

POSITIONING IN THE 21ST CENTURY

WHAT WORKED IN THE 20TH CENTURY
WON'T NECESSARILY WORK
IN THE 21ST CENTURY

21世纪的定位

[美] 艾·里斯 (Al Ries)
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机械工业出版社
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定位经典丛书

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| Preface |

By Al Ries

Fifty years ago, I ran a small advertising agency in New York City called Ries Cappiello Colwell.

In those days, the advertising industry in America was dominated by the thinking of three men: Rosser Reeves, David Ogilvy and Bill Bernbach.

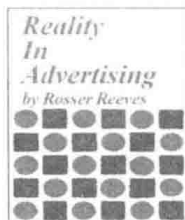
Rosser Reeves was the pioneer of a concept he called, "The unique selling proposition," or U.S.P.

Each advertisement, he wrote, must make a proposition to the consumer: Buy this product for this specific benefit.

He outlined his ideas in a book called, "*Reality In Advertising*."

David Ogilvy was the pioneer of a concept he called, "The image of the brand."

Every advertisement, he wrote, is a long-term in-



vestment in the image of the brand.

He outlined his ideas in a book called, *"Ogilvy on Advertising."*

Bill Bernbach was the pioneer of a concept called, *"Creativity."* *Properly practiced*, he wrote, *creativity can make one ad do the work of ten.*

Fifty years ago, there were three different advertising approaches:

(1) the product, (2) the image of the product, and (3) the creativity of the product's advertising. All based on the product itself.

Fifty years ago, our small advertising agency had to compete with hundreds of other agencies bigger and more famous than we were.

I noticed that most advertisements were ignored by customers and prospects. Only a few advertisements increased sales. What was the difference between ads that worked and ads that didn't work?

When you studied the ads that worked, they all contained one significant idea that was instantly accepted by prospects. I called this idea a "Rock."

In working with our clients, I proposed that every advertisement needed a "Rock," in order to leave a lasting impression in prospects' minds.

A typical client was UniRoyal, a company that competed with other rubber companies that were larger and better known like Goodyear and Goodrich. Each of these companies had hundreds of products.

To demonstrate UniRoyal's technological leadership, we used the number of patents held by rubber companies as UniRoyal's rock.

With the "patents" rock as a slogan, we created many advertisements, including some to promote UniRoyal's extra-strong plastic.

For the plastic, we hired a racing-car driver to drive a plastic-bodied automobile through a brick wall.

The "Rock" was the idea that helped us create many effective advertising campaigns. But if we were going to build a large advertising agency, we needed to find a way to differentiate ourselves from the thinking of Rosser Reeves, David Ogilvy and Bill Bernbach.

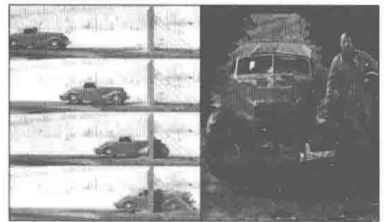
The three men all based their ideas on the product and its advertising. How could we be different?

What about focusing on the objective of the advertising, the mind of the prospect? In our thinking, it became a case of the mind versus the product.

All the experts were focused on the products they were advertising. We would focus on the mind of the



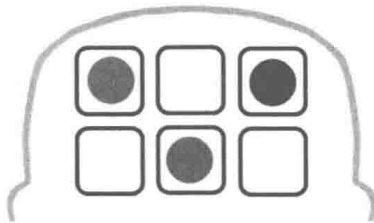
**UniRoyal holds more patents
than any other
rubber company.**



The mind versus the product.



You don't win in the marketplace.



prospect. Advertising, of course, was an important aspect of marketing.

And the obvious objective of marketing is to win in the marketplace: Supermarkets, drug stores and clothing stores.

Sometimes the easiest thing to overlook is the obvious. It occurred to us that you don't win in the marketplace.

You win the mind of the prospect. And that insight led us to a different way of thinking about advertising.

Instead of basing an advertising idea on the product to be advertised, why not base the idea on the mind of the prospect? A Rock would be the idea you would try to put into prospects' minds.

There are no rocks in the mind. So we changed the word to "positions."

What would you find in a mind? You would find categories and brands. In some categories, consumers would have brands they prefer. In other categories, they would not.

We called these categories "positions." Some positions would be filled with brand names and some positions would be "open."

What rubber company has the largest number

of patents? That was an “open” position in prospects’ minds that we could use advertising to fill with the UniRoyal name.

