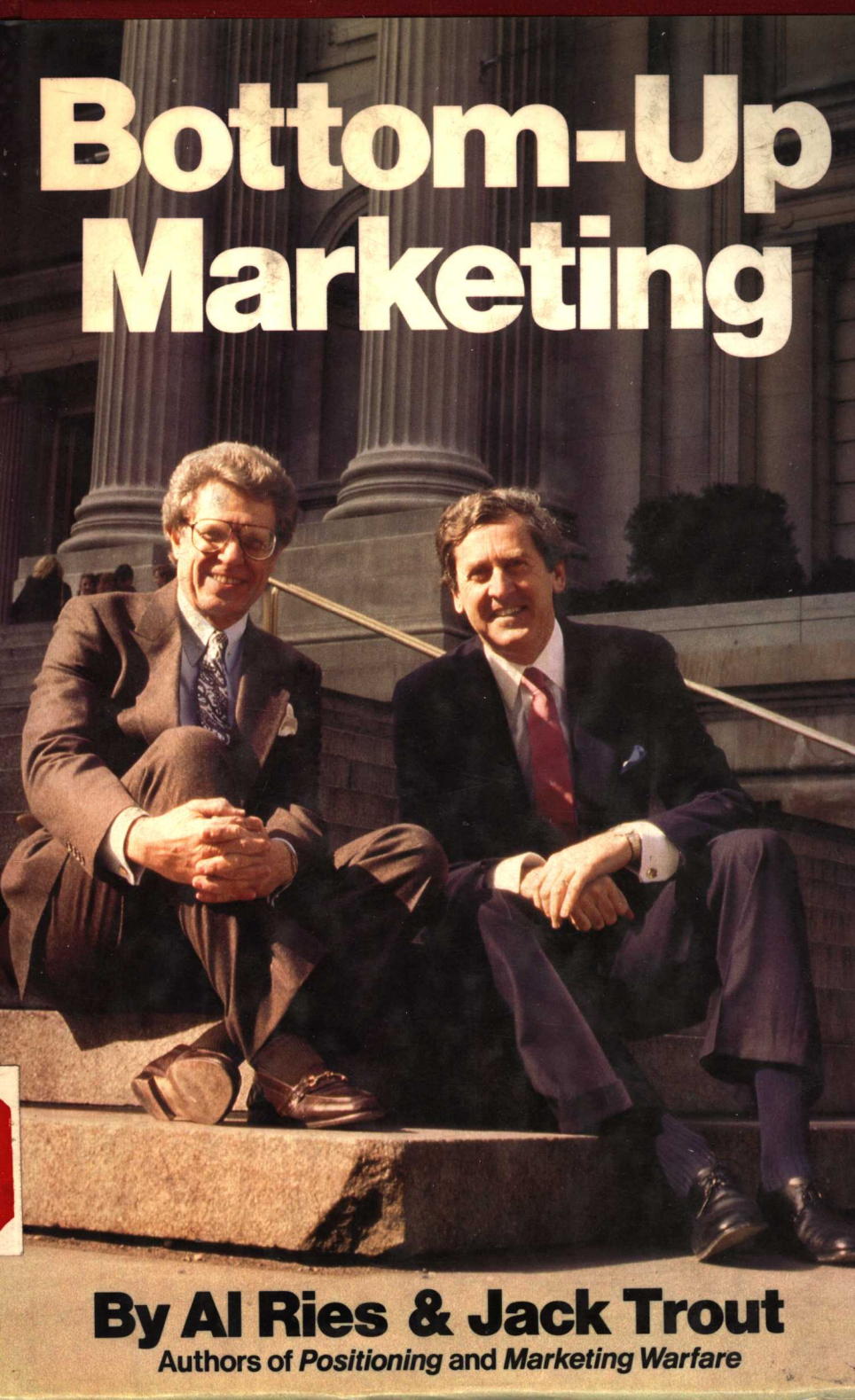


Bottom-Up Marketing

A photograph of two men in business suits sitting on the stone steps of a grand building with large columns. The man on the left is wearing glasses and a patterned tie, while the man on the right is wearing a solid red tie. They are both smiling at the camera. The background shows the architectural details of the building, including columns and a staircase.

