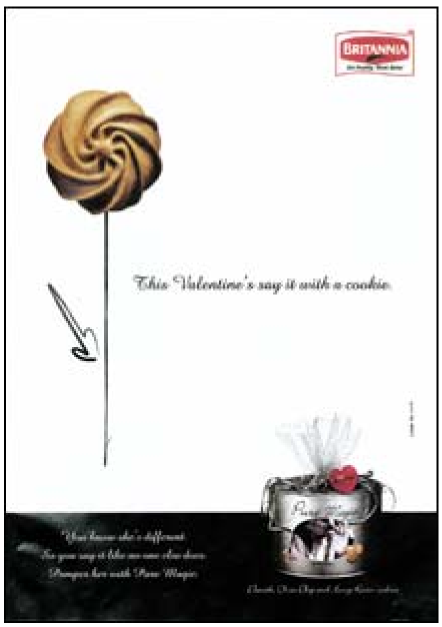
UNIT 2 **Integrated Advertising Program**

CHAPTER 3: Analysis of Mission & Market

Lesson 12: Positioning

Learning Objectives

- The key idea is how you should make a mark for yourself in the mind of the consumer.
- This lesson will tell you the different ways of going about it.
- Understand the strategic way of going about it.
- There is an appendix which tells you the view of two Positioning 'Gurus'.



Just as segmentation involves the decision to aim at a certain group of customers but not others, our next concept-positioning-involves a decision to stress only certain aspects of our brand, and not others.

The key idea in positioning strategy is that the consumer must have a clear idea of what your brand stands for in the product category, and that a brand cannot be

sharply and distinctly positioned if it tries to be everything to everyone.

Such positioning is achieved mostly through a brand's marketing communications, although its distribution, pricing, packaging, and actual product features also can play major roles.

It is often said that positioning is not what you do to the product, but what you do to the consumer's mind, through various communications. Many products in the over-the-counter drug market, for instance, have identical formulas but are promoted for different-symptoms, by using different names, packaging, product forms, and advertising?

The strategic objective must be to have segmentation and positioning strategies that fit together: a brand must be positioned in a way that is maximally effective in attracting the desired target segment

A brand's-position is the set of associations the consumer has with the brand. These may cover physical attributes, or lifestyle, or use occasion, or user image, or stores that carry it.
A brand's position develops over years, through advertising and publicity and word of mouth and usage experience, and can be sharp or diffuse, depending on the consistency of that brand's advertising over the years.

A brand's position in a consumer's mind is a relative concept, in that it refers to a comparative assessment by the consumer of how this brand is similar to or different from the other brands that compete with it. Think of every consumer as having a mental map of the product category. The location of your brand in that map, relative to that of your competitors, is your position, and the locations of all the brands in that map are determined by the associations that the' consumer makes with each brand. If all this sounds rather abstract, several examples are provided here which should clarify the concept.

A positioning strategy is vital to provide focus to the development of an advertising campaign. The strategy can be conceived and implemented in a variety of ways that derive from the attributes, competition, specific applications, the types of consumers involved, or the characteristics of the product class.

Each represents a different approach to developing a positioning strategy, even though all of them have the ultimate objective of either developing or reinforcing a particular image for the brand in the mind of the audience.

Seven approaches to positioning strategy will be presented:

(1) Using product characteristics or customer benefits,

(2) The price-quality approach,

(3) The use or applications approach,

(4) The product-user approach,

(5) The product-class approach,

(6) The cultural symbol approach, and

(7) The competitor approach.

Using Product Characteristics or Customer Benefits

Probably the most-used positioning strategy is to associate an object with a ***product characteristic*** **or** ***customer benefit***. Imported automobiles illustrate the variety of product characteristics that can be employed and their power in image creation. Honda and Toyota have emphasized economy and reliability and have become the leaders in the number of units sold. Sometimes a new product can be positioned with respect to a product characteristic that competitors have ignored. Sometimes a product will attempt to position itself along two or more product characteristics simultaneously. Sometimes different models of a product may be positioned towards different segments by highlighting different attributes.

It is always tempting to try to position along several product characteristics, as it is frustrating to have some good product characteristics that are not communicated. However, advertising objectives that involve too many product characteristics can be most difficult to implement. The result can often be a fuzzy, confused image, which usually hurts a brand.