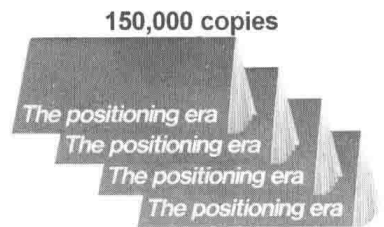
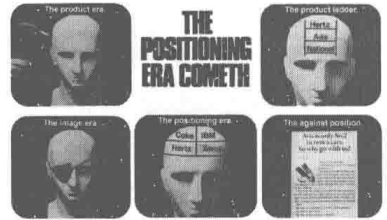
But it would be a lot more difficult to fill a position that was occupied by another brand. An important rule of positioning is to look for an open position in the mind and then be the first brand to fill that open position.

Positioning was an idea that could help us make our agency famous. But a small agency could not afford to run expensive advertising to build our brand. The only possibility was PR.

In 1972, after getting articles published in small trade magazines, we were able to get *Advertising Age*, America’s leading marketing publication, to run a series of three articles with the headline *The Positioning Era Cometh*. We reprinted the *Advertising Age* articles in a booklet which we gave away to people who attended the speeches we were invited to give.

Over the next 20 years, we gave away 150,000 copies of the booklet. That taught us the power of focusing on a single concept over an extended period time. Decades, not years.

Eight months after the *Advertising Age* articles

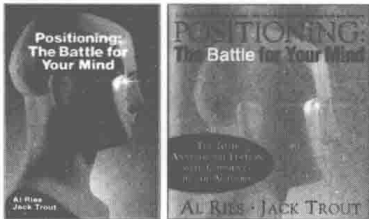


THE WALL STREET JOURNAL.

Positioning Ads

Why is Schaefer Beer The One Beer
to Have When Having More Than One

Secret Is in Ads, Not Brew,
And It's Part of Latest Trend
on Madison Avenue.



ran, *The Wall Street Journal*, America's largest business newspaper, ran a front-page story on positioning.

The article wasn't entirely favorable. According to the newspaper, one advertising expert said: *It's a new name for an old idea.*

Nine years later, in 1981, I wrote a book, *Positioning: The Battle for Your Mind*, along with my partner Jack Trout. Since then, the book has sold more than three million copies in 22 countries around the world, including 400,000 copies in China.

In the year 2001, McGraw-Hill published the 20th anniversary edition of our book.

In the year 2008, *Fortune*, a leading business magazine, selected the Positioning book as the "best business classic."

In the year 2009, *Advertising Age* readers voted *Positioning: The Battle for Your Mind* as the best marketing book they have ever read. The second-best book, *Ogilvy on Advertising*.

The third best book, *The 22 Immutable Laws of Branding*, written by my daughter, Laura Ries and myself.

Many of the world's most successful brands were created by the simple positioning strategy of being "first

to fill an open position.”

A typical example is McDonald’s, the first hamburger chain in America. Today, McDonald’s is the world’s leading restaurant chain.

Why is being “first in the mind” such a powerful position to own? Because if your brand is first, then it’s also the leader in its category.

There is a strongly-held perception in the minds of most consumers, *The better brand wins in the marketplace.*


Being first makes your brand the leading brand, at least in the short term.

When competitive brands are introduced, consumers think, *they can’t be better because they’re not the leader.*

That’s why leadership is the most powerful position you can own.

Yet today, many brands fail to take advantage of this basic positioning strategy. Why is that? Because many managers disagree with the concept.

Being first in the market is what many managers call “The first mover advantage.” And there is almost universal agreement that “the first-mover advantage” is not an advantage at all.



***The better brand
wins in the marketplace.***

Rather, it's a disadvantage because it gives potential competitors a target they can shoot at. What they confuse, however, is being "first in the market" as opposed to being "first in the mind."

Being first in the market, "the first mover advantage," is not necessarily an advantage if you don't also get your brand into prospects' minds.

Many of our clients, however, did not want to be first. In our early years, we spent hours trying to convince our clients to create a new category they can be first in.

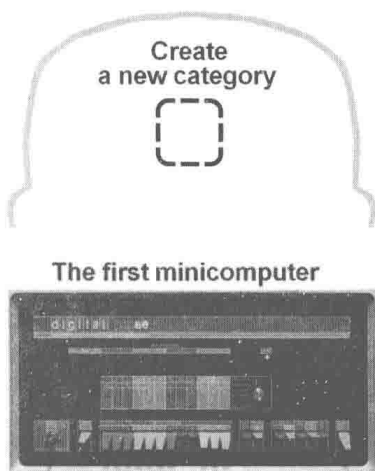
For example, our advertising agency worked with Digital Equipment Corp., the company that pioneered the "minicomputer," a product that was a miniaturized version of a mainframe computer.

It was a typical example of the success of being first in a new category.

At its peak, Digital Equipment employed more than 120,000 people worldwide and earned \$14 billion in revenue.

