

**#100<sup>th</sup> Marketing Club 27<sup>th</sup> Cairo**

**62<sup>nd</sup> Business Club**

# **The 22 immutable Laws of Marketing**

**Tuesday 25-7-2023**

**10 PM EGY 10 PM KSA 11 PM UAE**

*FOUNDER & HOST*

**Dr.Mahmoud Bahgat**

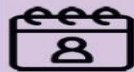


*INSTRUCTOR*

**Dr.Ahmed Almesalamy  
Marketing Manager**

# Ahmed Samir A.Rahim Al Mesallamy

## Group Product Manager



July 30, 1979



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Al-Shrouk City - Cairo

### Skills

#### Language

English

#### Computer

Word - Excel - Powerpoint

#### Marketing

Analysis - Creativity

Planning - Strategic Thinking

#### Digital Marketing

Social Media Marketing - SEO

Youtube Marketing - Email

### Social Media



Certificates

## Education

### •Elsca Business School

Marketing-Master of Business Administration (MBA)  
May 2015- Sep 2017

### •Faculty of Pharmacy - Zagazig Univ.

BSc. of Pharmaceutical Sciences  
Sep. 1996 - May 2001

## Experience

### •PharmaMix

Group Product Manager Sep.2020 till Now  
Product Manager Dec.2018 - Sep.2020

### •Splendid Pharma Group

Product Manager Nov.2017 - Dec. 2018

### •Biomed Pharmaceuticals

Product Manager Dec.2016 - Nov. 2017

### •Multicare pharmaceuticals

Product Manager Oct.2015 - Dec.2016

### •Roventis Pharma

Associate Product Manager Jul.2014 - Dec.2015

### •GlaxoSmithkline (GSK)

Med. Rep-Senior Med. Rep Nov.2005 - Jun.2014  
Egypt - Libya - KSA

### •Aventis Pharma

Med. Rep. Oct.2001 - Jul.2003

## Therapeutic Areas

CNS - Derma - Anti Biotics -

Urological Products - Pedia Products

Meta Social Media  
Marketing Professional

Excel Basics  
for Data Analysis

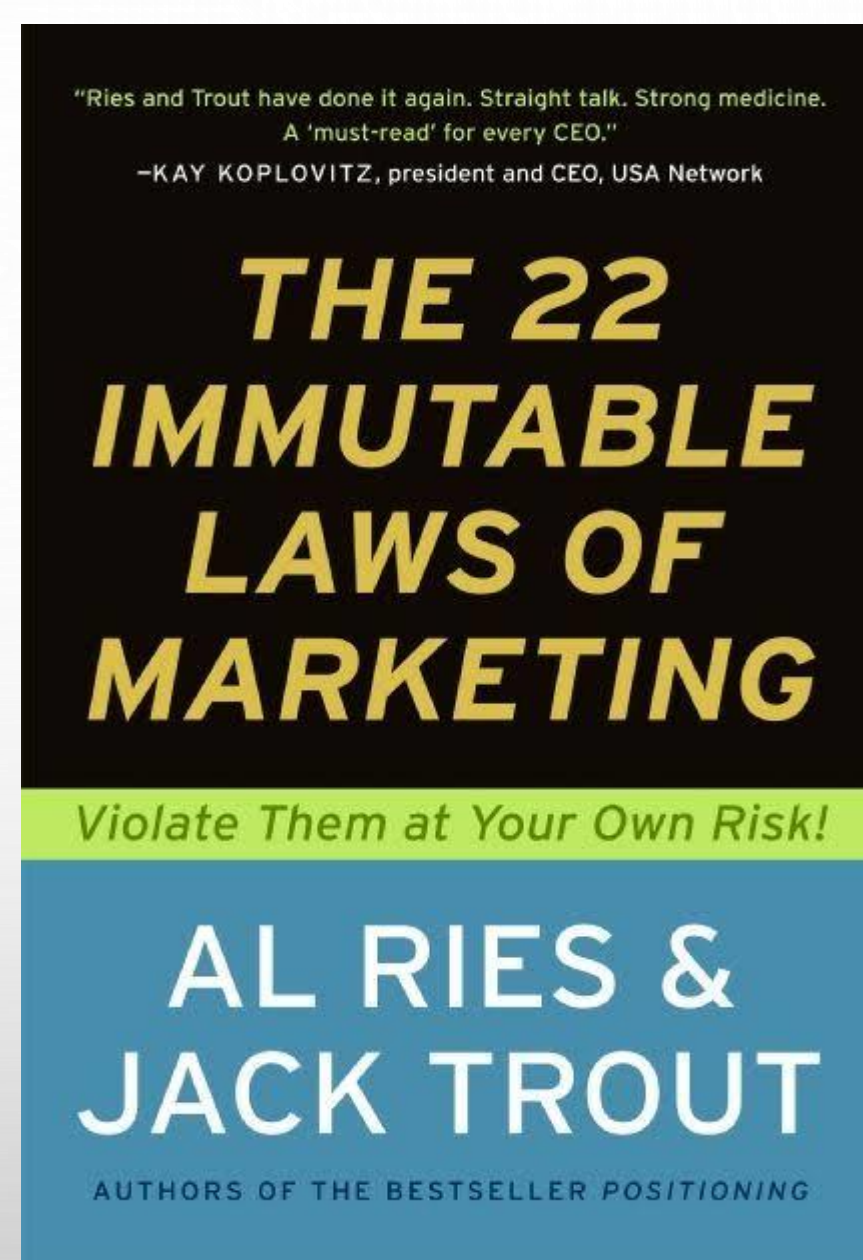
Data Visualization  
with Excel

Digital Marketing  
Diploma

Summary Of  
“*The 22 Immutable Laws  