Myers and Shocker have made a distinction between **physical characteristics**, pseudophysical characteristics, and benefits, all of which can be used in positioning. Physical characteristics are the most objective and can be measured on some physical scale such as **temperature, color intensity, sweetness, thickness, distance, dollars, acidity, saltiness, strength of fragrance, weight, and so on.**

Pseudophysical characteristics, in contrast, reflect physical properties that are not easily measured. Examples are **spiciness, smoky taste, tartness, type of fragrance (smells like a . . .), greasiness, creaminess, and shininess.** Benefits refer to advantages that promote the well being of the consumer or user.

Positioning by Price and Quality

The *price-quality* product characteristic is so useful and pervasive that it is appropriate to consider it separately. In many product categories, there exist brands that deliberately attempt to offer more in terms of service, features, or performance. Manufacturers of such brands charge more, partly to cover higher costs and partly to help communicate the fact that they are of higher quality. Conversely, in the same product class there are usually other brands that appeal on the basis of price, although they might also try to be perceived as having comparable or at least adequate quality. In many product categories, the price-quality issue is so important that it needs to be considered in any positioning decision. 

It is usually very difficult to compete successfully using both quality and price. There is always the risk that the quality message will blunt the basic "low-price" position or that people will infer that if the prices are low, the quality must be low, too.

Positioning by Use or Application

Another way to communicate an image is to associate the product with a *use,* or *application.* Products can, of course, have multiple positioning strategies, although increasing the number involves obvious difficulties and risks. Often a positioning-by use strategy represents a second or third position for the brand, a position that deliberately attempts to expand the brand's market.

Positioning by Product User

Another positioning approach is to associate a product with a *user* or a class of users. Michael Jordan, for example, was used by Nike. Many cosmetic companies have used a model or personality to position their product. The expectation is that the model or personality will influence the product's image by reflecting the characteristics and image of the model or personality communicated as a product user.

Positioning by Product Class.

Some products need to make critical positioning decisions that involve *product-class* associations. For example, Maxim freeze-dried coffee, the first one in the market, needed to position itself with respect to regular and instant coffee. Some margarines position them with respect to butter. Dried milk makers came out with instant breakfast positioned as a breakfast substitute and a virtually identical product positioned as a dietary meal substitute. The toilet soap Dove positioned itself apart from the soap category as a cleansing cream product, for women with dry skin.

The soft drink 7-Up was for a long time positioned as a beverage that had a "fresh clean taste" that was "thirst quenching." However, research uncovered the fact that most people did not regard 7-Up as a soft drink but rather as a mixer beverage; therefore, the brand tended to attract only light soft-drink users. The positioning strategy was then developed to position7-Up as a "mainline" soft drink, as a logical alternative to the "colas" but with a better taste. The successful "Uncola" campaign was the result.

Positioning by Cultural Symbols

Many advertisers use deeply entrenched *cultural symbols* to differentiate their brand from competitors. The essential task is to identify something that is very meaningful to people that other competitors are not using and associate the brand with that symbol.

Positioning by Competitor

In most positioning strategies, an explicit or implicit frame of reference is one or more *competitors.* In some cases the reference competitor(s) can be the dominant aspect of the positioning strategy. It is useful to consider positioning with respect to a competitor for two reasons. First, the competitor may have a firm, well-crystallized image developed over many years. The competitor's image can be used as a bridge to help communicate another image referenced to it. If someone wants to know where a particular address is, it is easier to say it is next to the Bank of America building than to describe the various streets to take to get there. Second, sometimes it is not important how good customers think you are; it is just important that they believe you are better than (or perhaps as good as) a given competitor.

Perhaps the most famous positioning strategy of this type was the Avis "We're number two, we try harder" campaign. The message was that the Hertz company was so big that they did not need to work hard. The strategy was to position Avis with Hertz as major car-rental options, and therefore to position Avis away from National, which at the time was a close third to Avis.

Positioning with respect to a competitor can be an excellent way to create a position with respect to a product characteristic, "especially price and quality. Positioning with respect to a competitor can be accomplished by comparative advertising, advertising in which a competitor is explicitly named and compared on one or more product characteristics.

So how should you go about formulating your positioning plan? There are essentially 2 ways of going about it.

