

AL RIES & JACK TROUT

THE 22 IMMUTABLE
LAWS OF
marketing

Violate Them at Your Own Risk!

Authors of the bestseller *Positioning*

The 22 Immutable Laws of Marketing

Violate Them at Your Own Risk

Al Ries and Jack Trout



**Dedicated to the elimination of
myths and misconceptions
from the marketing process**

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Introduction

Billions of dollars have been wasted on marketing programs that couldn't possibly work, no matter how clever or brilliant. Or how big the budgets.

Many managers assume that a well-designed, well-executed, well-financed marketing program will work. It's not necessarily so. And you don't have to look further than IBM, General Motors, and Sears, Roebuck to find examples.

The tools and techniques used at Sears, Roebuck might have been right, sometimes even spectacular. And the managers who ran the GM programs might have been the best and the brightest. Certainly the best and the brightest people traditionally have been attracted to the biggest and the best companies, like GM and IBM. But the programs themselves were based on assumptions that were flawed.

John Kenneth Galbraith, when asked what he believed was America's perception of the country's giant corporations, said that we feared corporate power. Today, we fear corporate incompetence!

All companies are in trouble. Especially big companies. General Motors is a good example. Over the past decade the company paid a terrible price for destroying the identity of its brands. (It priced them alike as well as made them look alike.) Ten share points evaporated, which translates into about \$10 billion a year in sales.

GM'S problem wasn't a competitive problem, although competition did increase. It wasn't a quality problem either, although GM obviously wasn't delivering top-notch quality. It was very definitely a marketing problem.

When a company makes a mistake today, footprints quickly show up on its back as competition runs off with its business. To get the business back, the company has to wait for others to make mistakes and then figure out how to exploit the situation.

So how do you avoid making mistakes in the first place? The easy answer is to make sure your programs are in tune with the laws of marketing. (Although we have defined our ideas and concepts under the "marketing" banner, they are useful no matter where you are in a company, and no matter what product or service your company is selling.)

What are these marketing laws? And who brought them down from Mount Sinai on a set of stone tablets?

The fundamental laws of marketing are those described in this book.

But who says so? How come two guys from Connecticut

have discovered what thousands of others have overlooked? There are, after all, many sophisticated marketing practitioners and academics. Why have they missed what we think is so obvious?

The answer is simple. As far as we can tell, almost no one is willing to admit that there are any laws of marketing—certainly none that are immutable.

There are laws of nature, so why shouldn't there be laws of marketing? You can build a great-looking airplane, but it's not going to get off the ground unless it adheres to the laws of physics, especially the law of gravity. You can build an architectural masterpiece on a sand dune, but the first hurricane will undermine your creation. So it follows that you can build a brilliant marketing program only to have one of the immutable laws knock you flat if you don't know what they are.

Perhaps it's human nature not to admit there are things you can't do. Certainly most marketers believe that anything is achievable if you are energetic enough, or creative enough, or determined enough. Especially if you are willing to spend enough money.

Once you open your mind to the possibility that there are laws of marketing, it's easy to see what they are. In truth, they are obvious.

We have been studying what works in marketing and what doesn't for more than 25 years. What we have found is that programs that work are almost always in tune with some fundamental force in the marketplace.

In our books, articles, speeches, and videos we have analyzed marketing principles in some detail. We have developed strategic models of the marketing process, including a physical model of the human mind, which we helped popularize under the concept of “positioning.” We also developed a military model of the marketplace, which assigns companies and brands to either defensive, offensive, flanking, or guerrilla modes of marketing warfare.