By Al Ries & Jack Trout
Authors of Positioning and Marketing Warfare

Bottom-Up Marketing

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McGraw-Hill Book Company

New York St. Louis San Francisco Auckland Bogotá
Caracas Colorado Springs Hamburg Lisbon
London Madrid Mexico Milan Montreal
New Delhi Oklahoma City Panama Paris
San Juan São Paulo Singapore
Sydney Tokyo Toronto

**Dedicated to the thousands of business people
who didn't read *Positioning*.**

**And the thousands of business people
who didn't read *Marketing Warfare*.**

May they see the light.

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This is the third book by Ries and Trout. Their first book, *Positioning: The Battle for Your Mind*, is a book about communication tactics. Their second book, *Marketing Warfare*, is a book about marketing strategies. The third book integrates the two concepts. But not in the way you might expect..... 1

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Introduction

Our first two books were “textbooks” on the principles of communications and the principles of marketing.

The first book, *Positioning: The Battle for Your Mind*, was a textbook on communications. According to positioning theory, the human mind contains slots or positions which a company attempts to fill. This is easy to do if the position is empty, but difficult to do if the position is owned by a competitor. In the latter case a company must “reposition its competition” if it wants to get into the mind.

Our second book, *Marketing Warfare*, was a textbook on marketing. The new point of view brought to the marketing arena was the belief that marketing is not a single-sided process of serving the customer.

The true nature of marketing today is outwitting, outflanking, outfighting the competition. In short, marketing is war, where the enemy is your competitor and the ground to be won is the customer.

As with real war, there is no one way to fight a marketing war. Rather there are four: defensive, offensive, flanking, and guerrilla warfare. Knowing which type of warfare to fight is the first and most important decision you can make.

The third book

Unlike the first two, *Bottom-Up Marketing* is not a textbook. It is a self-help book designed for the business person who wants to get on the fast track.

In this competitive environment, according to a recent survey, more CEOs climb to the top of the corporate ladder through sales and marketing than any other function.

We live in an “age of competition.” In almost every category, today’s business arena has become warlike.

This change of environment has made the traditional “top-down” approach to marketing obsolete. What good are long-term strategic plans when you cannot predict future competitive moves?

How can you react to a competitor if your resources are tied up in a long-term plan?

Strategy and tactics

Bottom-Up Marketing does not ignore the principles of positioning or the principles of marketing warfare. Rather, the book integrates the two concepts. But it doesn’t do so in the way you might expect.

Communications, as outlined in the *Positioning* book, are the tactics of a business. Typically they include a

company's advertising, publicity, sales presentations, etc.

Marketing, as outlined in the *Marketing Warfare* book, is the strategy of a business. Typically the strategy of a company is spelled out in a document which is the end result of a strategic planning process.

A lot of strategic planning takes place today. Management has fallen in love with the concept. No self-respecting Fortune 500 company could live without a vice president of long-range strategic planning.

We are opposed to long-term strategic planning, mission statements, goals, business plans, annual budgets.

We believe that most managers today fail to understand the critical relationship between strategy and tactics. That's why they continue to be beguiled by the strategic planning process.

Traditional theory says that top management should first set the strategy for a marketing campaign. Then the strategy should be turned over to middle managers who select the tactics to use to execute the strategy.

We disagree. Our concept is just the opposite.

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Tactics dictate strategies

After years of strategic work for some of America's largest companies, we have come to a revolutionary conclusion: Strategy should be developed from the bottom up, not from the top down. In other words, strategy should be developed from a deep knowledge and involvement in the actual tactics of the business itself.

Tactics should dictate strategies. That is, the communications tactic should dictate the marketing strategy.

Most marketing people believe the reverse. The accepted wisdom is that the grand strategy of the organization should be set first; then the tactics can follow.

Challenging the obvious

Some of the most productive lines of development in science, medicine, and business have been stimulated by

challenging obvious truths. Riemann overthrew Euclid's fifth postulate, which states that through a given point there's not more than one parallel line to a given straight line. Physicists are still exploring the many consequences of Riemann geometry.

For every obvious truth there appears to be an opportunity for progress, be it in science or business.