Of Marketing*”

By: A.Samir

BSc. Of Pharmacy – Zagazig University  
MBA, Marketing – ESLSCA Business School



"Ries and Trout have done it again. Straight talk. Strong medicine.

A 'must-read' for every CEO."

—KAY KOPLOVITZ, president and CEO, USA Network

# **THE 22 IMMUTABLE LAWS OF MARKETING**

*Violate Them at Your Own Risk!*

## **AL RIES & JACK TROUT**

AUTHORS OF THE BESTSELLER *POSITIONING*

"you can build an impressive airplane , but  
it will never leave the ground if you ignore  
the laws of physics.

Shouldn't there also be laws of marketing  
that must be followed to launch and  
maintain winning brands?"

**AL RIES & JACK TROUT**



**AL RIES  
&  
JACK TROUT**



- You can build a brilliant marketing program however one of the immutable laws of marketing knock you flat if you don't know what they are.
- Most marketers believe that everything 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 is easy to see what they are as they are obvious.
- There are 22 immutable laws of marketing, violate them at your own risk.

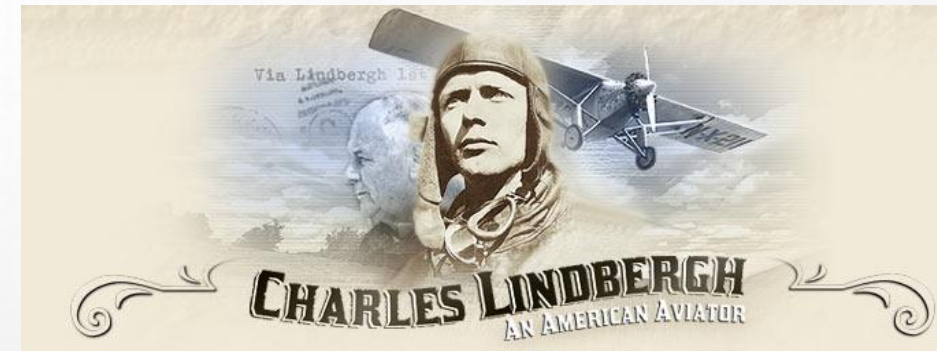


1

## The law of leadership

*It is better to be first than it is to be better*

**what is the name of the 1<sup>st</sup> person to fly the Atlantic ocean solo?**



**What is the name of the 2nd person landed on the moon?**



**I don't know.**

The 2<sup>nd</sup> 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 had ever heard of Bert Hinkler?**



**George Washington was the first president of the United States, who was the second?**



**The leading brand in any category is almost always the first brand into the prospect's mind**



**AVIS<sup>®</sup>**



- People tend to stick with what they've got.
- If you meet someone a little better than your wife or husband, it is really not worth to make the switch.