(a) **Market Positioning.**

(b) **Psychological Positioning**

Market Positioning

It is a three-step process:

(i) **Identify market opportunities.**

(ii) **Segment the market and select the right segment.**

(iii) **Devise a competitive strategy.**

The whole idea is to meet market requirements better than the competitors can.

1. Explore the Market

Ask which are the areas where the company has distinctive advantage over the competition. Study the sales potential of the new market and its growth rate. Do financial calculations like to produce, profits, pricing etc. Understand market dynamics and channels of distribution.

Put the key factors that may contribute to success on paper.

2. Segmentation and Targeting

Markets can be segmented on different bases, e.g., users, products. Further segmentation be on the basis of end-use. The marketer targets his product to a particular segment. While doing so, competitor's positions are kept in mind, by drawing a product space map (PSM).

3. Competitive Strategy

Identify the competitor's weaknesses and your company's strengths. Emphasize your strengths to differentiate your offer. The company identifies the most important differences to develop strategy.

Consider factors like:

(i) Market share
(ii) Profitability
(iii) Product range
(iv) Corporate profile
***(v)* Financial strength**
***(vi)* Cost position**
***(vii)* Product differentiation**
(viii) Quality of management, technology, distribution
***(ix)* Reputation.**

Find out the gaps between you and your competitors against the above-listed factors. ***It will give you an offer that distinguishes you - a benefit bundle or value package*** consisting of price, distribution and service mix.

These days many products are technologically so similar to each other and distinctions are not possible. The other possibilities to distinguish the offer are so many - **warranties, after-sales-service, installment offers, price-offs, discounts, strong distribution, responsiveness etc.**

Psychological Positioning

Basically, psychological positioning is a communication exercise that follows **AIDA: Attention, Interest, Desire and Action model**. It is derived from market positioning and tells **who the company is, what the product does, and what to expect from the purchase**.

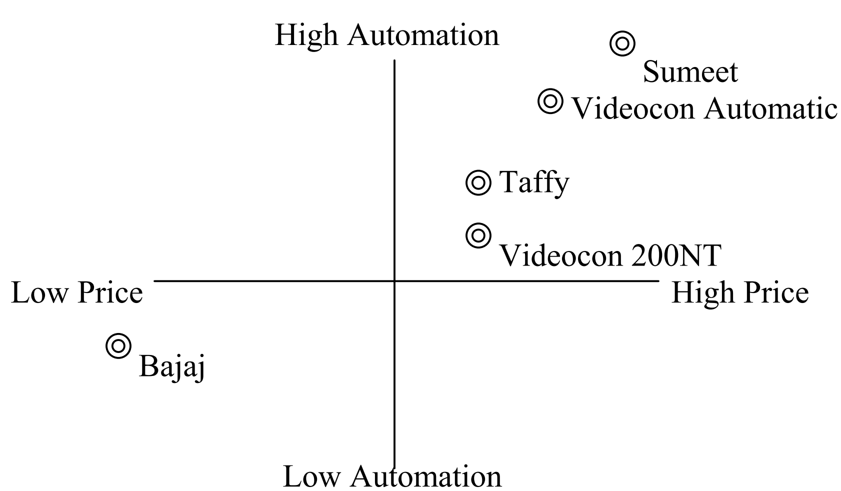
The brand name, the look and the packaging must complement the psychological positioning. Consumer behavior is driven more by feelings than rationale, and even the most aptly positioned brand might fail if it does not strike the right chord. Brand ultimately has to build a relationship with the customer. Benefits and benefit gaps are easy to identify through research. Feelings are more difficult to get to. Coffee, for instance, is about intimacy, romance and togetherness. Titan is a gift of appreciation. Lakme and Vareli touch a streak of narcissism in a woman. Brand positioning is thus not just occupying a slot in the mind of the consumers. It is about ruling the heart also.

Another interesting area worth understanding is **Perceptual Mapping for Positioning**

Perceptual Space Map (PSM) shows the perceived relative positions of products along different dimensions. To do this, the attributes or dimensions of a product are identified by qualitative research like depth interviews. The consumers are then asked to rank each brand along each of the dimensions identified. Statistical techniques are used to reduce a very large number of dimensions to a few significant dimensions.

To illustrate, *price* and the degree of *automation* have been identified as the significant dimensions of the washing machines' market. The perceptual map showing existing brands along these dimensions is given below.

