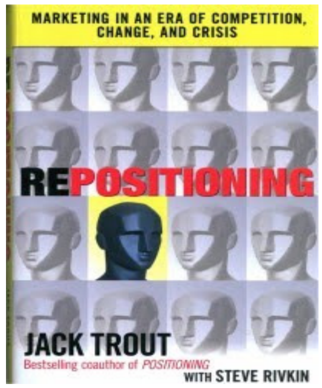
Dental WEALTH Builder
By Dr Bhavna Doshi

Repositioning

Marketing in an Era of Competition, Change, and Crisis



Author/s: Jack Trout, with Steve Rivkin
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■ The Big Idea

In today's fast-moving economy, successful companies often have to change course in order to keep up with the shifting demands of the market. The best companies are willing and able to reposition themselves and their competitors when the situation demands it.

There are a few key concepts that the most agile companies employ:

- **Repositioning:** Adjusting the consumer's perception of one's own brand, or the brand of a competitor.
- **Differentiating:** Isolating and highlighting the small group of characteristics that set one brand off from its competitors.
- **Focus:** The clarity with which a brand is differentiated in the minds of consumers.

Any attempt to fundamentally change consumer perceptions of a brand can have catastrophic consequences, so the key to successful repositioning is to carefully adjust those perceptions instead.

About the Author/s

Jack Trout is president of Trout & Partners, a worldwide marketing firm with offices in 13 countries. With Al Ries, he co-authored the marketing classic Positioning and the bestsellers Marketing Warfare and The 22 Immutable Laws of Marketing. Trout's books have been translated into 16 languages, including the BusinessWeek bestseller The New Positioning.

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FEATURES OF THE BOOK

Reading Time: 5-8 hours, 208 pages

Business success in our ever-more crowded economy is largely a factor of agility. How quickly can a company recognize and respond to new realities in the market? The answer to this question will often mark the difference between success and failure. The best companies are willing and able to reposition themselves and their competitors when the situation demands it.

Repositioning is a delicate balancing act. Brand identity is such a valuable commodity for a business that any attempt to fundamentally change consumer perceptions of the brand can have catastrophic consequences. The key to repositioning is to carefully *adjust* those perceptions.

In **Repositioning**, Jack Trout and Steve Rivkin illustrate and elaborate on these points using numerous examples from real life companies that have succeeded or failed in the game of repositioning. Any businessperson who wants to understand how to thrive in today's business landscape could benefit from this book. It is meant to be read from cover to cover, as successive chapters elaborate on information presented earlier in the book.

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INTRODUCTION

In today's fast-moving economy, successful companies often have to change course in order to keep up with the shifting demands of the market — they have to reposition themselves in the mind of the consumer. This task is as difficult as it is necessary, and despite its potential for reward, it is surrounded on all sides by potential pitfalls. The worst of these is brand dilution. A company attracts and retains its customers based largely on the trust that the brand inspires. If the identity of a brand loses focus, and if consumers no longer know what the brand really stands for, then the vital relationship of familiarity is clouded and the brand's long-term prospects suffer. The key is to make careful, incremental adjustments to consumer perception.

In Repositioning, authors Jack Trout and Steve Rivkin offer their readers the who, when, why and how of repositioning, using various examples to analyze how companies have repositioned themselves to either the benefit or detriment of their long-term health.

PART ONE: THE BACKGROUND OF REPOSITIONING

Any effective repositioning campaign must begin with an understanding of the way one's target consumers, or "prospects," think. It is vital for an advertiser to remember that the mind of a typical individual is bombarded with information. The past 30 years have been an age of "overcommunication," with people producing more information than they had in the previous 5,000 years put together. Every day more than 4,000 books are published and one million pages are added to the World Wide Web. The average 18-year-old in Great Britain has already been exposed to 140,000 television commercials. The modern mind is a crowded and chaotic place.

In such an environment, advertisers must work hard to ensure that their products are clearly, simply differentiated from the competition. Consumers are already overburdened – they do not have enough time or available brain power to take in and process complex, multidimensional advertisements. They live in a complex, confusing world, and if an advertiser hopes to grab their attention, she must harness the power of simplicity.

Rather than try to tell the whole story of a product, a successful ad will "focus on one powerful differentiating idea," and if possible, one single word. Volvo has had tremendous success selling cars based on a consumer desire for safety, and BMW has thrived by focusing on the thrill of driving. But how can an advertiser achieve such concision? Marketers must edit ruthlessly — anything that requires complex analysis, anything that competitors could claim with equal justice, must be cut out. The consumer needs to be shown what is unique and defining about this brand. And since the construction and cultivation of a strong brand is a long and ongoing process, anything that jars with established perceptions of one's brand must also be cut out.