### Chrysler

The 1<sup>st</sup> minivan was introduced by Chrysler.  
Today Chrysler has 10% of the car market and 50% of the minivan market



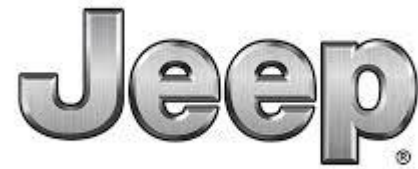
### HP

The 1st desktop laser printer was introduced by HP.  
Today HP has 5% of the personal computer market and 45% of the laser printer market.

**The main reason the 1<sup>st</sup> brand tends to maintain its leadership is that the name often becomes generic.**



They will ask for a Kleenex when the box clearly says "flora"!!



All 4\*4 wheels cars are Jeep!!



They will offer you a coke, when all they have is Pepsi!!

**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.**

Ibuprofen

**1<sup>st</sup>: Advil**  
**2<sup>nd</sup>: Nuprin**  
**3rd: Medipren**

**51%**  
**10%**  
**1%**

- In spite of the superiority of the Lindbergh approach (the leadership), most companies go to Bert Hinkler route (the following).
- They wait until the market develops, then they jump in with a better product.
- In today's competitive environment, a me-too product with a line extension name has a little hope of becoming a big, profitable brand.

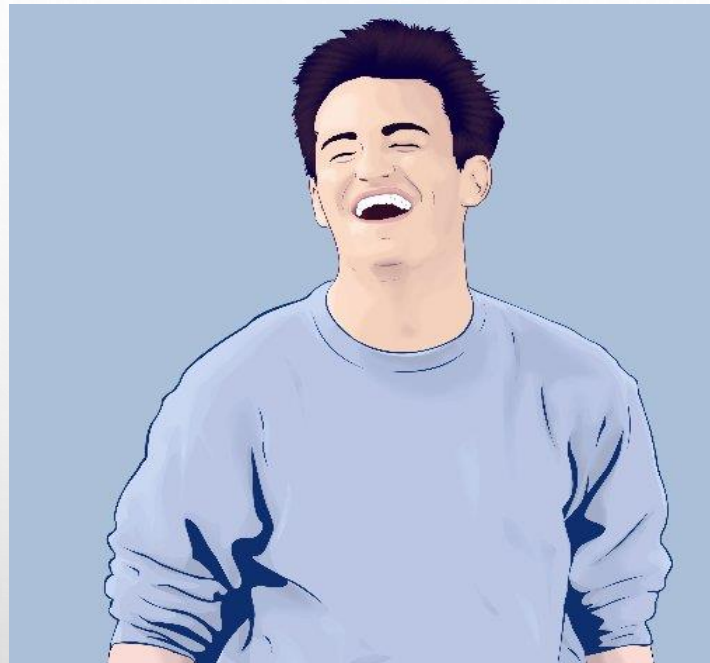
**If you are second into the prospect's mind,  
fortunately, there are other laws**

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 is the name of the 3<sup>rd</sup> person to fly the Atlantic ocean solo?**



# Amelia Earhart



**Is Amelia known as the 3<sup>rd</sup> person to fly the Atlantic ocean solo, or as the 1<sup>st</sup> woman to do so?**

**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 is not  
difficult as  
you might  
think**

- After IBM became a big success in computers



Everybody and his brother jumped into the field



**Honeywell**



They were called  
“snow white and the seven  
dwarfs”

**Which one of these dwarfs 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**

The most successful computer company next to IBM in 70s and 80s was:



