IBS New Zealand Limited

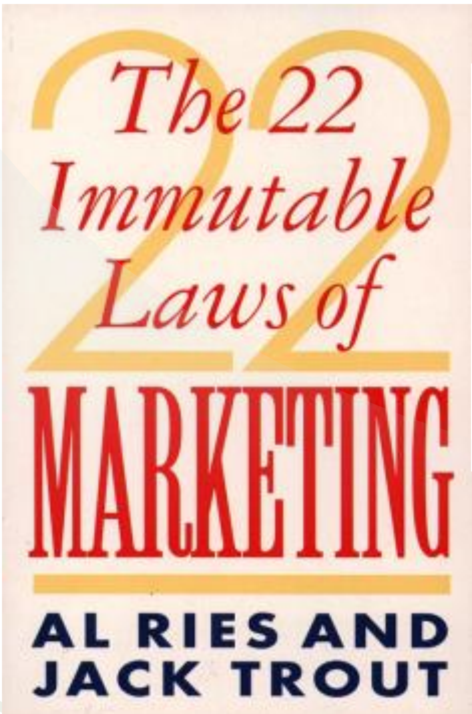
20+ years on this book still has a great deal to offer. In a digital age where new generations of buyers want bright new things, it's amazing how much has stayed the same in terms of how they are sold.

You can change some of the quoted company names to more recent examples and see how the same rules apply.

I have condensed into a 'business summary' so that you can appreciate the essence of the message.

The book is still available for sale in all formats – Now that is progress!

I hope you enjoy this synopsis ***DAVID ALLEN***



The 22 Immutable Laws of Marketing

Violate them at your peril

The 22 Immutable Laws are not necessarily safe to use, they just happen to be true. They make no apology for the fact that some of them run directly counter to much of the conventional marketing wisdom and many management fads.

Observing the laws will only protect your business from failure. It will not protect you from being opposed or ignored within your organisation.

The Law of Leadership

It's better to be first than to be better.

You can get to the essence of this law by asking yourself a simple question: 'Who was the second person to climb Everest? Or walk on the moon? Or fly solo across the Atlantic?'

All the 'firsts' are household names. First across the Atlantic was Charles Lindbergh, a familiar name even in Australia. The second was a pilot called Bert Hinkler. The crucial point is that Hinkler's effort was superior on several counts. He flew faster; used less fuel, etc. His problem with history is that no one cares. The same goes for your products.

Just to drive home the point, if you're unsure which was first in virtually any field, just substitute the word 'leading' for 'first'. American universities? Harvard. Desktop laser printers? Hewlett Packard. Safety razors? Gillette. First-aid strips? Band-Aid. Again, ask yourself who came second to these world leaders. Don't know? You are not alone.

The Law of Category

If you can't be the first, create your own category and be the first in that.

Now, who was the third person to make that Atlantic solo flight? Give up? Here is a give-away hint: that person was also a woman. Amelia Earhart is not famous as the third person to accomplish this feat. She is very famous indeed as the first woman to do so. First in her own new category.

People are defensive about brands since virtually every maker claims theirs is better. However, they are open to suggestion about new categories. Lesson: get into a category of your own and promote the category instead of the brand.

Hertz did it with rent-a-car; Coke with cola.

Hertz

The Law of Mind

It's better to be first in the mind than into the market place.

The Law of Leadership is modulated by the Law of Mind. In a sense, it does not matter if you are first unless people perceive you to be.

This law has brought thousands of businesses to grief in its time. People think they will be successful just because their invention, product or concept is completely revolutionary and sets new standards for a whole industry. Wrong! Success depends entirely on getting that view lodged firmly in people's minds.

If minds are open, a little money can do a great deal. Apple Computers started with $91,000. They got into our minds with their simple name and logo.

Xerox, as we know, is a copier company. Always were, always will be. That's despite spending $2 billion and 25 years trying also to be a computer company-an extraordinary effort that has got them exactly nowhere.

The Law of Perception

Marketing is not a battle of products; it's a battle of perceptions.

