impact. Shareholders are well aware that remuneration is a key factor in attracting top talent.

Prospective voting may force listed companies to reveal confidential aspects of their strategy.

How are listed Swiss companies actually adapting to the ordinance?
Companies subject to the ordinance have to adapt their articles of association, regulations and internal and external operating procedures for their next shareholders’ meetings. They have until the second annual shareholders’ meeting following the entry into force of the ordinance – i.e. until next year – to bring themselves into full compliance. Some aspects pose more difficulties than others, particularly the voting of variable remuneration, such as bonuses, awarded to executives.

Why?
Companies may opt for either a prospective vote, for the coming financial year, or a retrospective vote, held at the following annual shareholders' meeting. In the case of a prospective vote, it can be difficult to predict the company's results and performance. This makes determining bonus levels a challenge, the risk being that miscalculation may lead to an excessive bonus. Prospective voting may also force listed companies to reveal confidential aspects of their strategy, which then risk being appropriated by competitors. These pitfalls can be avoided by opting for a retrospective vote, held after the company's results for the previous financial year are published.

What happens if the shareholders refuse the proposed remuneration?
That is something listed companies will have to address in their articles of association. The board of directors might, for instance, convene a new shareholders' meeting two months later for another vote. The recommendations of the compensation committee, made up of board members, may have an influence on that vote. So to avoid any conflict of interest, it is recommended that committee members be neutral and independent, and that they not hold an executive position within the company.

SWISSQUOTE MAGAZINE
How does the Minder initiative ordinance affect listed companies?
Paul de Blasi
The ordinance grants more rights to shareholders, such as the non-transferable power to vote on the amount of fixed and variable remuneration paid to top executives. Certain benefits, such as departure packages, have been banned and listed companies must now comply with more stringent rules on the election of board members and the operation of the compensation committee.

Do these changes make Switzerland less competitive?
Only time will tell! A balance will have to be struck between shareholders’ expectations and the attractiveness of executive compensation. Switzerland is now among
In your opinion, what is the significance of the Minder initiative?

Florent Ledentu, professor of business economics at the Vaud School of Business and Engineering, retraces the steps that have led to today’s stricter controls on salaries.

The people wanted shareholders of listed companies to have greater power over company management, particularly in terms of remuneration policy. On the whole, we’re transitioning from consultation to binding constraints. We used to have more of a “soft law” approach to remuneration, allowing companies to regulate themselves. For example, Economiesuisse’s Code of Best Practices recommended that companies offer their shareholders a consultative vote on remuneration policy. This vote was supposed to help take a reading of the criteria used to define remuneration levels for senior executives and board members.

And now?
We have shifted to a “hard law” system, with criminal penalties to punish non-compliance. It’s been a gradual transition. In 2002, the Swiss stock exchange required listed companies to disclose their remuneration policy in their annual report. In 2007, remuneration levels had to be included in the financial report and verified by an external auditor. The consultative vote on remuneration was introduced around the same time. Now, the amount of remuneration awarded to senior executives will have to be approved by the shareholders, who will also select the board members tasked with drawing up the remuneration policy.

Logically, wouldn’t the next step be to set a salary ceiling, as laid out in the 1:12 initiative? No, I don’t think so. The 1:12 initiative would have set an arbitrary limit for all companies, whereas with the Minder initiative, the shareholders, i.e. the owners, decide the level of remuneration. The ordinance will incentivise companies to be more transparent and clear with their shareholders. Beyond remuneration, there is a broad desire to strive for a better level of corporate governance.

People are talking more and more about corporate governance. Can you explain the concept?

There is no single definition of corporate governance. Generally speaking, however, it is defined as the system by which a company is organised, managed and controlled in order to pursue the objectives set by the company’s owners. Remuneration policy is an excellent example of this, because it has to satisfy the expectations of shareholders and management alike.

Beyond the issue of salary, how does the ordinance improve corporate governance? Shareholders will also have more power in electing board members. It is now the shareholders who will elect the chairman of the board, whereas this used to be the responsibility of the board members themselves. Moreover, board members will no longer be elected as a group for a three-year term, but individually for a one-year term. Once again, we’re shifting from incentivisation to obligation. Until now, these were merely recommendations for good governance. The ordinance, however, establishes some of these good practices as law, in line with the expectations of today’s society.
"If you are not self-aware, you’re not learning"

Satya Nadella, Microsoft’s new CEO, who succeeded Steve Ballmer last February, defends a management approach based on listening and asking the right questions.