**IBM was first in computers, DEC was first in MINICOMPUTERS**



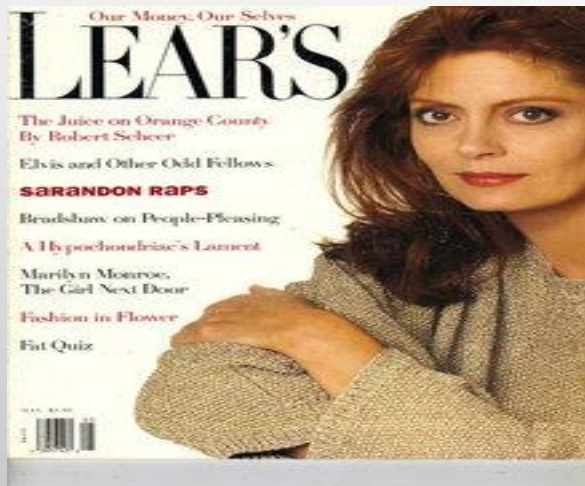
When you launch a new product, the first question to ask yourself is not

**“how is this new product better than the competition?”**

But

**“first what?”**

**“what category is this new product first in?”**



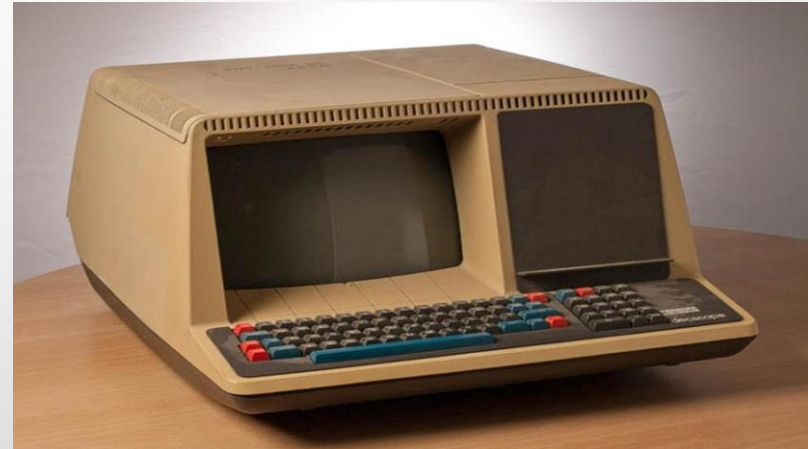
Lear's wasn't the 1<sup>st</sup> woman's magazine.  
It was the 1<sup>st</sup> magazine  
for the mature woman.



Charles Schwab didn't open  
a better brokerage firm.  
He opened the 1<sup>st</sup> discount  
broker

**When you are the first in a new category, promote the category**

**DEC told its prospects why  
they ought to buy a mini  
computer.  
Not a DEC minicomputer**



3

## The law of the mind

*It is better to be first in the mind  
than to be first in the marketplace*

# All Are Gone !!!

MITS Altair 8800



Du Mont



Duryea



Hurley



- 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.
- If marketing is a battle of perception not products, then the mind takes precedence over the market place.



vs



**Remington Rand was first in the marketplace with the mainframe computer.**

**Massive marketing effort makes IBM got into the mind first and won the computer battle early.**

**You want to change something in a computer?**

*Just type over or delete the existing material*

**You want to change something in the mind?**

*Forget it..!!!!*



Was the first in copiers and then tried to the computer business.

25 years and \$2 billion later, Xerox is nowhere in computers.



Was first in word processors, but the world passed such machines by and went on to computers.

Wang was not able to make this transition.

In spite of spending millions of dollars promoting its computers and minicomputers, Wang is still perceived as a word processor company.