The only things that really exist are perceptions in the minds of customers. There is no 'objective reality' out there, only people's ideas of it. To have any chance of success, marketing must deal in those perceptions. The 'classic' example is Coca Cola. Their marketing people spent millions on over 200,000 taste tests. These 'proved' conclusively that their New Coke tasted better than Pepsi, which in turn was better than their own old formula. Having made sure of their 'facts', they proceeded with one of history's great marketing debacles. The winner? ..... 'Classic Coke'.

The Law of Focus

Owning a word in the prospect's mind is the most powerful marketing tool in the world.

It's always better to go for one word than two or more, no matter how complex the product.

The best words to own are simple ones.

Mercedes Benz owns 'engineering' while BMW owns 'driving' and Volvo, without a doubt, owns 'safety'

Beware: you can't take someone else's word and it's hard indeed to escape from your own

The Law of Exclusivity

Two players cannot own the same word.

Trying to change people's minds by muscling in on someone else's word is at best futile. At worst it will boost their position by making the concept they have run on seem so important that others are out to copy it. You lose both ways.

Eveready learned this law to their great cost when they tried to steal the words 'long lasting' from their owner Duracell, whose very name strengthens their grip on the idea. Ads featuring a toy rabbit going longer with Eveready's Energizer batteries were always doomed to failure because they contravened the Law of Exclusivity. Everyone remembered the ads-they just thought they were ads for Duracell!

The Law of the Ladder

We try harder.

The best strategy depends on which rung of the ladder you hold.

For every product category there is a hierarchy of brands, a 'ladder' of customer perceptions. For 2nd or 3rd rung holders, trying to market as though they are No. 1 contravenes the law of the ladder.

Psychologically, if you tell people you are the best when 'everyone knows' you are only second or third, it will only arouse their suspicions.

Avis acknowledged their true position as number 2 in the minds of their potential customers and came up with a campaign 'we try harder'. They advanced in the minds of customers by ringing true to their perceptions. Big profits followed immediately.

The Law of Duality

Over the distance, every marketing race comes down to two horses.

New products or categories can have many rungs to their ladders. The overwhelming tendency however is for rungs to drop off until there are only two: Nike and Reebok; Eveready and Duracell; Kodak and Fuji

The American cola market in 1969 was roughly 60% Coke, 25% Pepsi and 6% Royal Crown, plus some minor brands. 45 years on its 42% Coke, 30% Pepsi and 'Royal Who?'

Does No. 3-or lower-status then mean your product is doomed? Not necessarily. Other laws can come into play and your marketing strategy can help ensure your survival Just do not make the mistake of trying to attack those above you!

The Law of the Opposite

When aiming for second, your strategy is determined by the leader.

No.2 companies can often turn the seeming strength of the leader to their own advantage. Your strategy must derive from studying the leader. Where is their central strength? How can you turn it against them? You can never beat them trying to be the same. The key usually lies in doing just the opposite.

Time Magazine made its name on picturesque writing and colourful commentary. *Newsweek* sensibly went the other way, marketing its straightforward style thus: 'We separate facts from opinions'.

This is marketing at its most aggressive. A No.2 brand should take no prisoners, since it is vulnerable to attacks from above and below. Keeping up the attack on No.1 is vital.

The Law of Division

Markets divide into categories over a period of time

The good news is that marketing is a limitless ocean of potential because markets themselves tend to split and breed like single cell organisms. Again, computers are an illustrative example.

In the beginning there was the computer. This market soon split into mainframes, workstations, laptops, Tablets and Mobile.

In America there were once three kinds of car: Ford, Chrysler and Plymouth. As this market grew and matured, it split into categories of luxury, sports, mid-priced, family sedan, small (cheap), 4 wheel drive, minivans, utilities, etc.

The Law of Perspective

The effects of marketing unfold over a long period.

The long-term results of a campaign are often the direct opposite of its initial effect. A clearance sale can be relied on to boost revenues for a week or two. Yet the evidence increasingly suggests that frequent sales inflict long-term damage on a business by teaching consumers not to buy at normal prices and suggesting that those prices must be inflated anyway.