By Adam Bryant, New York Times

**SWISSQUOTE MAGAZINE ▶**

What leadership lessons have you learned from your predecessor, Steve Ballmer?

**Satya Nadella ▶** The most important one I learned from Steve happened two or three annual reviews ago. I sat down with him, and I remember asking him: “What do you think? How am I doing?” Then he said: “Look, you will know it, I will know it, and it will be in the air. So you don’t have to ask me, ‘How am I doing?’ At your level, it’s going to be fairly implicit.”

I went on to ask him, “How do I compare to the people who had my role before me?” And Steve said: “Who cares? The context is so different. The only thing that matters to me is what you do with the cards you’ve been dealt now. I want you to stay focused on that, versus trying to do this comparative benchmark.” The lesson was that you have to stay grounded, and to be brutally honest with yourself on where you stand.

And what about Bill Gates? Bill is the most analytically rigorous person. He’s always very well prepared, and in the first five seconds of a meeting he’ll find some logical flaw in something I’ve shown him. I’ll wonder, how can it be that I pour in all this energy and still I didn’t see something? In the beginning, I used to say, “I’m really intimidated by him.” But he’s actually quite grounded. You can push back on him. He’ll argue with you vigorously for a couple of minutes, and then he’ll be the first person to say, “Oh, you’re right.” Both Bill and Steve share this. They pressure-test your conviction.

There’s a lot of curiosity around what kind of role Bill is going to play with you. The outside world looks at it and says, “Whoa, this is some new thing.” But we’ve worked closely for about nine years now. So I’m very comfortable with this, and I asked for a real allocation of his time. He is in fact making some pretty hard trade-offs to say, “O.K., I’ll put more energy into this.” And one of the fantastic things that only Bill can do inside this campus is to get everybody energized to bring their “A” game. It’s just a gift.

What were some early leadership lessons for you?

I played on my school’s cricket team, and there was one incident that was just very stunning to me. I was a bowler — like a pitcher in baseball — and I was throwing very ordinary stuff one day. So the captain took over from me and got the team a
The player

Satya Nadella is anything but a newcomer to Microsoft. Hailing from the Indian city of Hyderabad in the state of Andhra Pradesh, Nadella has worked at the Redmond-based firm for the past 22 years. After a brief stint as a technical engineer at Sun Microsystems, Satya joined Microsoft at age 25, working his way up the corporate ladder ever since. He has held several decision-making positions, mainly in connected services. In recent years he has overseen the development of Microsoft’s cloud computing activities. On his watch, sales for the Cloud Service division rose from $16.6 billion in 2011 to over $20 billion in 2013. A trained engineer, Satya studied at Manipal University in Karnataka before earning a Master’s in computer science from the University of Wisconsin, then an MBA from the University of Chicago. Work aside, he is an avid cricket fan and used to regularly play the game back home when he was growing up. He also loves both Indian and American poetry. Satya Nadella lives in Bellevue, Washington with his wife and three children. By L. C.
breakthrough, and then he let me take over again.

I never asked him why he did that, but my impression is that he knew he would destroy my confidence if he didn’t put me back in. And I went on to take a lot more wickets after that. It was a subtle, important leadership lesson about when to intervene and when to build the confidence of the team. I think that is perhaps the number one thing that leaders have to do: to bolster the confidence of the people you’re leading.

Tell me about your management approach in your new role.

The thing I’m most focused on today is, how am I maximizing the effectiveness of the leadership team, and what am I doing to nurture it? A lot of people on the team were my peers, and I worked for some of them in the past. The framing for me is all about getting people to commit and engage in an authentic way, and for us to feel that energy as a team.

I’m not evaluating them on what they say individually. None of them would be on this team if they didn’t have some fantastic attributes. I’m only evaluating us collectively as a team. Are we able to authentically communicate, and are we able to build on each person’s capabilities to the benefit of our organization?