**If you want to make a big impression on another person, you can not warm your way into their mind and then slowly build up a favorable opinion over a period of time.**

**The mind doesn't work that way..!!**

**You have to blast your way into the mind**

**The reason you blast instead of worm is that people don't like to change their minds.**

- **“Money” is one of the mysteries of marketing.**
- **One day a few dollars can work a major miracle.**
- **The next day, millions of dollars can't save a company from going under.**
- **When you have an open mind to work with, even a small amount of money can go a long way.**

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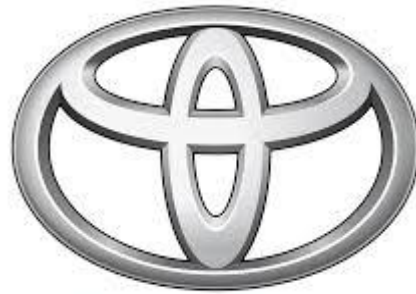
## The Law Of Perception

Marketing is not a battle of  
products, it is a battle of  
perceptions

## The three largest-selling Japanese imported cars in USA



**HONDA**



**TOYOTA**



Most marketing people think the battle between the three brands is based on quality, styling, horse power and price.

**NOT TRUE**

It is what people think about a Honda, a Toyota or a Nissan that determines which brand will win.

- **Japanese automobile manufacturers sell the cars in United States as they do in Japan.**
- **If marketing were a battle of products, you would think the same sales order would hold true for both countries.**
- **After all, the same quality, the same styling, the same horse power and roughly the same prices hold true for japan as they do for the united states.**

# Japan

1



2

Toyota sells more than 4 times  
as many automobiles in Japan  
as Honda does



3



## What is the difference between Honda in Japan and Honda in the United States?

**The products are the same, but the perceptions in the customers minds are different.**

In japan, Honda got into the customer mind as a manufacturer of motorcycles, and apparently most people don't want to buy a car from a motorcycle company

**New Coke is No. 1 in taste**

**Coca Cola company conducted 200,000 taste tests that proved that New Coke taste is better than Pepsi-Cola and Pepsi tastes better than their original formula (Coca-Cola Classic)**

**Who is winning the marketing battle?**  
**The drink that research has proven to taste the best (New Coke) is in Third Place.**  
**The one that research shows tastes the worst Coca-Cola Classic , is in first place.**



**Soft Drinks Marketing Is A Battle Of Perceptions Not A Battle Of Taste**

Customers frequently make buying decisions based on second hand perceptions, they base their buying decisions on someone's else perception of reality.  
This is **"everyone Knows"** principle



**Audi "Unintended acceleration case"**





**Everybody knows there is a problem with Audi Cars!!**

- On November 23, 1986 CBS called attention to a number of complaints about “Audi's unintended acceleration”.
- America sales of Audi falls fell from 60,000 in 1986 to 12,000 in 1991.
- But have you ever personally had any problems with “unintended acceleration” while test driving an Audi? It is unlikely.
- Every single automobile expert who has tested the car has failed to duplicate the complaint.
- Yet the perception lingers on.

**Marketing is not a battle of  
products, it is a battle of perceptions**



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## The Law Of Focus

The most powerful concept in  
marketing is owning a word in the  
prospect's mind

**The leader owns the word that stands for the category**

Computer

The IBM logo, consisting of the letters "IBM" in a blue, horizontally-striped font.

Copier



Cola

The Coca-Cola logo, featuring the words "Coca-Cola" in a red, cursive script font.

**If you are not a leader, your word has to have a narrow focus**

**The most effective words are simple and benefit oriented.**

**No matter how complicated the product.**

**No matter how complicated the needs of the market.**

**It is always better to focus on one word or benefit rather than two or three or four.**



vs



Prego went against the leader Ragu in the spaghetti sauce market and captured a 27% MS. With an idea borrowed from Heinz. Prego's word is **Thicker**



**Crest**



Cavities

Safety

Youth

Delivery

- Although that words stick in the mind, nothing lasts forever.
- There comes a time when a company must change words.
- It is not an easy task.



**LOTUS DEVELOPMENT CORPORATION**

For years, lotus has owned a word **“Spreadsheet”**.

But the world of spreadsheets is getting competitive, and the potential for growth is limited.

Lotus is like other companies want to grow, but how to grow beyond its single product business?

The conventional answer is to expand in all directions as IBM and Microsoft did.

Lotus did Line extension with the purchase of Ami Pro word processing software and the introduction of a number of new software products.