The continuity of established perceptions is vital because not even the best ad can change consumers' minds. Xerox lost a great deal of money trying to convince the public that in addition to its wildly popular copying machines, it could also manufacture quality personal computers. Xerox has long had a settled identity, and any attempt to fundamentally change that identity would be futile.

Once formed, perceptions tend to remain in place. Thus a strong, focused brand identity is a treasure, and a company that attempts to broaden its identity does so at its own peril. The more products a company tries to brand together, "the more the mind loses focus." According to the author, having a murky idea of what "Brand X" stands for is little better than having no idea at all.

The need for focused branding has become all the more urgent due to the "amazing proliferation of product choices" in recent decades. From the early 70s to the late 90s, the number of available TV screen sizes rose from 5 to 15. The number of magazine titles rose from 339 to 790, and the number of soft-drink brands rose from 20 to 87. Perhaps surprisingly, this explosion of options has not led to a pristine consumer paradise — in fact, a multiplicity of choices can actually be a turnoff for potential consumers. Overwhelmed with options, some individuals will put off (and then forget about) making a decision about a particular purchase. In such an environment, the ability to make a purchasing decision seem simple is a key part of business success. This is largely accomplished by clearly positioning one's brand with simple, effective advertising campaigns.

PART TWO: COMPETITIVE REPOSITIONING

Marketing success can also be a matter of repositioning the competition by means of attack ads. However, as any seasoned politician knows, attack ads can be dangerous, even for those who seem clearly poised to benefit. For one thing, they can lead to consumer fatigue, in which potential customers become frustrated and ultimately indifferent to the entire product category. What is more, a savvy marketing department can actually parry an attack, and the "attacked" brand can end up benefitting from the exchange. This happened when the mouthwash company Scope tried to reposition its competitor,

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Listerine, by running ads that referred to the unpleasant taste of Listerine. Listerine responded brilliantly. Rather than attempt to deny the charge, Listerine embraced it and began to run ads suggesting that its mouthwash's bad taste was a sign that it, as opposed to its competitors, had actual, effective medicinal ingredients. The campaign was a success, and Scope's repositioning bid backfired.

Properly executed, competitive repositioning avoids these pitfalls while launching a simple, effective attack on the strongest points of a competitor. For instance, Avis, the number-two car rental company in America, once ran an ad campaign that attacked the industry-leading Hertz by pointing out how long the lines are at a Hertz counter, effectively turning Hertz's success against it. The attack struck home. Like all advertising today, competitive repositioning campaigns must work quickly, with an immediate appeal that "explodes in the mind" of the consumer — "the idea should be just too obvious to need prolonged consideration." The market for attention is too glutted to bear anything more.

If competitive repositioning is to be effective, the campaign must highlight not just a weakness of the competition, but also (and more importantly) a strength of the company doing the attacking. A degree of symmetry is required. The long lines at Hertz, for instance, constituted a foil for the easy, hassle-free experience of an Avis customer. When BMW first broke into the American market, it ran ads that sought to reposition Mercedes as "the ultimate sitting machine." This attack cut down on the perceived excitement of driving a Mercedes, and also dovetailed nicely with BMW's own self-positioning as "the ultimate driving machine."

PART THREE: KEEPING UP WITH THE TIMES

The rapid growth in consumer choices is not the only force that makes repositioning such a vital part of any successful business today. Companies also need to keep an eye on "disruptive technologies," developments that can quickly turn an industry-leading product into a has-been, or at least into a fraction of its former self. Examples abound in today's business landscape. Digital cameras have done it to film, cell phones to land lines, online retailers to brick-and-mortar stores. Products and models that once seemed like perennial champions have been ambushed — and in some cases unseated — by innovative young upstarts. As technological progress picks up steam, even the most successful, best-managed companies need to be on the lookout for new developments that could become the next big thing.

A major key to weathering the stormy new world of business is agility: being willing and able to evolve. Digital Equipment Corporation (DEC) was an early titan of the computing world, but it balked at the suggestion that ordinary people might want to have personal

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computers in their homes. DEC stuck with its old model, and as a result, it was left out of the exploding PC market and lost its place as an industry leader. The future of computing belonged to companies like IBM, Hewlett-Packard and Apple, which were willing and able to grow in accordance with the ever-evolving desires of the consumer.

Successful repositioning is not just a matter of making desperate changes in response to the latest trend. Smart, durable companies continue to thrive because they are able to look down the road and implement sober, carefully calibrated changes. Some are able to evolve by suggesting new uses for existing products — helicopter makers, for instance, made their start as military outfitters but now promote their products to sheep-herders in New Zealand and Manhattan business tycoons weary of stifling traffic and crowded airport terminals.