Your company has acknowledged that it needs to create much more of a unified “one Microsoft” culture. How are you going to do that?

One thing we’ve talked a lot about, even in the first leadership meeting, was, what’s the purpose of our leadership team? The framework we came up with is the notion that our purpose is to bring clarity, alignment and intensity. What is it that we want to get done? Are we aligned in order to be able to get it done? And are we pursuing that with intensity? That’s really the job.

Culturally, I think we have operated as if we had the formula figured out, and it was all about optimizing, in its various constituent parts, the formula. Now it is about discovering the new formula.

So the question is: how do we take the intellectual capital of 130,000 people and innovate where none of the category definitions of the past will matter? Any organizational structure you have today is irrelevant because no competition or innovation is going to respect those boundaries. Everything now is going to have to be much more compressed in terms of both cycle times and response times.

So how do you create that self-organizing capability to drive innovation and be focused? And the high-tech business is perhaps one of the toughest ones, because something can be a real failure until it’s not. It’s just an absolute dud until it’s a hit. So you have to be able to sense those early indicators of success, and the leadership has to really lean in and not let things die on the vine. When you have a $70 billion business, something that’s $1 million can feel irrelevant. But that $1 million business might be the most relevant thing we are doing.

To me, that is perhaps the big culture change — recognizing innovation and fostering its growth. It’s not going to come because of an org chart or the organizational boundaries. Most people have a very strong sense of organizational ownership, but I think what people have to own is an innovation agenda, and everything is shared in terms of the implementation.

How do you hire? What questions do you ask?

I do a kind of 360 review. I will ask the individual to tell me what their manager would say about them, what their peers would say about them, what their direct reports would say about them, and in some cases what their customers or partners may say about them. That particular line of questioning leads

“The number one thing that leaders have to do: to bolster the confidence of the people you’re leading.”
What might somebody say in a meeting that, to you, sounds like nails on a chalkboard? One of the things that drives me crazy is anyone who comes in from the outside and says, “This is how we used to do it.” Or if somebody who’s been here for a while says, “This is how we do it.” Both of them are such dangerous traps. The question is: how do you take all of that valuable experience and apply it to the current context and raise standards?

Any final big-picture thoughts on how you’re going to approach your new role, and how you want to make your mark? Longevity in this business is about being able to reinvent yourself or invent the future. In our case, given 39 years of success, it’s more about reinvention. We’ve had great successes, but our future is not about our past success. It’s going to be about whether we will invent things that are really going to drive our future.

One of the things that I’m fascinated about generally is the rise and fall of everything, from civilizations to families to companies. We all know that companies don’t live as long as human beings. There are very few examples of even 100-year old companies. For us to be a 100-year old company where people find deep meaning at work, that’s the quest.
The Internet of Things: a potential $1,900 billion market

In the future, everything could be connected to the internet. The fast-emerging market of smart objects stands as an extraordinary source of growth for a wide range of sectors.

By Aurore Lartigue

Your eyes are barely open by the time your sensor-equipped dressing gown has already measured your blood pressure and cholesterol and sent on the details to your general practitioner. Onwards to the kitchen where, rest assured, your coffee will be white, since the refrigerator ordered milk from the supermarket. Coffee in hand, you check your laptop to see if your plants are in good health. A sensor buried in the soil tells you your ficus wouldn’t mind some more sunlight.

This sounds like science fiction, but it won’t for long. At the Consumer Electronics Show (CES), the new-technology mecca held in Las Vegas in January, nearly half the stands were dedicated to the Internet of Things. The new trend is firmly in the limelight.

The “things” in the Internet of Things are connected objects capable of exchanging information with a computer. Everything around us could in the very near future be hooked up to the net, from machines that weren’t connected but will be soon to everyday objects enhanced with a sensor allowing them to communicate. Worn tyres will send a message to their manufacturer, while doors will tell you who entered or left a house at what time.

The Gartner consultancy firm forecasts that by 2020 the world will be home to some 30 billion connected objects, up from 2.5 billion today (mainly smartphones and computers). The Internet of Things will be worth some $1,900 billion. “The internet is moving into the physical world,” says ABI Research analyst Jonathan Collins. “This will lead to huge changes in the way people and things interact.” For him, the market will be driven mainly by healthcare, transport, home automation and the development of smart cities, where everything will be web-connected, from street lights to parking places.