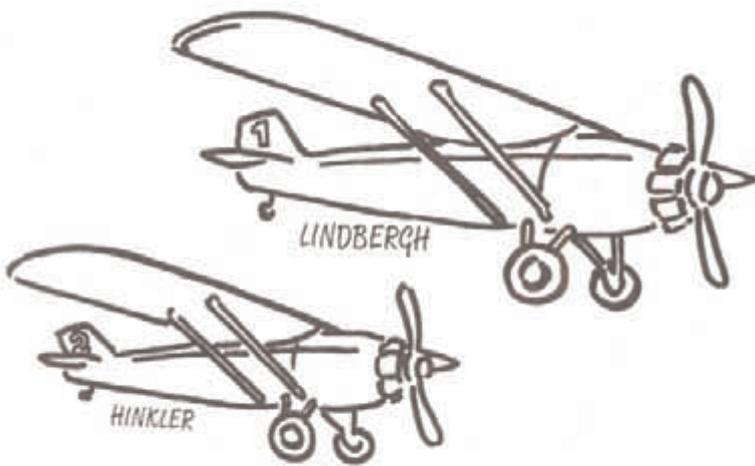
After years of working on marketing principles and problems, we have distilled our findings into the basic laws that govern success and failure in the marketplace.

We call these principles the Immutable Laws of Marketing, and there are 22 of them. Violate them at your own risk.

1

The Law of Leadership

**It's better to be first
than it is to be better.**



Many people believe that the basic issue in marketing is convincing prospects that you have a better product or service.

Not true. If you have a small market share and you have to do battle with larger, better-financed competitors, then your marketing strategy was probably faulty in the first place. You violated the first law of marketing.

The basic issue in marketing is creating a category you can be first in. It's the law of leadership: It's better to be first than it is to be better. 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.

You can demonstrate the law of leadership by asking yourself two questions:

1) What's the name of the first person to fly the Atlantic Ocean solo? Charles Lindbergh, right?

2) What's the name of the second person to fly the Atlantic Ocean solo? Not so easy to answer, is it?

The second person to fly the Atlantic Ocean solo was Bert Hinkler. Bert was a better pilot than Charlie—he flew faster, he consumed less fuel. Yet who has ever heard of Bert Hinkler? (He left home and Mrs. Hinkler hasn't heard from him since.)

In spite of the evident superiority of the Lindbergh approach, most companies go the Bert Hinkler route. They wait until a market develops. Then they jump in

with a better product, often with their corporate name attached. In today's competitive environment, a me-too product with a line extension name has little hope of becoming a big, profitable brand (chapter 12: The Law of Line Extension).

The leading brand in any category is almost always the first brand into the prospect's mind. Hertz in rent-a-cars. IBM in computers. Coca-Cola in cola.

After World War II, Heineken was the first imported beer to make a name for itself in America. So four decades later, what is the No. 1 imported beer? The one that tastes the best? Or Heineken? There are 425 brands of imported beer sold in America. Surely one of these brands must taste better than Heineken, but does it really matter? Today, Heineken is still the No.1 imported beer, with 30 percent of the market.

The first domestic light beer was Miller Lite. So what is the largest-selling light beer in America today? The one that tastes the best? Or the one that got into the mind first?

Not every first is going to become successful, however. Timing is an issue—your first could be too late. For example, *USA Today* is the first national newspaper, but it is unlikely to succeed. It has already lost \$800 million and has never had a profitable year. In a television era, it may be too late for a national newspaper.

Some firsts are just bad ideas that will never go anywhere. Frosty Paws, the first ice cream for dogs, is unlikely to make it. The dogs love it, but the owners

are the ones who buy the groceries, and they think that dogs don't need an ice cream of their own. They should be happy just to lick the plates.

The law of leadership applies to any product, any brand, any category. Let's say you didn't know the name of the first college founded in America. You can always make a good guess by substituting *leading* for *first*. So what's the name of the leading college in America? Most people would probably say Harvard, which is also the name of the first college founded in America. (What's the name of the second college founded in America? The College of William and Mary, which is only slightly more famous than Bert Hinkler.)

No two products are any similar than twins are. Yet twins often complain that the first of the two whom a person meets always remains their favorite, even though the person also gets to know the other one.