Degree of Automation



Consider the following:

1. Videocon semi-automatic is moderately priced washing machine, and so is Taffy by Rallies.

The closer brands on PSM are competing with each other.

2. Video con automatic fills a market niche by being high on automation and moderate on price.

3. Bajaj is not competing with Videocon and Sumeet since it is low-priced non-automatic Manual model.

4. The low price, high automation niche is still vacant, and offers distinct possibilities. PSM is used to cluster brands into competing groups to define market segments.

5. When more dimensions are used, a technique called multiple dimensional scaling (MDS) is used. The computer software is now available.

This concept is a wonderful tool to understand where your brand lies in comparison to other brands in the same category. You could understand their positioning and the positioning of the leader. That would be the benchmark for you to know how consumer perceive that brand.

Advertising and Positioning

Research has shown that there is a very real limit to how much a mind set can handle, According to George A. Miller, Harvard psychologist; the average person can rarely name more than seven brands. This is where positioning comes in. *Advertising has to establish the brand in a commanding position in the mind-sets if consumers.*

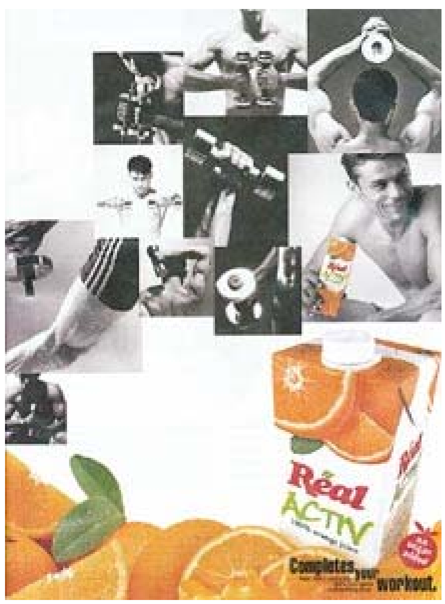
The image and appeals must be related to the way consumers possibly think about a brand and thus position it in their minds. In order to develop a clear position, the communicator must somehow put together all aspects of product, consumer, trade, competition and communication situation in a distinctive way for that brand. Good positions are difficult to maintain, and a company must be prepared to defend its position sometimes at great cost.

The competitors relate their brand to a brand that is in' a dominating position. Positioning doesn't require a head-on collision with the leading competing brand. This is quite risky. It is better to maneuver around the leader's position.

Sacrifice is the essence of positioning: For effective positioning, a brand has to stand for one quality or benefit in the mind of consumers, instead of being all things to all people. This involves sacrifice of opportunity to different market segments.

Positioning in the consumer's mind is the end product of the process of filtering information about:

- **The product attributes,**
- **The packaging,**
- **The pricing, and the image of the product created by advertising.**



This may be different from the product's functional or physical attributes. This subtle distinction is increasingly important in a competitive market place where thousands of advertisements fight for the attention of the consumer.

In the 50s there used to be hard sell, with a focus on product features and customer benefits. The USP became a popular concept, thanks to Ted Bates Ad Agency in 40s.

Rosser Reeves later popularized it. The **Unique Selling Proposition** is a unique or specific consumer benefit offered by a brand. It is an integral part of the brand's position.

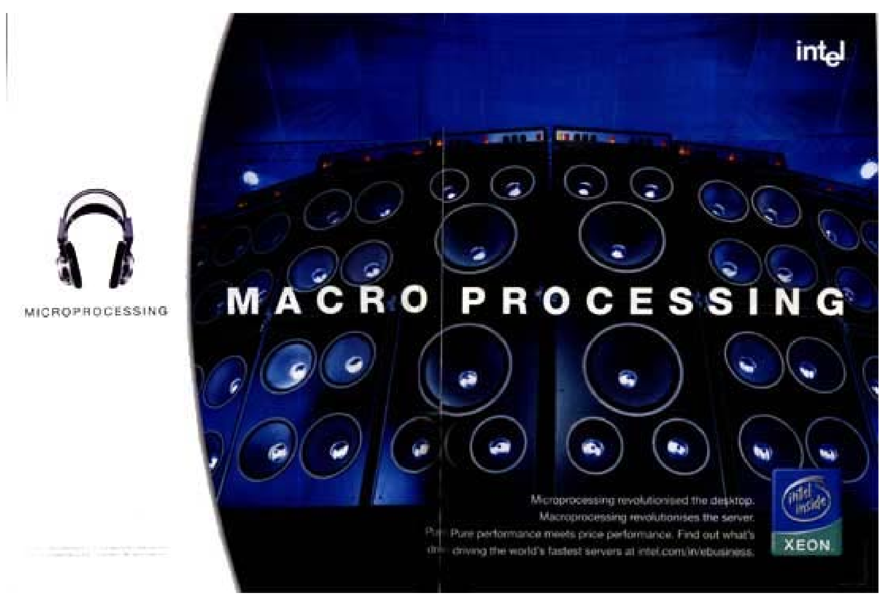
But brand position, however, goes beyond that. It is a fusion of product class, target consumer, brand proposition and distance from competing brands.

