

# Positioning: The battle for Your Mind

Authors: Al Ries . Jack Trout

Review of book by Ajay K. merchant

# INTRODUCTION

- Positioning is not what you do to a product. Positioning is what you do to the mind of the prospect. That is you position the product in the mind of the prospect.

# 1. What positioning is all about

- To be successful today, you must touch base with reality. And the reality that really counts is what's already in the prospect's mind.
- The basic approach of positioning is not to create something new and different. But to manipulate what's already there in the mind. To retie the connections that already exists.
- In our over communicated society, to talk about advertising is to seriously overstate the potential effectiveness of your message. (e.g. US per capita consumption of advt. \$200/-)
- In the communication jungle out there, the only hope to score big is to be selective, concentrate on narrow targets, to practise segmentation. – Positioning.

# 1. What positioning is all about – 2

- In general, the mind accepts only that which matches prior knowledge or experience.
- The average person cannot tolerate being told they are wrong. Mind changing is the road to advertising disaster.
- Oversimplified message – The best approach in in our over communicated society is the oversimplified message.
- LESS IS MORE – sharpen your message, jettison the ambiguities, simplify the message and simplify it some more.
- You look for the solution to your problem inside the prospects mind.
- You concentrate on the perceptions of the prospect. Not the reality of the product. Perception is the reality.

# Restructure perceptions

- Truth is irrelevant. What matters are the perceptions that exist in the mind. The essence of positioning thinking is to accept the perceptions as reality and then restructure those perceptions to create the position you desire. Process is called “outside-in thinking”.
- Advertising is psychology in practise.

## 2. The Assault on the mind

- The Transmission Traffic Jam – Extravagant use of communication has so jammed our channels that only a tiny fraction of all messages actually get through. Huge explosion in internet, TV, radio, magazines, books and papers. Even packaging.
- There's some question on whether the average person can digest all the information. E.g. The NY Times – 500000 words will take 28 hours to read if one reads 300 words per minute.
- Better not to communicate unless you are able to position for the long term. You never get a second chance to make a first impression.
- Chevrolet was the most heavily advertised product in the world. US \$130 million to promote. However one did not know much about it.

## 2. The Assault on the mind - 2

- To cut through the traffic jam in the prospect's mental highway, one must use an oversimplified approach.
- The Media Explosion – Excessive media makes the prospect lose the message. Even the human body has become a walking billboard.
- In USA advertisement spend has increased 8 times but does one know 8 times more for the product? Though advertisers can spend there is only that much which a consumer can absorb. However the mind is the battleground.
- The Product Explosion – Another reason for messages getting lost is because of the increase in number of products.
- Scientists have discovered that person is capable of receiving limited sensation. After a point the brain goes blank.

# 3. Getting into the Mind

- Positioning is an organised system for finding windows in the mind. It is based on the concept that communication can only take place at the right time and under the right circumstances.
- The easy way to get into a person's mind is to be first.
- What is true in business is true in nature too. "Imprinting" is the term biologist use to describe the first encounter between a newborn animal and its natural mother.
- For brand loyalty you get in the mind first and be careful not to give a reason to switch. People don't remember the 2<sup>nd</sup>.
- Find something to be first in. It's better to be a big fish in a small pond (then increase the size of the pond) than to be a small fish in a big pond.



# 3. Getting into the Mind - 2

- Advertising lessons - The chaos in the market place is a reflection of the fact that advertising just doesn't work the way it used to.
- Messages prepared in the old, traditional ways have no hope of being successful in today's over communicated society.
- Product Era – USP has become very difficult to establish. Also with the avalanche of “me-too” products the Era came to an end. Same happened with The Image Era.
- The Positioning Era – To succeed in our over communicated society, a company must create a position in the prospect's mind. This should not only cover both the companies strength & weakness but also those of the competitors.

# 4. Those Little Ladders in Your Head

- Due to large volume of communications, (a) the mind rejects information that it does not compute. (b) Accepts new information which matches its current state of mind. (c) Filters out everything else.
- To put a new brand into the mind, you have to delete or reposition the old brand that already occupies the category.
- You taste what you expect to taste. E.g. **New Coke, a major marketing disaster**. Folly by company to improve on the taste of the real thing.
- Consumers are emotional. If consumers are rational one does not require advertising.
- Dr. George A. Miller – The average human mind cannot deal with more than seven units at a time.