People tend to stick with what they've got. If you meet someone a little better than your wife or husband, it's really not worth making the switch, what with attorneys' fees and dividing up the house and kids.

The law of leadership also applies to magazines. Which is why *Time* leads *Newsweek*, *People* leads *Us*, and *Playboy* leads *Penthouse*. Take *TV Guide*, for example. Back in the early fifties the then-powerful Curtis Publishing Company tried to field a television-listings magazine to compete with the fledgling *TV Guide*. Even though *TV Guide* had only a minuscule head start, and despite the awesome strength of Curtis,

the Curtis publication never really got off the ground. *TV Guide* had preempted the field.

The law of leadership applies equally as well to hard categories like automobiles and computers as it does to soft categories like colleges and beer. Jeep was first in four-wheel-drive off-the-road vehicles. Acura was first in luxury Japanese cars. IBM was first in mainframe computers. Sun Microsystems was first in workstations. Jeep, Acura, IBM, and Sun are all leading brands.

The first minivan was introduced by Chrysler. Today Chrysler has 10 percent of the car market and 50 percent of the minivan market. Is the essence of car marketing making better cars or getting into the market first?

The first desktop laser printer was introduced by a computer company, Hewlett-Packard. Today the company has 5 percent of the personal computer market and 45 percent of the laser printer market.

Gillette was the first safety razor. Tide was the first laundry detergent. Hayes was the first computer modem. Leaders all.

One reason the first brand tends to maintain its leadership is that the name often becomes generic. Xerox, the first plain-paper copier, became the name for all plain-paper copiers. People will stand in front of a Ricoh or a Sharp or a Kodak machine and say, "How do I make a Xerox copy?" They will ask for the Kleenex when the box clearly says Scott. They will offer you a Coke when all they have is Pepsi-Cola.

How many people ask for cellophane tape instead

of Scotch tape? Not many. Most people use brand names when they become generic: Band-Aid, Fiberglas, Formica, Gore-Tex, Jello, Krazy Glue, Q-tips, Saran Wrap, Velcro—to name a few. Some people will go to great lengths to turn a brand name into a generic. “FedEx this package to the Coast.” If you’re introducing the first brand in a new category, you should always try to select a name that can work generically. (Lawyers advise the opposite, but what do they know about the laws of marketing?)

Not only does the first brand usually become the leader, but also the sales order of follow-up brands often matches the order of their introductions. The best example is ibuprofen. Advil was first, Nuprin was second, Medipren was third. That’s exactly the sales order they now enjoy: Advil has 51 percent of the ibuprofen market, Nuprin has 10 percent, and Medipren has 1 percent.

The fourth brand that entered the market was Motrin IB. Even though it has the powerful prescription name for ibuprofen, Motrin’s market share is only 15 percent. (Keep in mind that Advil was introduced with a “Same as the prescription drug Motrin” theme.) And note the generic substitution. Consumers use *Advil* as a generic term. Rarely do they use the word *ibuprofen*. Even an M.D. will tell a patient, “Take two Advil and call me in the morning.”

Also consider Tylenol, the first brand of acetaminophen. Tylenol is so far ahead of the No. 2 brand that it’s hard to determine who *is* No. 2.

If the secret of success is getting into the prospect's mind first, what strategy are most companies committed to? The better-product strategy. The latest and hottest subject in the business management field is benchmarking. Touted as the "ultimate competitive strategy," benchmarking is the process of comparing and evaluating your company's products against the best in the industry. It's an essential element in a process often called "total quality management."

Unfortunately, benchmarking doesn't work. Regardless of reality, people perceive the first product into the mind as superior. Marketing is a battle of perceptions, not products.

So what's the name of the first brand of aspirin? The first brand of acetaminophen? The first brand of ibuprofen? (Hint: Substitute *leading* for *first* and you'll have the answers to these three questions.)

Charles Schwab bills itself as "America's largest discount broker." Are you surprised that the Charles Lindbergh of the discount brokerage business is Charles Schwab?