Lotus regrouped to focus on a new concept called **“groupware”**.

Leaving your own word in search for a word owned by others will not work in marketing



Atari owned words  
“**video game**”

- In 1982, Atari sailed off in a new direction.
- It wanted Atari to mean “**Computers**”.
- Apple and IBM owned the word he was after.
- Atari's diversification was a disaster.
- But the real disaster when another company in 1986 arrived and took over the concept that Atari walked away from.
- The company was



Nintendo today has 75% of a multi-billion Dollar Market.

Who knows where Atari in this days?!!

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## The Law Of Exclusivity

**Two Companies Cannot Own The  
Same Word In The Prospect's Mind**

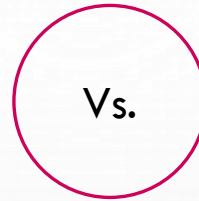
**When the competitor owns a word or a position in the prospect's mind, never try to attempt to own the same word**

Although World is full of disaster stories like Atari Story, many companies continue to violate the law of exclusivity.

**You cannot change people's mind once they are made up**

In fact, what you often do is reinforce the competitor's position by making its concept more important.





**The pink Energizer bunny was trying to take the “long lasting” concept away from Duracell.**  
**Duracell will still be able to hang onto the long lasting word.**  
**Duracell got into the mind first and preempted the concept, even the “Dura” part of the name communicates it.**



Vs.



A market study showed that the most popular attribute for fast food was “Fast”.

So, **Burger king** did what most marketers do.

It turned to its advertising agency and said “**if the world wants fast, our advertising should tell them we are fast**”.

The conducted research didn't tell them that **McDonald's** was already perceived as the fastest hamburger chain in the country.

**Burger King** launched its campaign with the slogan “**Best food for fast times**”.

The program quickly became **a disaster**.

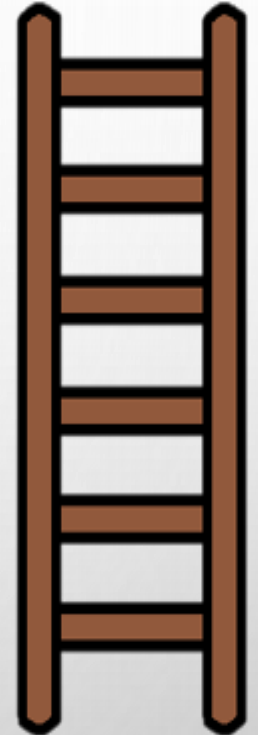
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## The Law Of Ladder

The Strategy You Use Depends On  
Which Rung You Occupy In The  
Ladder

- **For each category, there is a product ladder in the mind.**
- **On each rung, there is a brand name.**
- **All products are not created equal, there is a hierarchy in the mind that prospect's use in making decisions**

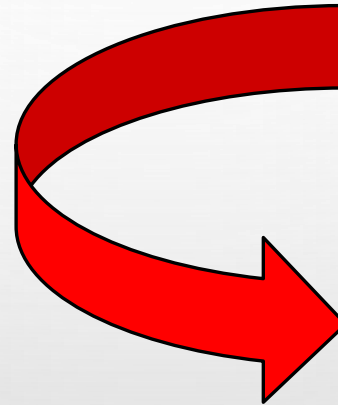
**Your marketing strategy should depend on how soon you got into the mind, and consequently which rung in the ladder you occupy**



# AVIS®

**“Finest in rent-a-cars”**

How could they have the  
finest rent a car service  
when they are not on the top  
rung of my ladder?