## 4. Those Little Ladders in Your Head – 2

- Human minds cannot keep track of all the brand names which are multiplying like rabbits.
- The Product Ladder – To cope with product expansion, people have learned to rank products and brands in the mind.
- Many companies embark on advt. programmes in a vacuum as if competitors position did not exist. Such advt. messages disappoint as they do not get through.
- The mind has no room for what's new and different unless it's related to the old.
- The “Against” Position – Sometimes the competitors position is more important than your own. E.g. Avis v/s. Hertz. Avis was successful because it related itself to Hertz.

## 4. Those Little Ladders in Your Head – 3

- The “Uncola” Position – E.g. Coke v/s 7-Up. By linking the product to what was already in the mind of the prospect, the “uncola” position established 7-Up as an alternative to a cola drink. You don’t find an “uncola” idea inside a 7-Up can. You find it inside the cola drinker’s mind.
- Forget what made them successful – If you want to be successful today, you can’t ignore the competitors position. Nor can you walk away from your own. Both Avis and 7-Up moved away from what made them successful and paid a price for it.

# 5. You Can't Get There from Here

- The “Can Do” Spirit Refuses to Die – Some situations are very hard and no matter how hard one tries or how much money they pour in the problem could not be solved.
- A company can have a great product, a great sales force, a great advt. campaign and still fail if it happens to be in a position in which you can't get there from here”.
- Don't find perceptions with facts. Perceptions will always win.
- RCA v/s IBM
- The old cliché “fight fire with fire”. But Howard Gossage said “That's silly. Fight fire with water”.

# 6. Positioning of a Leader

- History shows that the first brand into the brain, on the average gets twice the long –term market share of the No. 2 brand and twice again as much as the no. 3 brand. And the relationships are not easily changed. E.g.Coke v/s Pepsi in cola
- However if a marketing leader isn't first in a new category, same applies.
- Almost all the material advantages accrue to the leader. In the absence of any strong reasons to the contrary, consumers will probably select the same brand for their next purchase as they selected for the last purchase.
- If two brands are equal and neither side has a clear-cut superiority, winning the battle for sales leadership in a single year will often clinch victory for decades to come.

# 6. Positioning of a Leader - 2

- Leaders should use their short-term flexibility to assure themselves of a stable long-term future. As a matter of fact, the marketing leader is the one who moves the ladder into the mind with his or her brand nailed to the one and only rung.
- It is very important that leadership is not defined in your own terms but the prospects terms.
- The position the product owns in the prospects mind leads to the power of the product which leads to the power of the organisation and not vice versa.
- Reacting Rapidly – As long as the leader covers a competitive move, he or she will always be out in front.
- Multibrands – Each brand is uniquely positioned to occupy a certain location in the mind of the prospect. With time and newer products being introduced, no efforts are made to change the position. Rather a new product is introduced to reflect changing technologies and changing tastes

# 6. Positioning of a Leader - 3

- Sometimes it is difficult to move an established position. It may be cheaper and more effective to introduce a new product. Even if you have to eventually have to kill off an old, established name.
- E.g. P&G introduced Tide though Ivory was old established brand. Toyota introduced Lexus.
- The leader, the company with the highest market share, is also likely to enjoy the highest profit margin of any company serving that market. The rich get richer and the poor get poorer.
- The ultimate objective of a positioning program should be to achieve leadership in a given category. Once that leadership has been obtained, the company can count on enjoying the fruits of leadership for many years to come.
- When you try to be everything you wind up being nothing.



# 7. Positioning of a Follower

- What works for a leader doesn't necessarily work for a follower.
  - Most Me-Too products fail because the ascent is on "better" rather than "speed". It is not to be better than the competitor. You must attack while the situation is fluid and before the leader can establish leadership.
  - **Cherchez le Creneau:** means look for the hole. In the prospects mind is one of the best strategies in the field of marketing. Creneau's don't have to be exciting or dramatic or even have much of a customer benefit to be effective.
  - To find a creneau, you must have the ability to think in reverse, to go against the grain.
1. **The Size Creneau** – Large Detroit automakers v/s Volkswagen Beetle.
  2. **The High-Price Creneau** – Michelob the premium priced domestic beer, US \$ 30,000/- Mercedes Benz and BMW 633CSi, Chivas Regal & Johnny Walker, Orville Redenbacher's Gourmet Popping Corn, Mobil 1 synthetic engine lubricant.