In the 60s attention was diverted to image. Reputation or image was more important than specific product features. As Ogilvy aptly puts it, "Every advertisement is a long term investment in the image of a brand." The result was creative advertising.

In the 70s, as we have already seen, the positioning era dawned. Rosser Reeves discusses this in Reality in Advertising (1960).

Positioning is really, to quote Prof. Sen Gupta, a crusade against the slothful marketing philosophy of offering me-too products.

In each of these steps one can employ marketing research techniques to provide needed information. Sometimes the marketing research approach provides a, conceptualization that can be helpful even if the research is not conducted.



Research for Positioning

Positioning research starts with the study of the market to identify the factors, which are most important to various users of the product category. Here we have to ignore all assumptions about product category. How is this done?

First, investigate what consumers do with the products. It reflects their perceptions or understanding of various categories and brands. To illustrate for positioning a cream, ask what people use on their bodies. How various brands are used? When are they used? Last but not the least, the purposes for which the brands are used.

Secondly, attitudinal information should be developed according to the purposes for which the brand is to be used and not just for any two brands. If one brand is used for relaxation and one for refreshment, it is pointless to compare them.

Thirdly, it is important to ask why a product or brand is not being used.

Fourthly, when there are existing brands, it is important to identify where they are placed in the consumer's mind. Early in the product development, it is important to uncover new psychological dimensions. The emphasis then moves to physical attractiveness - how perceptions are related to physical features and why physical features have to be offered to match the psychological positioning.

Lastly, positioning is creative. It is helped by complete information. It is not necessary to carry out always attitudinal and quantitative research all the time. Good strategists do fact gathering research to come up with fairly decent estimates of market perceptions on relevant attributes, and location of various brands along these attributes. Once these are identified, alternative-positioning strategies could be considered.

Positioning Summed Up

Positioning is amenable to the following definition:

1. The position of a brand is the perception it brings about in the mind of the target

consumer.
2. This perception reflects the essence of the brand in terms of its functional benefits in the judgement of that consumer.
3. It is relative to the perception held by a consumer of competing brands. The competing brands can be denoted as points or positions in perceptual space of the consumer and together to make up a product class.

Appendix to positioning

Positioning

As Popularized by Al Ries and Jack Trout

In their 1981 book, *Positioning: The Battle for your Mind*, Al Ries and Jack Trout describe how **positioning** is used as a communication tool to reach target customers in a crowded marketplace. Regular use of the term dates back to 1972 when the same authors published a series of articles in *Advertising Age* called "The Positioning Era." Not long thereafter, Madison Avenue advertising executives began to develop positioning slogans for their clients and positioning became a key aspect of marketing communications. *Positioning: The Battle for your Mind* has become a classic in the field of marketing. The following is a summary of the key points made by Ries and Trout in their book.

Information Overload

Ries and Trout explain that while positioning begins with a product, the concept really is about positioning that product in the mind of the customer. This approach is needed because consumers are bombarded with a continuous stream of advertising, with advertisers spending several hundred dollars annually per consumer in the U.S. The consumer's mind reacts to this high volume of advertising by accepting only what is consistent with prior knowledge or experience.

It is quite difficult to change a consumer's impression once it is formed. Consumers cope with information overload by oversimplifying and are likely to shut out anything inconsistent with their knowledge and experience. In an over-communicated environment, the advertiser should present a simplified message and make that message consistent with what the consumer already believes by focusing on the perceptions of the consumer rather than on the reality of the product.

