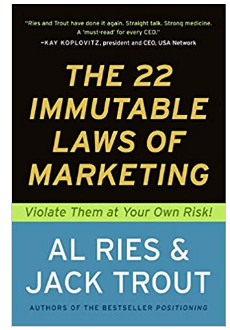
The 22 Immutable Laws of Marketing

Al Ries & Jack Trout (1993)



Notes by Bob Evely
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1. Leadership: It’s better to be first than it is to be better

The basic issue in marketing is creating a category you can be first in. It’s much easier to get into the mind first than to try to convince someone you have a better product than the one that did get there first. People tend to stick with what they’ve got.

One reason the first brand tends to maintain its leadership is that the name often becomes generic (e.g. Xerox, Kleenex. Marketing is a battle of perceptions, not products.

2. Category: If you can’t be first in a category, setup a new category you can be first in

Anheuser-Busch reasoned, “If there’s a market for a high-priced imported beer (Heineken was a big success); maybe there’s a market for a high-priced domestic beer.” They started to promote Michelob, which now outsells Heineken two-to-one. Dell got into the crowded personal computer field by being the first to sell computers by phone. Charles Schwab didn’t open a better brokerage firm; he opened the first discount brokerage.

The question should be, “What category is this new product first in?” This is counter to classic marketing thinking, which is brand oriented (How do I get people to prefer my brand?). Forget the brand. Think categories. Everyone is interested in what’s new. Few are interested in what’s better.

3. The Mind: It’s better to be first in the mind than to be first in the marketplace

The law of the mind modifies the law of leadership. It’s better to be first in the prospect’s mind than first in the marketplace. If you want to make a big impression on another person, you cannot worm your way into their mind and then slowly build up a favorable opinion over a period of time. You have to *blast* your way into the mind. People don’t like to change their minds. Once they perceive you one way, that’s it.

Apple’s competitors had complicated names that were difficult to remember. Apple’s simple, easy to remember name helped to get them into their prospects’ minds.

4. Perception: Marketing is a battle of perceptions, not a battle of products

Marketing people are preoccupied with doing research and getting the facts. They analyze the situation to make sure the truth is on their side. It’s an illusion. There is no objective reality. There are no facts. There are no best products. All that exists in the world of marketing are perceptions in the minds of the customer or prospect. The perception is the reality. Marketing people focus on facts because they believe in objective reality.

Most people think the battle between Honda, Toyota and Nissan is based on quality, styling, horsepower and price. Not true. It’s what people *think* about a Honda, a Toyota, or a Nissan that determines which brand will win. Marketing is a battle of perceptions.

5. Focus: The most powerful marketing concept is owning a word in the prospect’s mind

You *burn* your way into the mind by narrowing the focus to a single word or concept. Federal Express owns *overnight*. Hershey’s owns *chocolate bar*. Coke owns *cola*. Domino’s owns *home delivery*. Ragu owned the spaghetti sauce market. Prego challenged Ragu by owning the word *thicker*, and captured 27% of the market.

6. Exclusivity: Two companies cannot own the same word in the prospect's mind

No matter how many bunnies Eveready throws into the fray, Duracell will still be able to hang onto the *long-lasting* word.

7. The Ladder: The strategy to use depends on the rung you occupy on the ladder

Hertz got into the mind first and occupied the top rung. Avis got in second and acknowledged their position on the ladder. *Avis is only No. 2 in rent-a-cars. So why go with us? We try harder*. Many assume that Avis was successful because they tried harder (i.e. they gave better service). But Avis was successful because it related itself to the position of Hertz in the mind.

8. Duality: In the long run every market becomes a two-horse race

We see Eveready and Duracell … Hertz and Avis … McDonald's and Burger King … Crest and Colgate. When you're a weak No. 3 like Royal Crown, you can't make much progress by attacking the two strong leaders. The better approach is to carve out a profitable niche. In the customer's mind, the two brands on top must be the best, because they are the leaders.

