

MAVERICKS

Those unexpected icons

For almost thirty years the HP12c has been the financial calculator par excellence. Small, rectangular on its horizontal longer side, it is an icon. It tells a lot about its owner: "I have a background - albeit distant - in finance."

From a performance viewpoint, i.e., processor speed, memory, available functions, etc., I think it has been surpassed by many other cheaper models from HP or other vendors. In fact, an HP12c costs about 100 euros in Italy/Europe. Moreover, if you just want the same calculator with the possibility to enter commands as you read them (the standard one has the Reverse Polish Notation, a different way to input commands), plus a few more minor improvements, then you need to buy the Platinum version, which costs approximately 130 euros.

A few meters down the shelf, HP itself promotes and successfully sells netbook PCs, those smaller laptops, as powerful and fast as larger computers, and as light and portable as a small notepad. The price? A netbook with performance unthinkable just a few years ago, at about 300 euros.

Thirty years ago, HP12c performances were not substantially lower, the price was still high, but a computer as powerful and small as a netbook simply did not exist. A big, non-portable PC, much slower than today's netbook, probably costed ten to twenty times that of the HP12c. Despite the fact that with a netbook I can do much more than with a financial calculator, the HP12c is still successful. Why so?

The explanation of convenience and speed of use is only partially true: for simple algebraic calculations, a good cellular phone or a palm device is more than enough; for more complex financial calculations (e.g., IRR) you typically already have a spreadsheet on your PC.

Is it just luck, or does a logic exist that allows us, even in other contexts, to shield and develop high margin activities in hyper-aggressive contexts, as in consumer electronics?

In many businesses this opportunity is undervalued:

- it is thought of as only for niches
- only in hi-tech sectors
- confusion with the generic brand strength (the quoted example shows the strength of a product icon, even for a not particularly "iconic" brand): not having a top brand becomes an alibi

In reality, there are also examples in other sectors--food, fashion, cars, motorcycles, technology -- where it is possible to:

- shift competition from the sole functional side to the emotional one
- exploit to one's advantage the demographic trend of aging consumers, who often have a higher disposable income

With the same ease it is possible to think of products that could have that strength, but are simply forgotten.

To understand whether such an opportunity exists, and pursue it with tenacity, is a difficult task, but much more relevant than always making reference to a vague, generic and hypothetical "brand strength." Again: there could be "icon products" with non iconic brands.

Are we really sure that icons are always somewhere else--in another sector, in another country, in another historical period, with another competitor?

Couldn't it be that, even in our own product portfolio, there is one product, down there, forgotten, which is still an icon for many?

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