Coupons work the same way. Once a retailer starts, they quickly find they have to repeat the exercise as often as every couple of months just to maintain existing sales. As soon as you stop, sales drop.

All discounting methods tend to create this effect. They tell people not to buy unless they are offered something off.

The Law of Line Extension

The pressure to extend a brand's equity is virtually irresistible.

By far the most commonly disregarded law in the book. Everyone does it all the time. They pay for it dearly but never seem to learn. This law is strongly connected to the previous one since the effects of breaking it can take some years to show themselves.

Line extension has a compelling apparent logic (unfortunately false) which few can resist. You have a hugely successful brand; why not label it all over a whole range of other products. Surely, people will regard your new products with the same favour they have bestowed on your market leader. Wrong! Time after time, this 'logic' has led to disaster. It comes in a million forms but they are essentially all the same trying to give a new product a free ride on the back of a successful one.

The evidence of this line extension madness is everywhere. General Motors is another company to embrace the current 'full steam ahead and every other direction too' mentality. They are involved with sedans, trucks, minivans, sports cars, cheap cars, luxury cars, big, little and even electric cars. It amounts to a corporate strategy of 'If it has wheels, we'll chase it'.

The Law of Sacrifice

To get something you have to give something away.

The best marketing efforts have required big sacrifices to achieve leadership. Those sacrifices usually come in one of three areas: target market, product line or constant change.

Many companies market according to the idea that the more products you have, the more you sell. Success, on the contrary, lies in culling products, not letting them breed like rabbits.

Generalist companies are largely the weakest in their markets. Another important potential sacrifice is target market. You do not have to please everyone. In fact, it is nearly impossible. That does not stop plenty from trying. In the American retail industry, the struggling companies are almost all department stores. 'We sell everything' spells long-term trouble.

The Law of Attributes

To every attribute, there is an effective and opposite attribute.

The marketing war is fought with ideas. You must have a central idea or product attribute to centre on. (Either that or a low price--extremely low.) Trying to copy the success of the leading product very rarely works. Much better to seek out an attribute of yours which, is the opposite of the rival's chief quality.

One of the world's sharpest and most aggressive marketing outfits is Gillette. They dominate their markets absolutely and never, ignore a rival with a new attribute. When a competitor introduced the 'disposable' idea, they did not sit back on a comfortable pile of research confirming that no one wanted it. They moved fast. Their 'Good News' disposable product hit the shelves in no time flat, backed by a massive campaign. It now rules the 'disposable' roost while that category itself has grown to form the bulk of the razor market.

The Law Candour

Admit a negative, gain a positive.

There is a deep reluctance ingrained in most corporate cultures to own up to fundamental problems. It effectively prevents many companies from cashing in on one of the most powerful laws of marketing. Admitting to a negative perception can get you further in the minds of customers than the biggest advertising budget in the world. It must be done skilfully and carefully, but it has proved a winner for many companies with the courage and flair to act on a basic human characteristic: Whatever you say in your own favour is doubtful at best. Anything you say against yourself is accepted as truth. Listerine, "the taste you hate twice a day:" Listerine's candour beat off an upstart rival, which might otherwise have represented a real threat.

The Law of Singularity

In any given situation, only one move will get the best results.

Marketing strategies composed of a multitude of small, subtle tactics are often a waste of resources. It is the 'puppy approach', get into everything.

The only thing that really works in marketing is the one, big, bold stroke. History's great generals succeeded by carefully studying their position and hitting upon the one big move that their opponents least expected. It is never easy to arrive at, finding more than one such move is virtually impossible.

In marketing there is rarely more than one major spot where a rival is exposed. To win, you must find it and concentrate all your forces on attacking it.

The Law of Unpredictability

No one can predict the future.

It is vital to realise the difference between short-term marketing thinking and short-term financial planning.

Nearly all marketing strategies make assumptions about the future. What you need is a good short-term plan that provides the crucial word or marketing angle to set you or your product apart in the minds of customers. This should be backed long-term with a logical approach to build on the strength acquired by that idea. This is not a detailed plan allowing for all possible future developments-it is a general long-term direction.