Back in 2005, entrepreneur Rafi Haladjian launched the Nabaztag rabbit, now seen as the ancestor of connected objects. The founder of the company Sen.se compares the advent of the Internet of Things to the discovery of electricity in the early 20th century. “It’s a natural evolution of the technology,” he says. “Just as manufacturers of coal-powered irons made the switch to electric irons, all
manufacturing sectors will move in to connected objects. Samuel Ropert from IDATE, a European think tank on the digital economy, says, “There won’t be a connected objects sector, because all sectors will be using them.”

“The USA and Western Europe currently lead the way, but the concept is developing everywhere,” says Jonathan Collins. The web giants have joined the adventure alongside the pioneering start-ups. At the start of the year Google bought Nest Labs, a company that makes smart thermostats, for $3.2 billion. But the smart glasses sector is shaping up to be the most fiercely competitive. Google Glass users can plan routes, check the weather and even take a photo with a simple voice command. The requested information is displayed heads-up on the lenses. Google Glass is set for market launch this year, and Samsung and Microsoft are already working on prototypes.

“These technologies are still in the teething stage,” says Philippe Collombel from the Partech Ventures investment fund. “The market targeting businesses is more mature than the consumer market. For now, smoke detectors that emit messages when they break down and rubbish bins that communicate when full are a reality. Companies were quick to identify the potential financial savings and issues in terms of responsibility. But in terms of the general public, smart objects for now are purely for geeks.” Philippe Gautier, author of “L’internet des objets: internet mais en mieux” (The Internet of Things: the Web but Better), says, “Besides the price obstacle, to come into more widespread use, these objects have to offer real value added, not just report data or work as remote control devices like smart watches.” He sees the future of these technologies as being linked to the development of artificial intelligence. “Google got it right,” he says. “The strength of connected objects lies in their ability to acquire expertise, like Nest Labs’ smart thermostats, which observe their environment and learn from the feedback.”

For now, smart objects can only do one thing at a time, and they don’t interact with other smart objects. “That could be a problem for households equipped with dozens of objects,” says Philippe Gautier. “A smart object shouldn’t require an extra cognitive effort. Human beings shouldn’t have to adapt to it, otherwise it won’t work.”

Rafi Haladjian has already tackled this problem with a device presented as “the Mother of all electronic objects”. Users place movement-detecting sensors called “motion cookies” on all the objects they want to connect in their house. Each motion cookie corresponds to a function. The data are sent to and managed by a small doll, the “Mother”. Equipped with sensors, a basic toothbrush or a box of pills can become a smart object, telling parents if their children’s teeth have been properly cleaned or if they have taken their pills. Deliveries start this spring.

The “quantified self” trend

Health-related objects are among today’s trendiest smart gadgets. As seen in the success of the Fitbit and Nike electronic bracelets, which have already sold in the millions. Surfing on the trend of the “quantified self”, they count our steps, sleep cycles and time spent doing sport. The Smart Body Analyzer scale can measure the heart rate and the body fat of a family and produce graphs based on the data it compiles. In the future, all these objects could communicate directly with hospitals or ambulance services and send out information in the event of an accident.
Strava is a social network where joggers and cyclists from around the world get together to talk performance. An immense international success, the platform stands as a new source of motivation. But members are advised: don't overdo it!

By Patricia Michaud

Alex is a champion cyclist, the seven-time holder of the “King of the Mountain” title in his region. But the 35-year old California lawyer has never competed in an official cycling race.

Instead he measures himself against opponents on the strava.com website.

Sports social networks have blossomed on the internet in the last few years. While they differ in terms of functionalities and disciplines, they all use GPS technology to compare performances. Users compare their own performances and measure them against amateur and professional athletes.

A HIT IN SWITZERLAND

Strava, launched in 2009, is one of the most successful social networks in today’s sporting world. Cyclists and runners record their training data – distance, gradient and speed – using the GPS on...
The boom of sports social networks

User comments posted on the web bear out a theory long held by sociologists: people try harder when someone is watching them. “Since I’ve been on Strava, every training session is a challenge. And it shows in my results,” says Matthew, an amateur cyclist in London. Gabriela, a former top-ranked Brazilian runner, says that Strava has helped her to “regain the motivation to go out and run in all kinds of weather rather than remain cloistered in the gym.”