Getting Into the Mind of the Consumer

The easiest way of getting into someone's mind is to be first. It is very easy to remember who is first, and much more difficult to remember who is second. Even if the second entrant offers a better product, the first mover has a large advantage that can make up for other shortcomings.

However, all is not lost for products that are not the first. By being the first to claim a unique position in the mind the consumer, a firm effectively can cut through the noise level of other products. For example, Miller Lite was not the first light beer, but it was the first to be positioned as a light beer, complete with a name to support that position. Similarly, Lowenbrau was the most popular German beer sold in America, but Beck's Beer successfully carved a unique position using the advertising,

"You've tasted the German beer that's the most popular in America. Now taste the German beer that's the most popular in Germany."

Consumers rank brands in their minds. If a brand is not number one, then to be successful it somehow must relate itself to the number one brand. A campaign that pretends that the market leader does not exist is likely to fail. Avis tried unsuccessfully for years to win customers, pretending that the number one Hertz did not exist. Finally, it began using the line,

"Avis in only No. 2 in rent-a-cars, so why go with us? We try harder."

After launching the campaign, Avis quickly became profitable. Whether Avis actually tried harder was not particularly relevant to their success. Rather, consumers finally were able to relate Avis to Hertz, which was number one in their minds.

Another example is that of the soft-drink 7-Up, which was No. 3 behind Coke and Pepsi. By relating itself to Coke and Pepsi as the "Uncola", 7-Up was able to establish itself in the mind of the consumer as a desirable alternative to the standard colas.

When there is a clear market leader in the mind of the consumer, it can be nearly impossible to displace the leader, especially in the short-term. On the other hand, a firm usually can find a way to position itself in relation to the market leader so that it can increase its market share. It usually is a mistake, however, to challenge the leader head-on and try to displace it.

Positioning of a Leader

Historically, the top three brands in a product category occupy market share in a ratio of 4:2:1. That is, the number one brand has twice the market share of number two, which has twice the market share of number three. Ries and Trout argue that the success of a brand is not due to the high level of marketing acumen of the company itself, but rather, it is due to the fact that the company was first in the product category. They use the case of Xerox to make this point. Xerox was the first plain-paper copier and was able to sustain its leadership position. However, time after time the company failed in other product categories in which it was not first.

Similarly, IBM failed when it tried to compete with Xerox in the copier market, and Coca-Cola failed in its effort to use Mr. Pibb to take on Dr. Pepper. These examples support the point that the success of a brand usually is due to its being first in the market rather than the marketing abilities of the company. The power of the company comes from the power of its brand, not the other way around.

With this point in mind, there are certain things that a market leader should do to maintain the leadership position. First, Ries and Trout emphasize what it should not do, and that is boast about being number one. If a firm does so, then customers will think that the firm is insecure in its position if it must reinforce it by saying so.

If a firm was the first to introduce a product, then the advertising campaign should reinforce this fact. Coca-Cola's "the real thing" does just that, and implies that other colas are just imitations.

Another strategy that a leader can follow to maintain its position is the multibrand strategy. This strategy is to introduce multiple brands rather than changing existing ones that hold leadership positions. It often is easier and cheaper to introduce a new brand rather than change the positioning of an existing brand. Ries and Trout call this strategy a single-position strategy because each brand occupies a single, unchanging position in the mind of the consumer.

Finally, change is inevitable and a leader must be willing to embrace change rather than resist it. When new technology opens the possibility of a new market that may threaten the existing one, a successful firm should consider entering the new market so that it will have the first-mover advantage in it. For example, in the past century the New York Central Railroad lost its leadership as air travel became possible. The company might have been able to maintain its leadership position had it used its resources to form an airline division.

Sometimes it is necessary to adopt a broader name in order to adapt to change. For example, Haloid changed its name to Haloid Xerox and later to simply Xerox. This is a typical pattern of changing *Name 1* to an expanded *Name 1 - Name 2*, and later to just *Name 2*.

Positioning of a Follower

Second-place companies often are late because they have chosen to spend valuable time improving their product before launching it. According to Ries and Trout, it is better to be first and establish leadership.

If a product is not going to be first, it then must find an unoccupied position in which it can be first. At a time when larger cars were popular, Volkswagen introduced the Beetle with the slogan "Think small." Volkswagen was not the first small car, but they were the first to claim that position in the mind of the consumer.