9. The Opposite: If you shoot for second place your strategy is determined by the leader

Wherever the leader is strong, there is opportunity for a would-be No. 2 to turn the tables. Study the firm above you. Where is it strong? And how do you turn that strength into a weakness? You must discover the essence of the leader and then present the prospect with the opposite. ***Don't try to be better … try to be different.***

Time built its reputation on colorful writing. So Newsweek turned the idea around and focused on a straightforward writing style. Coke was a 100-year old product. Pepsi reversed the essence of Coke to become the choice of a new generation; the Pepsi Generation. Burger King's most successful years came when it was on the attack. It opened with *Have it your way*, which twitted McDonald's mass-manufacturing approach to hamburgers.

There are two kinds of people … those who want to buy from the leader and those who don't want to buy from the leader. Take business from all the other alternatives to No. 1. If old people drink Coke and young people drink Pepsi, there's nobody left to drink Royal Crown cola.

10. Division: Over time a category will divide and become two or more categories

Over time the single category "Computers" broke up into segments … mainframes, minicomputers, personal computers, laptops. The single category "Automobiles" broke into luxury cars, moderately priced cars, inexpensive cars. The way a leader can maintain dominance is to address each emerging category with a different brand name, as General Motors did when creating Chevrolet, Pontiac, Oldsmobile, Buick and Cadillac. Companies make a mistake when they try to take a well-known brand name in one category and use the same brand name in another.

Volkswagen introduced the small car category to America, and it grabbed 67% of the imported car market. But then it began to think it could be like General Motors and sell bigger, faster and sportier cars using the same VW brand for all models. *Different Volks for different folks*. But the only thing that kept selling was the Beetle. VW stopped selling the Beetle in the US and started selling only the new family of big, fast, expensive cars. Today VW's 67% share has shrunk to less than 4%

11. Perspective: Marketing effects take place over an extended period of time

A "sale" may increase business in the short term, but in the long term customers are trained not to buy at "regular" prices.

12. Line Extension: There's an irresistible pressure to extend the equity of the brand

This is the most violated law in marketing. One day a company is tightly focused on a single product that is highly profitable. The next day the same company is spread thin over many products and is losing money. When you try to be all things to all people, you inevitably wind up in trouble.

Line extension involves taking the brand name of a successful product (e.g. A-1 Steak Sauce) and putting it on a new product you plan to introduce (e.g. A-1 Poultry Sauce). But marketing is a battle of perception, not product. In the mind, A-1 is not the brand name but the steak sauce itself. A-1 Poultry Sauce was a dismal failure.

Why does top management believe that line extension works? While it is a loser in the long term, it can be a winner in the short term. Furthermore, management can become blinded by an intense loyalty to the company or brand. Line extension can also be the easy path. Launching a new brand requires not only money, but also an idea or concept. Less is more. If you want to be successful today, you must narrow the focus to build a position in the prospect's mind.

13. Sacrifice: You must give up something to get something

There are three things to sacrifice: product line, target market and constant change. Federal Express concentrated on one service … small packages overnight. Emery was also in the air freight services business, but the power of sacrifice allowed Federal Express to put the word *overnight* in the mind of the prospect. Interstate Department Stores went bankrupt. So they decided to focus on the only product it made money on … toys. And since the focus was solely on toys, they changed their name to Toys R Us. They now do 20% of the retail toy business in the US. Pepsi sacrificed everything except the teenage market, and it exploited this market by hiring its icons: Michael Jackson, Lionel Richie, Don Johnson. White Castle sacrificed change. A White Castle today looks the same as it did 60 years ago.

14. Attributes: For every attribute, there is an opposite, effective attribute

Too often a company tries to emulate the leader. It's better to search for an opposite attribute that will allow you to play off against the leader. The key word is *opposite* … *similar* won't do. Coke was the leader and the choice of older people. Pepsi successfully positioned itself as the choice of the younger generation. Crest owned *cavities* … so other toothpastes avoided cavities and focused on other attributes like taste, whitening, etc.

You must try to own the most important attribute. Seize a different attribute, dramatize the value of your attribute, and thus increase your share.