# 7. Positioning of a Follower – 2

- Greed must not get confused with high-price. High-price is charged to (1) to establish high-price position. (2) with a valid product story. (3) in a category where consumers are receptive to high-priced brand.
  - The place to establish High-price is in ads, not stores.
3. **The Low-Price Creneau:** Exxon office system with Qwip.
  4. **Other Effective Creneau's – Sex:** Malbro, Virginia Slims, Charlie perfume. **Age** is another creneau: Geritol tonic, Aim toothpaste for children. **Time of the day** is another good creneau: Nyquil the first night time cold remedy. **Distribution** another creneau: L'eggs was first hosiery brand to be distributed in super market.
  5. **The Factory Creneau:** One common mistake is to look for creneaus is filling the hole in the factory rather than the one in the mind. E.g. Ford's Edsel or the National Observer by Dow Jones of WSJ.
  6. The Technology Trap: Brown Forman Distillers launched Frost 8/80 first dry white whisky. Don't tamper with colours deeply entrenched in the mind. **ADVERTISING IS NOT A DEBATE. IT'S A SEDUCTION.**
  7. **The Everybody Trap:** You cant win by not making enemies, by being everything to everybody. Company must define "Who should not use their brand"?

# 8. Repositioning the Competition

- When you can't find a creneau one needs to create their own creneau. The basic underlying strategy has got to be reposition the competition.
- To move a new idea or product into the mind, you must first move an old one out. E.g. Christopher Columbus. Once an old idea is overturned, selling a new idea is often ludicrously simple.
- Repositioning Aspirin by Tylenol.
- Repositioning American Vodkas by Stolichnaya. People like to see the high and mighty exposed. They like to see the bubbles burst.
- Repositioning Pringle by Borden's wise who kept labels simple. In politics or packaged goods, the rule is once a loser, always a loser.

# 8. Repositioning the Competition - 2

## Repositioning Listerine.

- Listerine dominated the mouthwash market when Scope was first introduced.
- Scope focused not on the consumer problem which its product cured, but on the consumer problem its competitor caused. Listerine's one vulnerable spot was the antiseptic smell it left on the user's breath.
- Scope skewered Listerine with the slogan "medicine breath." Scope took millions of dollars away from Listerine with those two words, and positioned itself in the minds of consumers as the "sweet breath" mouthwash.
- **Lesson:** Look for a problem, no matter how small, which your competitor's product or service causes as it solves the buyer's primary problem. Attack and exploit that weakness

# 9. The Power of the Name

- Single most important decision is what to name the product.
- Shakespeare wrong. One not only see what they want to see but also smell what they want to smell.
- What worked in the past wont necessarily work now or in the future.
- The name begins the positioning process.
- You have to choose names that are almost, but not quite, generic.
- A good name is the best insurance for long-term success.
- In the magazine field, due to barriers to entry, a generic name is not a liability as it would be in the package food field.
- With marginal differences in many product categories, a better name can mean millions of dollars of difference in sales.
- The first company into the mind with a new product or new idea is going to become famous.
- A persona's name plays a significant role in the game of life.

# 9. The Power of the Name - 2

- One sees what one expects to see. A bad or inappropriate name sets up a chain reaction that only serves to confirm your initial unfavourable opinion.
- The name is the first point of contact between the message and the mind.
- A bad name doesn't get any better no matter how many years you have been using it.
- People think it is the actual product, service, the price which is the issue. That is not true but it is the perception of product, service, the price. Along with bad name comes a bad perception.
- If names for low-calorie and low-cost products become too blatant, they drive the prospect away.