In other cases, a company can decide that it needs to expand its product line so that it can appeal to a previously untapped demographic. One way to achieve this is by expanding either “upmarket” or “downmarket.” If a company wants to expand upmarket, appealing to wealthier consumers, it will need to carefully reposition itself in a way that emphasizes quality, style, and even exclusivity. In some cases, this will require rebranding, or at least sub-branding. Consumers are very slow to change perceptions, so if a company attempts to move upmarket by simply taking a low-quality product and improving its quality and packaging, upmarket consumers are likely to be unimpressed; the downmarket stigma will still be attached. To be successful, a careful rebranding is necessary. Conversely, if a company wants to move downmarket, it will need to rebrand or sub-brand for the opposite reason: to protect its upmarket brand from being contaminated by association with low-quality merchandise.

The cardinal mistake that companies make during such moves is believing that one single brand can communicate a large number of things to a wide range of consumers. The key, once again, is simplicity. Consumers want to know what it is that this brand does well. If a brand tries to put itself forward as a jack of all trades, consumers will assume that it is a master of none, and they will look elsewhere. People “want the best of the breed, not a mutt that contains several breeds.” Many companies are understandably tempted to expand their brands in several different directions, grabbing after shares in a number of markets. This is often a mistake.

The smartest companies decide what their brand means and stick with that, making only small, careful adjustments. These companies realize that they are “better niched than dead.” Obviously, then, evolution is both necessary and terribly dangerous. Companies that want to survive — or even thrive — in today’s business climate must keep their wits about them and keep their eyes focused outward, on the market. An organization that becomes too insular “misses new opportunities, overlooks threats from competitors, and misreads changing customer needs.” It is a brutally fast world out there, but as always, the best companies will find a way to adapt.

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PART FOUR: OBSTACLES TO REPOSITIONING

A company's success can be its own worst enemy in this fast-changing world, because "with size comes a large degree of inflexibility, ego, vested interests and other bad things that hamstring a company." Repositioning requires a company to be flexible — to keep its eyes trained outward and to evolve, and evolve well, in accord with the latest realities. The hard truth is that large, diverse companies are quite often not the epitome of efficiency. Smaller, more focused companies tend to outperform larger, more diverse ones.

There are several reasons for this fact. For one thing, large diversified companies often accumulate small subdivisions that are unproductive but survive because "there's a bias against shutting things down." Quite often these small subdivisions are the pet projects of some senior manager, and to shut them down would be a major blow to his ego. Furthermore, success itself can breed arrogance and inertia. A large, dominant company will often hesitate to make any adjustment that seems to meddle with its longstanding cash cows. Such adjustments are often necessary, however, not just to facilitate new growth but even to stay afloat. "Market leaders have to be willing to attack themselves with a better idea. If they do not reposition themselves, someone else will."

The repositioning obstacles for big corporations do not end here. If large companies are prone to inertia, they can also fall prey to useless tinkering. A huge corporation has legions of employees, all of whom are out to "leave their mark" on the business, sometimes to the detriment of the business itself. This is one of the chief ways that large, successful brands can get themselves in trouble. "The more people you have, the more difficult it is to manage them." Mergers, an enduring temptation for successful companies, only compound this problem. A merger takes two freestanding groups of people, both of which have their own unique history and culture, and attempts to mash them together into one. The result is often less than pretty. Even after spending a fortune on team-building, sensitivity training, and change management consultants, a merger can give birth to an unmanageable, inflexible behemoth.

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PART FIVE: WHEN REPOSITIONING IS A MISTAKE

Businesspeople want to make money. Companies want to grow. These are ironclad rules of commerce, and the world of commerce would not move without them. The fact is, however, that growth for growth's sake is often a trap. Evolving simply in order to match the moves of the competition can do more harm than good, as can attempts to get out in front of emerging trends. Sometimes it is best for a business to stay what it is. The worst thing a company can do is to innovate its way out of a well-defined, trusted brand name. If consumers cannot figure out what it is that a company does well, they can easily be poached by a competitor with a well-defined identity.

The in-built temptation to grow is only exacerbated by an unhealthy symbiosis between upper management and Wall Street forces. CEOs are tempted to make unreasonable growth projections that drive up the stock price of the company. This increases the take-home pay of the CEO and enriches the coffers of some Wall Street brokers, but in many cases, it is bad for the company — oftentimes the only way to meet these projections is by forcing line extensions that expand the catalogue of things that a company does, thereby increasing market reach. This sort of overextension is bad for the long-term prospects of a company, as it dilutes the brand in the name of short-term gain. It is not just CEOs who are vulnerable to this — any employee who receives stock options as part of her compensation package will have a personal incentive to see that projections are met and stock prices stay high, regardless of the long-term consequences.