Neil Armstrong was the first person to walk on the moon. Who was second?

Roger Bannister was the first person to run a four-minute mile. Who was second?

George Washington was the first president of the United States. Who was second?

Thomas' was the first brand of English muffin. What was second?

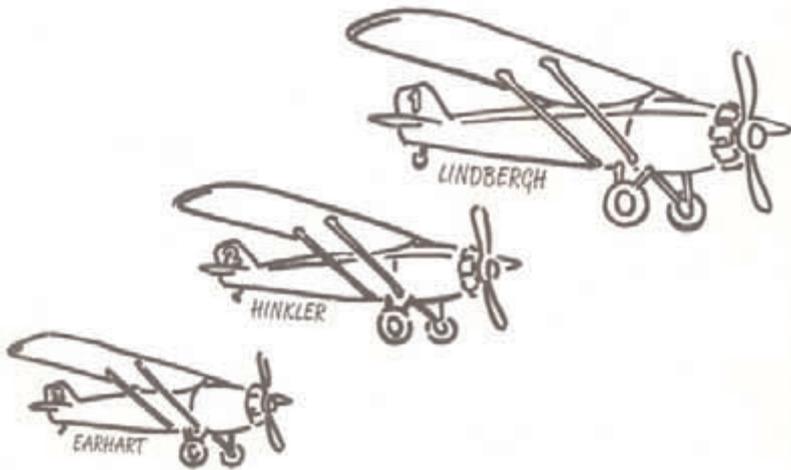
Gatorade was the first sports drink. What was second?

If you're second into the prospect's mind, are you doomed to languish forever with Buzz Aldrin, John Landy, John Adams, some unknown English muffin, and some unknown sports drink? Not necessarily. Fortunately, there are other laws.

2

The Law of the Category

If you can't be first in a category,
set up a new category you can be first in.



What's the name of the third person to fly the Atlantic Ocean solo?

If you didn't know that Bert Hinkler was the second person to fly the Atlantic, you might figure you had no chance at all to know the name of the third person. But you do. It's Amelia Earhart.

Now, is Amelia known as the third person to fly the Atlantic Ocean solo, or as the first woman to do so?

After Heineken became a big success, the people at Anheuser-Busch could have said, "We should bring in an imported beer, too." But they didn't. Instead they said, "If there's a market for a high-priced imported beer, maybe there's a market for a high-priced domestic beer." And so they started to promote Michelob, the first high-priced domestic beer, which today out-sells Heineken two to one. (Actually, Anheuser-Busch also brought in an imported beer, Carlsberg, which has a very good reputation in Europe. In the United States, however, the me-too Carlsberg never went anywhere.)

Miller Lite was the first domestic light. It took an importer five years to say, "If there's a market for a domestic light beer, maybe there's a market for an imported light beer." The result was Amstel Light, which became the largest-selling imported light beer.

If you didn't get into the prospect's mind first, don't give up hope. Find a new category you can be first in. It's not as difficult as you might think.

After IBM became a big success in computers, everybody and his brother jumped into the field.

Burroughs, Control Data, General Electric, Honeywell, NCR, RCA, Sperry. Snow White and the seven dwarfs, they were called.

Which dwarf grew up to become a worldwide powerhouse, with 126,000 employees and sales of \$14 billion, a company often dubbed “the second largest computer company in the world”? None of them. The most successful computer company of the seventies and eighties, next to IBM, was Digital Equipment Corporation. IBM was first in computers. DEC was first in minicomputers.

Many other computer companies (and their entrepreneurial owners) became rich and famous by following a simple principle: If you can’t be first in a category, set up a new category you can be first in.

Tandem was first in fault-tolerant computers and built a \$1.9 billion business. So Stratus stepped down with the first fault-tolerant minicomputer. Today Stratus is a \$500 million company.

Are the laws of marketing difficult? No, they are quite simple. Working things out in practice is another matter, however.