It is that determination to reproduce the stimuli of real competition that led former rowers Michael Horvath and Mark Gainey to create Strava, headquartered in San Francisco and Hanover. Strava – the name comes from the Swedish word for “slog” – now has faithful followers in 230 countries. While undisclosed, the proportion of male users is thought to be very high, according to a number of specialised blogs.

Strava has proved a big hit with Swiss sports fans, as shown in a country-filtered search on the site. A considerable number of Swiss “clubs” are also listed.
in the social network, including Strava Switzerland, Strava Suisse Romande, TV Oerlikon and Cycling Club Switzerland Women.

**FATAL ACCIDENTS**
Bringing users the motivation to go beyond their limits and the opportunity to socialise (virtually) and store their personal data without making a big dent in their finances – the smartphone app and subscription to the basic functionalities are free – Strava would seem to be a paradise for sports fans, but the network has its detractors. Criticisms of the social network are growing on US web forums, fuelled by a series of tragic occurrences, the most notorious being the Kim Flint affair.

The death of the Strava-hooked California engineer was covered in detail by “Bicycling Magazine” in a lengthy article entitled “The Strava Files”. To win back his “King of the Mountain” title, Kim Flint biked down a steep road with no visibility at full speed, crashing head first into a car.

Following the event, the managers of the social network introduced a tool enabling users to flag up potentially dangerous roads, as well as a code of good behaviour. But comments continue to be posted on the responsibility of sports social networks for several fatal accidents and the way these networks turn peaceful hobbies into fierce competition.

In a sign of protest, a hacker (and cycling fan) has launched an IT tool called “digital EPO” enabling users to virtually dope their results on Strava. New terms including “stravaddict” and “stravasshole” have also made their appearance on the web.

**USE IN MODERATION**
So should people be hooking up to Strava? “In itself, the increasing use of technology to analyse performance is a positive thing, because awareness of one’s results clearly increases motivation,” says Mattia Piffaretti, a sports psychologist and consultant. “But sometimes it can be taken too far. Some people are so concerned with their times that they forget about more intuitive factors, like how they feel,” he says, citing the physical sensations that herald injuries.

“The boom in sports social networks stems in part from their technological component, the pleasure of owning the latest trendy gadget. But the enthusiasm also reflects the climate of contemporary society, where competitiveness is the dominating factor,” says Mattia Piffaretti. “This competitive spirit can be a healthy force, in reasonable doses.” To that end, the sports psychologist advises Strava fans to leave their GPS at home from time to time and get back in touch with the present.
Inspired by the Past, Aspiring for the Future

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The vintage touch, or the art of parsimony

Rampant technological progress has not kept carmakers from cultivating their attachment to history, expressed in subtle styling and design details. We take a look at some of the latest developments at the recent Geneva Motor Show.

By Philipp Müller

Some cars mark their time. In their day, the Citroën DS and Lamborghini Miura instantly rendered all their contemporaries obsolete. But with the increase in technical standardisation in the last few decades, it has become harder for a brand to distinguish itself from the pack. Cars are designed with constraints in mind and developed under the yoke of stringent safety requirements. Bonnets are high and airbags dictate the layout of interiors. Launching a distinctive vehicle has become quite the feat. In the 2000s, carmakers chose neo-retro design as a way of getting out of the grind. BMW put in a particularly impressive performance with the Mini revival, following it up with the Mk II model. The third version is being readied for launch, but has failed to capture public attention in any big way.

The interior of the latest Mercedes S Class makes several nods to the past but also boasts cutting-edge equipment.
Perhaps the nostalgia card has been overplayed. So what are today’s “in” cars? The elegant Tesla S, the Range Rover Evoque and the Mercedes A Class are all high on the list, boasting strong identities and looking forward to the future rather than through the rear-view mirror to the past.

“The two-spoke steering wheel on the latest Mercedes S Class.”