As discussed above, some of the most spectacular successes in recent business history came as the result of a company devising an innovative new product that unseated the former leader. Apple's iPod did this to Sony's Walkman in dramatic fashion. Such coups are immensely profitable achievements. They are also tremendously rare. In fact, the race to discover the "next-generation" product in a particular category can just as often lead a company to make to unwise decisions.

For one thing, companies need to be sure that they are not wasting resources on fixing nonexistent problems. There are some traditions that endure for a reason, and a smart manager will be hesitant to discard a formula that works. Change is only worthwhile if the outcome is legitimately better than what went before. Knowing when and how to go for the next big thing is a matter of experience and judgment. The danger, once again, is that a brand's hard-won identity will be blurred by misconceived attempts at growth.

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PART SIX: WHEN AND HOW TO REPOSITION

There are some moments in which a company may be forced to reposition itself because the status quo has become simply untenable. In 2010, General Motors, once an industry titan, found itself in such a position. For too long, the massive company tried to make each of its brands all things to all people. This mindless grasping after market share led to dilution of identity for each of GM's many brands. After so much line extension, GM executives awoke to find that their brands "lacked that simple differentiating idea . . . What is a Chevrolet? It is a big, small, expensive, cheap, truck, van, or sports car." This is an identity so broad that is basically no identity at all. The key for GM moving forward will be to figure out what each of its four brands should mean to the consumer. What does Cadillac mean? Chevrolet? Buick? GMC? The future of General Motors depends on the way that it answers these questions.

Successful repositioning can take many different forms. A company can reposition itself as the "cool" option, the affordable one, or the one with excellent customer service. In these difficult economic times, high-end brands are facing the need to reposition themselves as valuable rather than merely prestigious. Who can justify buying a $10,000 watch during an economic recession? Is this the time to be making exorbitant purchases for the purpose of flaunting one's wealth?

As a result, some smart high-end companies are now emphasizing the enduring value of their wares, explaining that while this watch may cost a fortune now, it will last for generations to come. As mentioned above, upscale companies that decide the times require a downmarket repositioning strategy must be careful not to do permanent damage to the prestige of their brand. The handbag company Coach, for instance, has recently marched out a sub-brand that costs significantly less than a normal Coach bag. The company hopes that it will be able to expand without dilution. As in all cases, the key to repositioning is a subtle readjustment of consumer perceptions rather than a wholesale change – "matching or fitting with perceptions is what effective repositioning is all about."

Once a company has devised a carefully tailored repositioning strategy, it still needs to spread the word. The first step in this process is publicity rather than advertising. Publicity involves the endorsement of a third party, such as a newspaper, a television show, or even a well-regarded blog. It is vital because "you can claim that you are changing, but no one will believe you. [But] when others report that you are changing, it is a different story."

A company that hopes to reposition itself should begin by sending out press releases, and only then follow up with advertisements, which can reinforce the message that was originally and most persuasively communicated via publicity. A truly successful

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repositioning program will unfold slowly over time – maybe even over years – rather than explode all at once into the spotlight. The first kind of campaign is durable and effective; the second is likely to flame out before it has really done anything to adjust consumer perceptions.

Given the many pitfalls of repositioning, it is no surprise that successful attempts require strong, inspired, focused leadership. If a company is to effectively reposition itself, the CEO must lead the charge rather than simply delegate the task to the marketing department. Repositioning only works when the full resources of a company are brought to bear, and the only person who can effectively marshal those resources is the CEO. But even with full buy-in from the boss, the task is a difficult one. In fact, being the person on top comes with its own set of challenges: CEOs often become ensconced in their corner offices, ignorant of what is going on below them, never mind in the wider marketplace. Many CEOs are surrounded by sycophants and yes-men, none of whom want to deliver bad news to the boss.

This sort of insulation is fatal for the project of repositioning, and if a CEO is going to lead the way, he must work hard to find out what is really going on at the ground level. The first step is to gather good information. While building his Wal-Mart empire, for example, Sam Walton made it a point to frequently spend time in actual Wal-Mart stores, out on the front lines of his enterprise. This activity takes time, and other activities, such as service on boards and committees, might have to be sacrificed. After the CEO has gathered good information, he must articulate a bold, decisive plan and see to its implementation. "The best leaders are storytellers, cheerleaders and facilitators. They reinforce their sense of direction or vision with words and action." Keeping a large, complex corporation on course is a difficult task, and it requires immense energy. Of course, in addition to all of this, a CEO needs a generous portion of luck to pull off a successful repositioning program. It is a tall order, but the best businesspeople will rise to the challenge.

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