# 10. The No-Name trap

- Customer refer to companies phonetically. However companies look at themselves in a visually oriented way. Mistake is to make sure a name looks good without considering how it sounds.
- Business people commit the above mistake by using their initials. If the individual reaches the top and uses initials then fine like JFK.
- Even in the list of Fortune 500 companies the companies with name are more familiar then the companies using initials. A company must be well known before it can use initials. E.g. GE triggers General Electric.
- However many companies which do not think through the process of positioning themselves fall victim to the fad of the day – use initials.
- POSITIONING IS LIKE THE GAME OF LIFE. A LONG TERM PROPOSITION. Name decisions bear fruit not today but many years in the future.
- The Mind Works by the Ear. We learn to speak before reading. Therefore we can visualise in the mind we have to verbalise it.
- The confusion between cause and effect. IBM became famous before initials were used.

# 11. The Free-Ride Trap

- **To establish a new position in the mind one needs a new name and should not take a free ride on the existing name.** E.g. Xerox got into the mind first & established the premier position in copiers. Subsequently few companies like IBM, Kodak & 3M jumped into the copier field. None of the latter companies succeeded.
- Companies grow by 2 different strategies. 1. Internal development 2. External acquisition. There are also 2 different name strategies evolving. Corporate ego dictate the strategies.
- The important point is when should a company use the house name and when should they select a new name.
- If you get into the mind first any name is going to work. If not then you are flirting with disaster if you don't select an appropriate name.
- Colgate Palmolive uses house name v/s Procter & Gamble which carefully positions each product so that it occupies a unique niche in the mind. P&G with lesser brand does a much larger revenue then Colgate.



# 11. The Free-Ride Trap - 2

- A New product needs a new name, a new ladder. The overwhelming thinking is to use well known name for new products. E.g. Xerox foray in computers using Xerox name destroyed billions of \$. Xerox represents a position of enormous long-term value. This was being destroyed by the company themselves.
- In the prospects mind one name cannot stand for 2 distinctly different products.
- The reason companies look for free ride is that they underestimate the value of anonymity. An unknown company with an unknown product has more to gain from publicity than a well-known company with an established product.

# 12. The Line-Extension Trap

- Line extension trap – The free ride trap carried to its ultimate conclusion. However logic is on the side of line extension. Truth, unfortunately, is not.
- E.g. Dial soap having the largest share of the bar-soap market branded deodorant as Dial deodorant. Dial has a very small share of the deodorant market. Similarly Bayer having “invented” aspirin makes Bayer non-aspirin which has a very low market share.
- However from a prospects mind owning a position means the brand name becomes a surrogate or substitute for the generic name.
- What actually gets driven into the mind is not the product at all but the “name” of the product which the prospect uses as a hook to hang attributes on. E.g. JC Penny branded car batteries under their own name. However the mind of the prospect is organised differently as he thinks in terms of products.
- However JC Penny does sell many batteries but everyone knows that products with wrong name are sold, “in spite of” rather than “because of”.

# 12. The Line-Extension Trap - 2

- It is better to establish a position in the prospects mind first and then worry how to establish retail connection.
- In positioning, the shortest distance between 2 points is not necessarily the best strategy. The obvious name isn't always the best name. Inside-out thinking is the biggest barrier to success. Outside-in thinking is the biggest aid.
- E.g. The famous Coca-cola slogan, "The real thing". To the cola drinker, Coca-cola is the stuff inside the can. Bayer is an aspirin and cant be a non-aspirin. Leadership alone is the most powerful position in marketing.
- Another line extension failure was Life Savers which was associated with candy and did not work when they named their bubble gum with the same name. However when they branded it as bubble yum it was a runaway success.
- Falling in love with one's own brand name is common occurrence. Positioning is making your brand name stand for the generic. Yet line extension seems intuitively right & the only way to resist the temptation is to study the classic line-extension mistakes of marketing history.

# 13. When Line Extension can Work

- One of the keys to understanding line extension is to separate short term effects from long term effects. Business looks great the first 6 months as you fill the pipelines. But when reorders don't come in, all of a sudden things turn dark.
- Line extension names are forgettable because they have no independent position in the mind. Their only contribution is to blur the position occupied by the original name. Often with catastrophic results.
- The confusion caused when one name stands for more than one product saps the strength of brands. E.g. Kraft, means everything and nothing as they use their name for multiple products. Line extension is a weakness, not strength. Another E.g. Auto companies – Cadillac, Chevrolet, VW etc.
- The truth is many products are sold, few are positioned.