At the time, the personal computer was considered a "home" computer, a market dominated by Apple.

We learned that Digital Equipment had developed a more-powerful 16-bit personal computer which it



planned to introduce as an "office" computer, not a "home" computer. (Home computers were 8-bit machines.) We also heard rumors that IBM planned to introduce a 16-bit computer at some time in the future. So we urged our client Digital Equipment to be "first" to introduce an office personal computer.

I can still visualize Ken Olsen, the company's chief executive, walking around the Digital board room and raising his hands as if they held pistols and saying: *I don't want to be first. If IBM goes first, I'll beat their specs.*

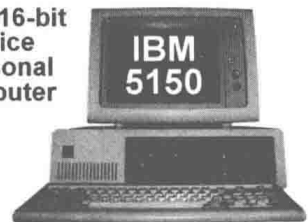
IBM did go first. In August 1981, IBM introduced the 5150, the first 16-bit office personal computer.

Eleven months later, Digital Equipment introduced not one, but three office personal computers. None of the three achieved much success in the marketplace.

That was the start of Digital Equipment's slow decline. In 1998, the company was sold to Compaq Computer. And in 2002, Compaq Computer was sold to Hewlett-Packard.

The fall of Digital Equipment taught me an important lesson. One big mistake can destroy a company. However, the IBM personal computer, was a big

**First 16-bit
office
personal
computer**



success.

By 1984, it had 63 percent of the personal computer market.

But that was its high-water mark. In the years that followed, IBM's market share declined dramatically.

In 23 years, IBM lost a reported \$15 billion on its personal-computer division. It finally sold the division to Lenovo in 2005 for \$1.75 billion.

IBM made the classic positioning mistake we call "line-extension."

It tried to move its mainframe computer brand into another category, the personal computer.

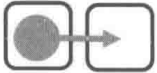
That never works, yet many famous companies have not learned this lesson.

Kodak tried to move its film-photography brand into the digital-photography category and went bankrupt. Every major automobile manufacturer is making the same mistake by line-extending gasoline brands into the electric-vehicle category. It isn't working.

Tesla, the only new brand in the American market, dominates the electric-vehicle category with a 57-percent market share.

Electric vehicles represent a major investment by the automobile industry. But there are less expensive

Line extension



ways to create a new category.

One way is with price.

For every category, there are potentially two new categories. One at the high end and one at the low end.

In the automobile category, Mercedes-Benz has become the dominant brand at the high end. Hyundai at the low end.

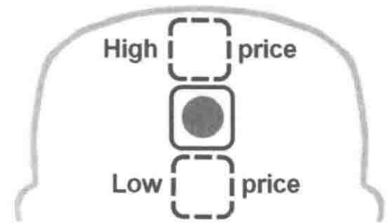
In the retail food category in America, Whole Foods has become the dominant brand at the high end and Walmart at the low end. Many brands violate this basic principle. They offer a wide variety of products with a range of prices. In automobiles, for example, Chevrolet offers vehicles in America with starting prices from \$12,685 to \$51,670.

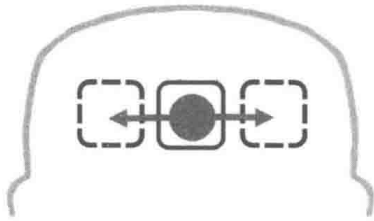
That's one reason Chevrolet has lost its position as America's leading automobile brand. One brand cannot occupy more than one position.

Here are the most important positioning principles.

(1) You don't win in the marketplace. You win in the mind.

(2) Look for an open hole in the mind and then be the first to launch a new brand to fill that open hole. Not a line-extension of an existing brand.





(3) Or create a new category you can dominate with a new brand. e.g Red Bull in energy drinks. The iPhone in smartphones. Tesla in electric vehicles.

(4) Never line-extend an existing brand into a new category.

That's the mistake many brands have made, including IBM. You need a new brand.

Fifty years have gone by since we first conceived the idea of positioning.

In the past five decades, there have been many changes in marketing and many changes in the world. How have these changes affected the positioning concept?

Read the next 14 chapters and find out.

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Chapter 1: Globalism

In 1981, the year the Positioning book was published, American brands dominated the American automobile market with 75 percent of all vehicles sold.

Just 36 years later, in 2017, American brands had only 33 percent of the American market. And they weren't even the leader.

In 2017, Japanese brands captured 39 percent of the market. Italian brands, 12 percent. German brands, 8 percent. Korean brands, 7 percent. The remaining one percent of the market included brands from India and the United Kingdom.

The 20th century was a time for the *nationalism* of companies. And the 21st century is a time for the *globalism* of companies. Business in the process of becoming global.