Rather than revisit former glories in their entirety, some carmakers go for vintage touches, applied parsimoniously and contrasting with the rest of the design scheme. The approach – not exactly new if you think back to the “Bauhaus” look of the Audi TT launched in 1998 or the lacquered dashboard of the 1993 Fiat Coupé – comes across as less nostalgic because customers with little awareness of automotive history see the borrowed design components as innovative. The latest example is the front bench on the Citroën C4 Cactus crossover, unveiled in Geneva and inspired by an Arne Jacobsen sofa or cruise-ship era furniture. The bench contrasts effectively with the futuristic 100% digital dashboard. In upholstery, Citroën already made a strong impression with its watchstrap style leather seats, which lent a certain 1970s GT feel to the DS4 and DS5.

The two-spoke steering wheel on the latest Mercedes S Class is in very much the same vein. The effect is far from sporty but would look just as good in Bakelite as it does in precious wood. Mercedes is an old hat at the vintage touch, as seen in the gull-wing doors of the SLS, a fabulous nod to the past on a decidedly 21st-century supercar. The “suicide” doors of the Rolls-Royce Wraith also hark back subtly to another time.

The trendsetting Italians have long been proficient at taking full advantage of their historical heritage, revisiting ultra-1970s hexagonal shapes [see the interior of the new Lamborghini Huracán], two-tone body paint from the 1950s, and the classic curves of the 1960s. The snub-nosed rear of the Alfa 4C channels the 33 Stradale, but without copying or caricaturing that legendary vehicle. The new Fiat Chrysler Automobile group has also radically modernised the Jeep Cherokee, the sole remaining traditional touch being the seven vertical slits on the
The new Jeep Cherokee has ultra-futuristic looks but keeps the traditional grille.

alien-looking front end. Ford also seems to be changing direction with the sixth-generation Mustang, which is suddenly looking more youthful and less middle-aged. Vintage style is still discernible in the car’s fastback body, similar to that of the Jaguar F-Type Coupé, though the latter has a stockier look, akin to the E-Type.

New cars in 2014 are happy to take on historical touches but are resolutely turned toward the future. The truth is, real vintage products are to be had at old-school car sales and auctions. Exact replicas of legendary models are to be found more in the furniture sector than in high-tech industries like the automotive business. The exception here being Morgan, the British carmaker that adamantly refuses to tinge vintage with modernity. Or does so only in baby steps, concealing modernity under the bonnet.

The front bench of the Citroën C4 Cactus, openly inspired by American cars from the 1950s.
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São Paulo has become a gastronomic capital. The Brazilian mega-city is home to an adventurous new cuisine inspired by the Amazon forest and the beaches in Nordeste, and purveyed by a new generation of chefs with unbridled creativity.

Par Julie Zaugg

The flesh of the filhote, an Amazonian catfish, is tender yet firm. But the delicate flavour quickly gives way to the sharp kick of jambu sauce – the jambu herb being known for its pain-killing properties. Unexpected flavours like these are what modern Brazilian cuisine is all about. From the slightly bitter taste of tucupi, a yellow sauce fashioned from wild manioc root, to a palate-tingling sorbet made from the tropical fruit cupuaçu, the diversity of the ingredients found in the enormous, 8.5 million-km² country (the fifth largest in the world, right behind the USA) is practically limitless.

But until recently, traditional products like jambu and cupuaçu were little used by Brazilian chefs. “Brazilian gastronomy is very new,” says sociologist Carlos Alberto Doria, author of a book on culinary traditions in Brazil. “Until the early 2000s, it merely copied what was going on in Europe.” The scene began to change in the 1980s, when a handful of French cooks, including Claude Troisgros and Laurent Suauudeau, set up shop in Brazil and started experimenting with new ingredients such as passion fruit, manioc and liqueur made from jabuticaba, a purple-coloured fruit from the southeast. “What they did was to ‘tropicalise’ nouvelle cuisine,” says Carlos Alberto Doria.

Their breakthrough work inspired a new generation of
local chefs including Alex Atala, Helena Rizzo, Mara Salles, Rodrigo Oliveira, Roberta Sudbrack and Thiago and Felipe Castanho. “The late 1990s saw the emergence of young Brazilian cooks from the middle classes, trained in starred restaurants in France, Belgium and Spain and looking to reappropriate local ingredients and recipes,” says Josimar Melo, a food critic and professor of the history of Brazilian cuisine at São Paulo University.