"Strategy dictates tactics" is an axiom of business that may be so deeply ingrained in your mind that you cannot see that it's there. "I'm not sure who discovered America," said one first grader, "but I know it wasn't an Indian."

How deeply ingrained is the notion that strategy takes precedence over tactics?

First of all, nobody ever says "tactics and strategy." It's always the reverse. Furthermore, the reverse is so logical. First you decide what you want to do (the strategy) and then you decide how to do it (the tactics).

"Our plans miscarry because they have no aim," said Seneca. "When a man does not know what harbor he is making for, no wind is the right wind."

Who can argue with that?

We can. Christopher Columbus wanted to find a shortcut to India (the strategy) by sailing west instead of east (the tactic). He died thinking he was a failure because he never found the Indian continent he was looking for.

If he had let the tactic dictate the strategy, he might have realized that he had discovered America, a feat of far greater significance than finding a shortcut to India.

Columbus was a sailor, a very good sailor. He should have selected the tactic of sailing west precisely because everybody else was sailing east. (In marketing, we would call this approach a flanking move.)

Whatever was to be found by sailing west, Columbus would have found it first.

The sins of top-down thinking

Managers are obsessed with "what they want to do." What are long-term plans except a meticulous outline of where managers want their company to be in five years or ten years?

When you put the emphasis on strategy, or where you want to be in the years ahead, you commit one of the two cardinal sins of business: (1) the refusal to accept failure and (2) the reluctance to exploit success. Both sins result from top-down thinking.

Columbus refused to accept the fact that he hadn't found a route to India, and he didn't exploit the magnificent discovery he did make.

Companies that set the strategy first usually refuse to accept failure because they figure all that's needed to turn a project into a winner is a minor adjustment in tactics.

Back in the fifties, General Electric made the strategic decision to get into the mainframe computer business. After 14 years of effort and \$400 million worth of losses, it finally threw in the towel. Those minor adjustments in tactics turned out to be a major waste of resources.

Suppose it had turned the process upside down. Instead of going east with IBM, Univac, Burroughs,

NCR, RCA, Control Data, Honeywell, and the other mainframe players, suppose it had gone west by itself.

GE had two choices. At the high end it could have introduced a supercomputer. At the low end it could have introduced a personal computer.

But at the time there was no market for either supercomputers or personal computers. Exactly. That's why either tactic would have allowed GE to be first in the mind for a new type of computer.

Whether either move would have been profitable is another matter. That would have depended on what the future had in store. (As it happened, both directions became enormously profitable for at least two companies. Cray at the high end. Apple at the low end.)

There was no guarantee that Columbus would find anything at the end of his voyage. But if anyone was going to find anything, it was going to be Columbus, because he was doing it first.

The same principle applies to marketing. The only sure tactic to use is to find a way to move into the mind first. And since you're first, there is no market for your product or service. You have to build the market by yourself.

A refusal to accept failure is often combined with a reluctance to exploit success. The only progress GE made in the mainframe business was in establishing the concept of "time-sharing." It accomplished this feat by being first to introduce the idea.

This success should have encouraged the company to put all its computer resources into a time-sharing line. But the concept didn't fit GE's strategy of becom-

ing another IBM by marketing a full line of computers. So the opportunity was wasted.

In business you tend to see what you expect to see. Which is why top-down thinking is so dangerous. You tend to overlook any factors that aren't related to the success of your strategy.

Reversing the process

When you reverse the process, you can sometimes make important discoveries.

The research people at Vicks came up with a new liquid cold remedy which cleared up scratchy throats and running eyes, but unfortunately also put you to sleep. Which was a problem if you wanted to go to work or drive a car.

Instead of writing off the research, someone at Vicks came up with a brilliant idea. If the product puts you to sleep, let's position it as a nighttime cold remedy. In other words, "the first nighttime cold remedy" is an advertising tactic that will work because it's based on the proven principle of being first.

And it did. NyQuil went on to become the most successful new product in Vicks' history. NyQuil is now the No. 1 cold remedy.

The tactic (the first nighttime cold remedy) dictates the strategy (introduce a major new cold remedy product called "NyQuil").

What's a tactic?

A tactic is an idea. When you look for a tactic, you are looking for an idea.