Other positions that firms successfully have claimed include:

age (Geritol)

high price (Mobil 1 synthetic engine lubricant)

gender (Virginia Slims)

time of day (Nyquil night-time cold remedy)

place of distribution (L'eggs in supermarkets)

quantity (Schaefer - "the one beer to have when you're having more than one.")

It most likely is a mistake to build a brand by trying to appeal to everyone. There are too many brands that already have claimed a position and have become entrenched leaders in their positions. A product that seeks to be everything to everyone will end up being nothing to everyone.

Repositioning the Competition

Sometimes there are no unique positions to carve out. In such cases, Ries and Trout suggest repositioning a competitor by convincing consumers to view the competitor in a different way. Tylenol successfully repositioned aspirin by running advertisements explaining the negative side effects of aspirin.

Consumers tend to perceive the origin of a product by its name rather than reading the label to find out where it really is made. Such was the case with vodka when most vodka brands sold in the U.S. were made in the U.S. but had Russian names. Stolichnaya Russian vodka successfully repositioned its Russian-sounding competitors by exposing the fact that they all actually were made in the U.S., and that Stolichnaya was made in Leningrad, Russia.

When Pringle's new-fangled potato chips were introduced, they quickly gained market share. However, Wise potato chips successfully repositioned Pringle's in the mind of consumers by listing some of Pringle's non-natural ingredients that sounded like harsh chemicals, even though they were not. Wise potato chips of course, contained only "Potatoes. Vegetable oil. Salt." As a resulting of this advertising, Pringle's quickly lost market share, with consumers complaining that Pringle's tasted like cardboard, most likely as a consequence of their thinking about all those unnatural ingredients. Ries and Trout argue that is usually is a lost cause to try to bring a brand back into favor once it has gained a bad image, and that in such situations it is better to introduce an entirely new brand.

Repositioning a competitor is different from comparative advertising. Comparative advertising seeks to convince the consumer that one brand is simply better than another. Consumers are not likely to be receptive to such a tactic.

The Power of a Name

A brand's name is perhaps the most important factor affecting perceptions of it. In the past, before there was a wide range of brands available, a company could name a product just about anything. These days, however, it is necessary to have a memorable name that conjures up images that help to position the product.

Ries and Trout favor descriptive names rather than coined ones like Kodak or Xerox. Names like DieHard for a battery, Head & Shoulders for a shampoo, Close-Up for a toothpaste, People for a gossip magazine. While it is more difficult to protect a generic name under trademark law, Ries and Trout believe that in the long run it is worth the effort and risk. In their opinion, coined names may be appropriate for new products in which a company is first to market with a sought-after product, in which case the name is not so important.

Margarine is a name that does not very well position the product it is describing. The problem is that it sounds artificial and hides the true origin of the product. Ries and Trout propose that "soy butter" would have been a much better name for positioning the product as an alternative to the more common type of butter that is made from milk. While some people might see soy in a negative light, a promotional campaign could be developed to emphasize a sort of "pride of origin" for soy butter.

Another everyday is example is that of corn syrup, which is viewed by consumers as an inferior alternative to sugar. To improve the perceptions of corn syrup, one supplier began calling it "corn sugar", positioning it as an alternative to cane sugar or beet sugar.

Ries and Trout propose that selecting the right name is important for positioning just about anything, not just products. For example, the Clean Air Act has a name that is difficult to oppose, as do "fair trade" laws. Even a person's name impacts his or her success in life. One study showed that on average, schoolteachers grade essays written by children with names like David and Michael a full letter grade higher than those written by children with names like Hubert and Elmer.

Eastern Airlines was an example of a company limited by its name. Air travel passengers always viewed it as a regional airline that served the eastern U.S., even though it served a much wider area, including the west coast. Airlines such as American and United did not have such a perception problem. (Eastern Airlines ceased operations in 1991.)

Another problem that some companies face is confusion with another company that has a similar name. Consumers frequently confused the tire manufacturer B.F. Goodrich with Goodyear. The Goodyear blimp had made Goodyear tires well-known, and Goodyear frequently received credit by consumers for tire products that B.F. Goodrich has pioneered. (B.F. Goodrich eventually sold its tire business to Uniroyal.)