The trend gave rise to some original combinations, among them palm-heart fettuccine, hamburgers made from carne de sol (sun-dried salted beef), and chocolate mousse flavoured with priprioca, a root that tastes rather like patchouli. To describe the new development, Josimar Melo coined the term “bossa nova cuisine”, in reference to the 1960s music genre blending Brazilian samba and Western jazz. “The heart of the gastronomic renaissance was São Paulo,” says Carlos Alberto Doria. The 20 million-strong city is the country’s biggest economic, media, cultural and culinary centre. “The city is home to some 12,500 restaurants, 46 of which are considered gastronomic,” he adds.
in 1942. “You go there to drink your morning coffee, eat a pastry and, above all, talk. I feel like a psychologist sometimes!”

São Paulo also has a generous stock of restaurants serving meat, known locally as churrascarias, as well as specialities from Bahia, Minas Gerais and Amazonas. “The bohemian district of Vila Madalena is full of botecos, old-fashioned and laidback bars where you order beer and small plates of traditional food,” says Luciane Leite, director of the São Paulo tourist office. “The city market is the place to go for two Brazilian classics: bacalao pastries (made from salt cod) and mortadella sandwiches.” And if you ever do get a hankering for something other than Brazilian cuisine, São Paulo is also a capital of global gastronomy. “São Paulo was a small town until the 19th century, so there’s no such thing as typically ‘paulistano’ cuisine,” says Josimar Melo. “The city embraced the culinary traditions of successive waves of immigrants, including the Portuguese, who came to São Paulo in search of gold and emeralds in the 18th century, the Japanese, Lebanese and Italians, drawn here in the 19th century by the coffee plantations, and poor workers from the Nordeste, who migrated here in the 20th century.” As a result, São Paulo proudly boasts the best pizzas outside of Italy and has the largest Japanese community outside Japan.

But São Paulo isn’t just a hub for haute cuisine. The city is also home to a huge choice of more traditional eating possibilities. One of the many highlights is Benjamin Abrahão’s chain of bakeries. Walking in to the branch in Higienopolis (Rua Maranhão 220), a trendy district in the northern reaches of the city centre, is like entering a magical kingdom. Mountains of bread stuffed with palm hearts, shrimp and guava rise up behind brigadeiro chocolate truffles made with condensed milk, and quindim flans created with egg yolks and coconut. “Bakeries are very important places for paulistanos,” says Raquel Abrahão, part of the third generation of the Abrahão family, whose grandfather opened the first outlet in 1942.

“Until the early 2000s, it merely copied what was going on in Europe.”

Paris before returning to Brazil, where she now owns four restaurants and a cooking academy. “I use the gastronomic techniques I learned in Europe to prepare this fresh produce in as natural a way as possible,” says Morena Leite, who grew up among the pots and pans in her parents’ macrobiotic restaurant in Trancoso in northeast Brazil.
Retro-electric

The brainchild of Italian engineer Bruno Greppi, designers Luca Scope1 and Gianpietro Vigorelli, and ad-man Riccardo Lorenzini, the Cykno electric bike blends vintage style and cutting-edge technology. A harmonious fusion of leather, aluminium and carbon fibre, the Cykno weighs in at just 26 kg and boasts a 60-km range and 4-hour charging time.

www.cykno.com

About $19,200

Groovy grill

The outdoor furniture brand Blive has invented the customisable modular barbecue. The MOD range consists of stackable hexagonal components in unfinished white and black concrete. Stylish and practical.

www.blive.pt

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Smart luggage

The absent-minded can breathe a sigh of relief. Victorinox has developed luggage tags with unique tracking numbers connected to a lost bag recovery system. The kind soul who finds your luggage calls an operator, who then gets your bag to you wherever you are in the world.

www.victorinox.com

About $40

Home concert

The German studio Designatics has created the Sonic Chair, a 1970s-style bubble armchair housing a latest-generation sound system with a four-source amplifier, speakers, subwoofer and audio inputs for iPods, computers and other connected devices. Music lovers with an aesthetic leaning will love it.