15. Candor: When you admit a negative, the prospect will give you a positive

Avis is only No. 2 in rent-a-cars. With a name like Smuckers it has to be good. Candor is disarming. Positive statements are looked at as dubious at best. When a company starts a message by admitting a problem, people tend to open their minds. Scope entered the mouthwash market with a *good-tasting* mouthwash, thus exploiting Listerine's terrible taste. Listerine couldn't respond by saying its taste "wasn't all that bad." Instead they brilliantly invoked the law of candor. *The taste you hate twice a day*. This setup the idea that Listerine *kills a lot of germs.* The prospect figured that anything that tastes like disinfectant must be a germ killer.

But candor must be used carefully. Your negative must be widely perceived as a negative. If not, the prospect might be confused and wonder, “What’s this all about?” And you must shift quickly to the positive.

16. Singularity: In each situation, only one move will produce substantial results

The only thing that works in marketing is the single, bold stroke. Most often there is only one place where a competitor is vulnerable, and that place should be the focus of the entire invading force. What works in marketing is the same as what works in the military … the unexpected. In recent years there have been only two strong moves against GM. The Japanese came at the low end with small cars, and the Germans came at the high end with superpremium cars.

17. Unpredictability: Unless you write your competitors’ plans, you can’t predict the future

Marketing plans based on what will happen in the future are usually wrong. Failure to forecast competitive reaction is a major reason for marketing failures. Most companies live short-term from quarterly report to quarterly report. That’s a recipe for problems. General Motors was doing fine until the financial folks took over and put the focus on the numbers instead of the brands. They allowed Alfred P. Sloan’s plan of differentiated brands to fall apart. Every division head, in order to make their short-term numbers, started to chase the middle of the market. Good short-term planning is coming up with that angle or word that differentiates your product or company. Then you setup a coherent long-term marketing direction that builds a program to maximize that idea or angle.

Tom Monaghan’s short-term angle at Domino’s Pizza was to come up with the *home delivery* idea and build a system that delivered pizzas quickly and efficiently. His long-term direction was to build the first nationwide home delivery chain as rapidly as possible. Monaghan couldn’t own the words *home delivery* until he had enough franchisees to afford national advertising. He now owns 40% of the home delivery business, and all without a complex 10-year plan.

While you can’t predict the future, you can get a handle on trends … such as America’s growing orientation toward good health.

18. Success: Success often leads to arrogance, and arrogance to failure

Objectivity is needed. When people become successful, they become less objective. They often substitute their own judgment for what the market wants. Brilliant marketers have the ability to think like a prospect thinks. When Ross Perot was on the GM board, he spent his weekends visiting dealers and buying cars to get honest opinions of what was happening.

19. Failure: Failure is to be expected and accepted

Too many companies try to fix things rather than drop things. A better strategy is to recognize failure early and cut your losses. American Motors should have abandoned passenger cars and focused on Jeep.

20. Hype: The situation is often the opposite of the way it appears in the press

When IBM was successful, the company said very little. Now it throws a lot of press conferences. When things are going well, a company doesn’t need the hype. When you need the hype, it usually means you’re in trouble. History is filled with marketing failures that were successful in the press.

21. Acceleration: Successful programs are not built on fads; they're built on trends

A fad gets a lot of hype, and a trend gets very little. Some owners of hot toys want to put their hot toy name on everything. The result is that is becomes an enormous fad that is bound to collapse. The Barbie doll is a long-term trend. When the doll was created it was never heavily merchandised into other areas. Elvis Presley's manager, Colonel Parker, made a deliberate attempt to restrict the number of appearances and records made by the King.

22. Resources: Without adequate funding an idea won't get off the ground

A&M Pet Products invented a "clumping" cat litter, one of the most important breakthroughs in the category. Its brand, Scoop Away took off. This quickly got the attention of Golden Cat Corporation which had the No. 1 cat litter brand, Tidy Cat. They recognized the threat and introduced their own version of clumping litter, Tidy Scoop. The winner of this cat fight will probably be determined by money. Who has the most money to drive in the idea?

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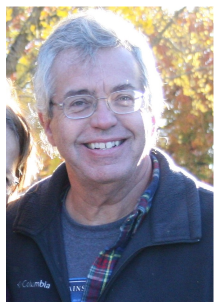

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