Other companies have changed their names to something more general, and as a result create confusion with other similar-sounding companies. Take for instance The Continental Group, Inc. and The Continental Corporation. Few people confidently can say which makes cans and which sells insurance.

The No-Name Trap

People tend use abbreviations when they have fewer syllables than the original term. GE is often used instead of General Electric. IBM instead of International Business Machines. In order to make their company names more general and easier to say, many corporations have changed their legal names to a series of two or three letters. Ries and Trout argue that such changes usually are unwise.

Companies having a broad recognition may be able to use the abbreviated names and consumers will make the translation in their minds. When they hear "GM", they think "General Motors". However, lesser known companies tend to lose their identity when they use such abbreviations. Most people don't know the types of business in which companies named USM or AMP are engaged.

The same applies to people's names as well. While some famous people are known by their initials (such as FDR and JFK), it is only after they become famous that they begin using their initials. Ries and Trout advise managers who aspire for name recognition to use an actual name rather then first and middle initials. The reason that initials do not lead to recognition is that the human mind works by sounds, not by spellings.

Most companies began selling a single product, and the name of the company usually reflected that product. As the successful firms grew in to conglomerates, their original names became limiting. Ries and Trout advise companies seeking more general names to select a shorter name made of words, not individual letters. For example, for Trans World Airlines, they favored truncating it simply to Trans World instead removing all words and using the letters TWA.

The Free-Ride Trap

A company introducing a new product often is tempted to use the brand name of an existing product, avoiding the need to build the brand from scratch. For example, Alka-Seltzer named a new product Alka-Seltzer Plus. Ries and Trout do not favor this strategy since the original name already in positioned in the consumer's mind. In fact, consumers viewed Alka-Seltzer Plus simply as a better Alka-Seltzer, and the sales of Alka-Seltzer Plus came at the expense of Alka-Seltzer, not from the market share of the competition.

Some firms have built a wide range of products on a single brand name. Others, such as Procter & Gamble have selected new names for each new product, carefully positioning the product in a different part of the consumer's mind. Ries and Trout maintain that a single brand name cannot hold multiple positions; either the new product will not be successful or the original product bearing the name will lose its leadership position. Nonetheless, some companies do not want their new products to be anonymous with an unrecognized name. However, Ries and Trout propose that anonymity is not so bad; in fact, it is a resource. When the product eventually catches the attention of the media, it will have the advantage of being seen without any previous bias, and if a firm prepares for this event well, once under the spotlight the carefully designed positioning can be communicated exactly as intended. This moment of fame is a one-shot event and once it has passed, the product will not have a second chance to be fresh and new.

The Line Extension Trap

Line extensions are tempting for companies as a way to leverage an existing popular brand. However, if the brand name has become near generic so that consumers consider the name and the product to be one and the same, Ries and Trout generally do not believe that a line extension is a good idea.

Consider the case of Life Savers candy. To consumers, the brand name is synonymous with the hard round candy that has a hole in the middle. Nonetheless, the company introduced a Life Savers chewing gum. This use of the Life Savers name was not consistent with the consumer's view of it, and the Life Savers chewing gum brand failed. The company later introduced the first brand of soft bubble gum and gave it a new name: Bubble Yum. This product was very successful because it not only had a name different from the hard candy, it also had the the advantage of being the first soft bubble gum.

Ries and Trout cite many examples of failures due to line extensions. The consistent pattern in these cases is that either the new product does not succeed, or the original successful product loses market share as a result of its position being weakened by a diluted brand name.

When Line Extensions Can Work

Despite the disadvantages of line extensions, there are some cases in which it is not economically feasible to create a new brand and in which a line extension might work. Some of the cases provided by Ries and Trout include:

Low volume product - if the sales volume is not expected to be high.

Crowded market - if there is no unique position that the product can occupy.

Small ad budget - without strong advertising support, it might make sense to use the house name.

Commodity product - an undifferentiated commodity product has less need of its own name than does a breakthrough product.

Distribution by sales reps - products distributed through reps may not need a separate brand name. Those sold on store shelves benefit more from their own name.

Positioning Has Broad Applications

The concept of positioning applies to products in the broadest sense. Services, tourist destinations, countries, and even careers can benefit from a well-developed positioning strategy that focuses on a niche that is unoccupied in the mind of the consumer or decision-maker.