Cray Research went over the top with the first supercomputer. Today, Cray is an \$800 million company. So Convex put two and two together and launched the first minisupercomputer. Today, Convex is a \$200 million company.

Sometimes you can turn an also-ran into a winner by inventing a new category. Commodore was just another manufacturer of home personal computers that wasn’t going anywhere until it positioned the

Amiga as the first multimedia computer. Today the Commodore Amiga is a big success, with more than \$500 million worth sold annually.

There are many different ways to be first. Dell got into the crowded personal computer field by being the first to sell computers by phone. Today Dell is a \$900 million company.

When you launch a new product, the first question to ask yourself is not “How is this new product better than the competition?” but “First what?” In other words, what category is this new product first in?

Charles Schwab didn’t open a better brokerage firm. He opened the first discount broker.

Lear’s was not the first woman’s magazine. It was the first magazine for the mature woman. (The magazine for the woman who wasn’t born yesterday.)

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. Prospects are on the defensive when it comes to brands. Everyone talks about why their brand is better. But prospects have an open mind when it comes to categories. Everyone is interested in what’s new. Few people are interested in what’s better.

When you’re the first in a new category, promote the category. In essence, you have no competition. DEC told its prospects why they ought to buy a mini-computer, not a DEC minicomputer.

In the early days, Hertz sold rent-a-car service. Coca-Cola sold refreshment. Marketing programs of both companies were more effective back then.

3

The Law of the Mind

**It's better to be first in the mind
than to be first in the marketplace.**



INTRODUCED IN 1974



INTRODUCED IN 1976

The world's first personal computer was the MITS Altair 8800.

The law of leadership would suggest that the MITS Altair 8800 (an unfortunate choice of names) ought to be the No. 1 personal computer brand. Unfortunately, the product is no longer with us.

Du Mont invented the first commercial television set. Duryea introduced the first automobile. Hurley introduced the first washing machine. All are gone.

Is something wrong with the law of leadership in chapter 1? No, but the law of the mind modifies it. It's better to be first in the prospect's mind than first in the marketplace. Which, if anything, understates the importance of being first in the mind. Being first in the mind is everything in marketing. Being first in the marketplace is important only to the extent that it allows you to get in the mind first.

For example, IBM wasn't first in the marketplace with the mainframe computer. Remington Rand was first, with UNIVAC. But thanks to a massive marketing effort, IBM got into the mind first and won the computer battle early.

The law of the mind follows from the law of perception. If marketing is a battle of perception, not product, then the mind takes precedence over the marketplace.

Thousands of would-be entrepreneurs are tripped up every year by this law. Someone has an idea or concept he or she believes will revolutionize an industry, as well it may. The problem is getting the idea or concept into the prospect's mind.

The conventional solution to the problem is money. That is, the resources to design and build product or service organizations plus the resources to hold press conferences, attend trade shows, run advertisements, and conduct direct mail programs (chapter 22: The Law of Resources).

Unfortunately, this gives rise to the perception that the answer to all marketing questions is the same: money. Not true. More money is wasted in marketing than in any other human activity (outside of government activities, of course).

You can't change a mind once a mind is made up. It's like going head-to-head against an entrenched enemy, the charge of the Light Brigade at Balaclava being history's most famous example, closely followed by Pickett's fiasco at Gettysburg.

Wang was first in word processors. But the world passed such machines by and went on to computers. Wang, however, wasn't able to make the transition. In spite of spending millions of dollars promoting its personal computers and minicomputers, Wang is still perceived as a word processor company.

Xerox was first in copiers and then tried to get into the computer business. Twenty-five years and \$2 billion later, Xerox is nowhere in computers.

You want to change something in a computer? Just type over or delete the existing material. You want to change something in a mind? Forget it. Once a mind is made up, it rarely, if ever, changes. The single most wasteful thing you can do in marketing is try to change a mind.

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