# 13. When Line Extension can Work - 2

Rules when to use the house name:

1. **Expected Volume** – Small volume products but not potential winners.
2. **Competition** – In a vacuum, should not bear house name but in a crowded field.
3. **Advertising support** – Big budget brands should not bear house name but small budget brands should bear.
4. **Significance** – Break through products should not bear house name but commodity products should bear.
5. **Distribution** – Off the shelf items should not bear house name but items sold by sales reps should.

# 14. Positioning a Company - Monsanto

- One can position anything a person, product, politician & company.
- In recruitment programs a company is “selling” itself and the applicant is “buying”. The cream of the company gets the top graduates. Even the P/E that a stock of the company commands is based on positioning in the buyers mind.
- Greyhound bus spent millions of US \$ to telling investors it is more than a bus company. However it never pays to try and change the mind. Even Ford cars tried to position itself as quality which was a position of Mercedes-Benz.
- The most mundane and hackneyed approach is one based on people. If the company occupies the top rung of the product ladder in the prospects mind, you can be sure that the prospect will think that your company has the best people.

# 14. Positioning a Company – Monsanto -2

The Monsanto Approach:

- Objective – To make Monsanto the leader and spokesperson of the industry. History shows that companies get to be a leader by being first to do something. 3 types of leadership.
  1. Product Leadership – Monsanto was tied to second place with Dow & Union Carbide. The leader was clearly DuPont.
  2. Business Leadership – Many others were talking of business leadership. The basic principle is to avoid the areas that everyone else is talking about.
  3. Industry leadership – The chemical industry was under constant attack and portrayed as a villain. Monsanto decided to speak about the benefits of chemicals & was the 1<sup>st</sup> to do so. This led to a change in public opinion of chemicals and Monsanto assumed leadership of the chemical industry.

**In the business of corporate positioning, the perception of leadership is something you can cash at the bank.**

# 15. Positioning a Country: Belgium

- The country was in the bottom rung of the travellers mind.
- Sabena Belgian World Airlines, flying to Belgium, tried to induce travellers with food. However all the terrific food in the world wont induce somebody to fly an airline that isn't going where one wants to go.
- Sabena had to make Belgium a place where a traveller wants to spend some time. The mind sees places as mental postcards.
- An ad "In beautiful Belgium, there are five Amsterdams", related Belgium to a destination that was already in the travellers mind. Further five cities to visit made Belgium a bona fide destination. Even the TV ad was made.
- However with organisational change at Sabena reduced commitment to the ad. **The lesson of successful positioning programme requires long term commitment.**
- Also politically there were differences in Belgium and other cities were asked to be included. This would lead to confusion. The lesson in positioning is to over simplify communication.



# Other Positioning - Chapter 16 -20

- **Chapter 16 – Positioning a Product : Milk Duds-** This chapter points out how a product with a small budget can position itself as the long-lasting alternative to the candy bar. The company repositioned its small chocolate coated candy in the category through different packaging & long lasting.
- **Chapter 17 – Positioning a Service : Mailgram-** In a service ad the dominant element are usually the words. The Mailgram was positioned as a telegram at fraction of the cost. Also that it was a new high speed service for important messages.
- **Chapter 18 – Positioning a Long Island Bank –** The bank was a leader on the Island and was threatened by big NY City banks. The bank positioned itself as a local bank for Long Islanders.
- **Chapter 19 – Positioning the Catholic Church –** Certain obvious strategies were suggested but obvious concepts are also the most difficult to recognise and sell. The Church authorities did not implement the solution.
- **Chapter 20 – Positioning Yourself and Your Career –** One can use positioning to advance their careers. Trying harder is hardly the pathway forward. Trying smarter is a better way. Need to find a “Horse” to ride.

# Chapter 21 & 22

- **Chapter 21 – Six Steps to Success** – Outlines the six questions one needs to ask to implement positioning strategy
  1. What Position Do You Own?
  2. What Position Do You Want to Own?
  3. Whom Must you Outgun?
  4. Do You Have Enough Money?
  5. Can You Stick It Out?
  6. Do You Match Your Position?
- **Chapter 22 – Playing the Positioning Game** – This chapter talks of the right mental attitude, patience, courage, strength of character and above all Outside-in thinker.