www.sonicchair.de

About $12,300
Automatic writing
The Business Note Writer by Swiss company Lifetrons allows you to scrawl on as many pages as you like, and then see your work converted immediately to an electronic format. Its pen has a memory of up to 190 A4 pages, refills with regular ink and functions on a variety of memo pads.

www.lifetrons.ch
About $300

Pugalist chic
If you’re searching for a stylish approach to boxing, then look no further than the Killspencer speed bag. Designed by California businessman Spencer Nikosey at his Silver Lake studio, the accessory consists of a welded steel mount in black lacquer, a walnut swivel and a full-leather punching bag.

www.killspencer.com
About $1,245

Cast for calm
High-profile Israeli designer Ron Arad has created the “Folly”—half sculpture, half bench—for the Italian furniture maker, Magis. The outdoor chaise longue, fashioned out of moulded polyethylene, is an interpretation of the Mobius strip. For hours of peaceful meditation under the spring sun, this is the one.

www.magisdesign.com
About $3,600

High-octane caffeine
The ultra-original design of the Veloce Serie Titane V12 coffee machine is directly inspired by a 1990s Formula 1 engine. Like a real F1 engine, the machine is hand assembled using aluminium, magnesium and titanium. The highly exclusive model is produced in Johannesburg in 500 numbered units.

www.espressoveloce.com
About $17,100
**Patek enters the steel age**

The platinum Chronographe à Quantième Annuel, launched in 2006, was Patek Philippe’s first-ever self-winding chronograph. After releasing models in white gold, yellow gold and rose gold, the master watchmaker from Geneva surprised all by unveiling a steel version of the famous model, complete with a monopusher and three large apertures displaying calendar information.

www.patek.com

About $50,900

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**Audemars Piguet goes white**

Audemars Piguet has added a new white ceramic diving watch to its Royal Oak Offshore Diver collection. Water-resistant to 300 metres, the watch is remarkably shock resistant and has a tourbillon cage ensuring protection from magnetic waves. Chic and well-engineered.

www.audemarspiguet.com

About $25,500

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**Patrouille Suisse celebrates a 50th**

Breitling is celebrating the 50th anniversary of the Swiss Air Force aerobatic team with a special edition of its leading model, the Chronomat. Water-resistant to 200 metres, the watch displays two time zones and features a black dial with the team’s insignia emblazoned at 9 o’clock, along with a rotating bezel with inlaid rubber numerals and a caseback engraved with the official 50th anniversary logo.

www.breitling.com

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"I was inspired by a human Barbie doll"

Julian Zigerli

"The inspiration for my 2014 Autumn-Winter collection was Valeria Lukyanova, commonly known as the ‘human Barbie doll’ [Ed.: a Ukrainian woman having undergone numerous surgical procedures to resemble the Mattel doll]. I’m fascinated by the mix of natural and artificial. There’s something surreal and unreal about the perfection she is aiming for. The title of my collection, ‘The One and Only’, refers in part to this search for the absolute and the desire for perfection.

As usual, I gathered heaps of images and used them to make a ‘wall of inspiration’, helping me to get a lock on the style I was looking for and serving as my main reference throughout the creative process. I start drawing only when my ideas have matured and the clothes are finished in my head. At that point, post-its are vital for keeping everything under control, because I have to stay focused on the present and not let my inspiration get the better of me.

My wall of inspiration this time consisted of a lot of flesh, with a broad range of skin colours, from very dark brown-black to pale white, which I used to compose my palette. I added geometric shapes — hexagons and honeycombs — that can be associated with different fields, including geometry, nature and chemistry, and recombined with the theme of the collection. The wall also contained digitally generated images and, naturally, photos of Lukyanova.

Most of the images came from the internet. I take them from my current research or from older files where I keep my visual odds and ends. I also take a lot of pictures of objects, shapes and details that draw my attention. The search for inspiration is an ongoing quest that spills over into my free time. I always work simultaneously on three collections. Right now, I’m thinking about my 2015 Spring-Summer collection, and at the same time continuing to present my 2014 Autumn-Winter collection to potential distributors and working on the sale of my 2014 Spring-Summer collection, which is being launched in stores and my online boutique.

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