Domino's Pizza found the short-term angle of 'home delivery', got themselves ownership of those words and then worked hard to be unbeatable at fast delivery of pizzas. Founder Tom Monaghan's long-term plan was to build a national chain just as fast. He wanted to own 'home delivery' nation-wide and for that he needed big ad budgets and outlets everywhere.

The Law of Success

Success frequently leads to arrogance, which leads to failure.

The most dangerous foe of marketing success is ego. Those with heads swollen from early victories are usually incapable of making these.

This 'early success syndrome' often lies behind the outbreaks of line extensions. It is assumed that the brand's name is the reason for its success, when in fact the opposite is true. Brands achieve fame because they are well marketed, i.e. according to the laws.

Tom Monaghan admits: *'You start thinking you can do anything ... I got into frozen pizzas and that was a disaster. If I had not messed around with [them] for the better part of a year, trying to sell them in bars and restaurants, Dominos would probably have a lot more stores by now.'*

Ego can be the driving force behind building a business, but it must be kept out of marketing. The best marketers succeed by thinking the way their customers do. Empire building ambitions have no place in that.

The Law of Failure

Failure must be expected and accepted.

The worst failures grow from the inability to admit a mistake. Mistakes are inevitable. The skill of cutting losses by acknowledging them early is as invaluable as it is rare in most corporate cultures. That is because most companies will only act according to the personal agendas of those in upper management. This leads them to reject good ideas simply because no one at head office will personally gain from them.

This law is a partial explanation for the success of Japanese companies. They have a built-in capacity for admitting and fixing mistakes, since their decisions are usually based on a group consensus rather than an individual executive's whim. This 'egoless' management means there is far less disgrace in any failure. It is the difference between 'I was wrong' and 'I guess we made a mistake'.

The Law of Hype

The true situation is often the opposite of what appears in the press.

When a company is sweeping all before it, you rarely hear them talking about it. Winners do not need hype. When companies pursue it, it often signals trouble.

Once again, New Coke was a model case. It is estimated that this product received over $1 billion in free publicity-besides an ad budget of hundreds of millions. By the 'hype' measure, it ought to have been the most successful product launch in history. Now it is history. The company was forced back to their original formula in 2 months flat. 'Classic' almost overnight out-sold 'New' by around 15 to1.

The ground is littered with examples of products that got tremendous press hype and have nothing to show for it. In the 50s personal helicopters if you believed the papers, were going to make the car obsolete. Computers were going to make paper redundant. 20 years later and it is safe to say that we are still waiting!

The Law of Acceleration

Successful programmes are built on trends, not fads.

Fads are very short-term phenomena-like ripples on the sea. They are very visible and can be highly profitable but only if those who cash in on them recognise them for what they are.

Treating fads like trends is a common and fatal mistake. They leave companies high and dry with factories, distribution networks and fat inventories of products they could not give away because the ripple has passed. Trends are more like the tide-slower and barely visible but ultimately extremely powerful and quite unstoppable.

Compare the extremely durable Barbie Doll phenomenon with overnight sensations like Cabbage Patch Kids and Ninja Turtles. When companies get greedy and flood their markets with extensions like pens, pencils, crayons, games, t-shirts, caps and so on, as happened in those cases, they are setting themselves up for a fatal shock once the fad fades.

Coleco, the 'Cabbage Patch' company, chalked up $776 million in sales in two years before going broke just as quickly.

The Law of Resources

Without adequate funding an idea won't get off the ground.

It is sad but true: successful marketing requires money. A great idea plus nothing equals zero. A mediocre idea and a million dollar marketing budget adds up to much, much more.

Fighting World War II cost $9,000 a minute. Vietnam cost $22,000 a minute. A one-minute ad during the American Super Bowl cost $1.5 million in 1994! Marketing is about customer perceptions. Ideas are the weapons and the battlefield is the minds of those customers. Getting in there takes money. Staying there takes more.

Alternatives like franchising have worked well for companies like Domino's. Most successful marketing investments are 'front loaded' i.e. profits for the first two or three years are poured back into the marketing effort.

The Law of Resources says that, without enough money to support it, your great idea is destined to remain just that.

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