**“Avis is only No.2 in  
rent-a-cars. So why  
go with us?  
We try harder”**

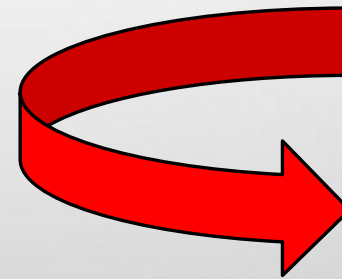
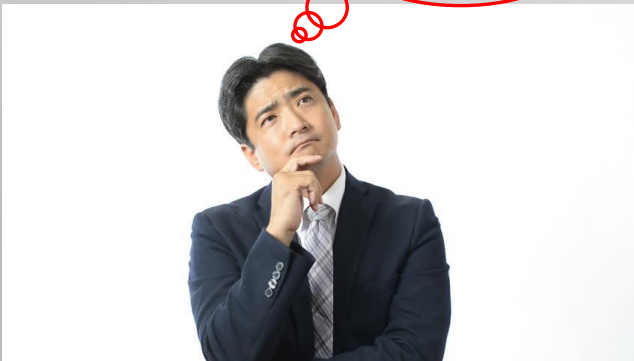


# AVIS®

**When Avis admitted to being No.2, it started to make lots of money after 13 years in row of losing money.**  
**Shortly, the company was sold to ITT, which ordered up the advertising theme**

**“Avis is going to be No.1”**

No, they are Not.  
They are not on the  
top rung of my ladder



**The campaign  
was a disaster.**



**Does Avis was successful because it tried harder (has better service)?**

**This was not all**

**Avis was successful because it positioned itself after Hertz in the mind**

**The mind is selective**

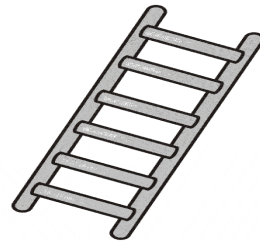
**Prospects use their ladders in deciding which information to accept and which information to reject.**

**In general**

**A mind accepts only new data that is consistent with its product ladder in that category.**

**Everything else is ignored**

# How many rungs are there on your ladder?



It depends on whether your product is a high-interest or a low interest-product



Products you use every day like

Cigarettes

Cola

Toothpaste

Cereal

Tend to be **High interest products**, with  
**many rungs** in their ladder.

Products that involve a great deal of  
personal pride

Automobiles

Watches

Cameras

Tend to be **High interest products**, with  
**many rungs** in their ladder.  
Even they are purchased unfrequently.

Products that are purchased infrequently

Furniture

Luggage

Hair Removal Machine

Usually have **few rungs** in their ladder.

Products that are purchased infrequently  
and involve an unpleasant experience

Automobiles batteries

Tires

Life insurance

Usually with **very few rungs** in their  
ladder.

## **Relationship between market share and your position in the ladder in the prospect's mind**

**You tend to have twice the market  
share of the brand below you and  
half the market share of the brand  
above you**

# Japanese Luxury Cars Market



1st



2nd



3rd

The relationship among the three brands  
is almost a mathematically correct

**4-2-1**

# What is the maximum no. of rungs in the ladder?

**“The rule of seven”**  
**7**

According to Harvard psychologist Dr. George Miller, the average human mind cannot deal with more than seven units at a time. Ask someone to name all the brands he/she remembers in a given category, rarely anyone can name more than seven and that is for the high-interest category.

**It might be better to be a small fish in a great pond than to be a big fish in a small pond**

*In other words*

**It is sometimes better to be No.3 on a big ladder than No.1 on a small ladder**

Lemon-Lime Soda  
Ladder



- The top rung of the lemon-lime soda ladder was occupied by 7-up (Sprite was on the second rung).
- The cola ladder is much bigger than the lemon-lime ladder.
- So, 7-up climbed on the cola ladder with a marketing campaign called “The Uncola”.
- As tea to coffee, 7-up became the alternative to the cola.
- 7-up sales climbed to where the brand was the 3<sup>rd</sup> largest-selling soft drink in America

Cola Ladder



**Before starting any marketing program, ask yourself the following questions:**

**Where are we on the ladder on the prospect's mind?**

**On the top rung?**

**On the second rung?**

**Or**

**We are not on the ladder at all?**

**Then make sure the program deals realistically with your position on the ladder**

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## The Law Of Duality

**In The Long Run, Every Market  
Becomes A Two-Horse Race**

**Early on, a new category is a ladder of many rungs**  
**Gradually**

**The ladder becomes a two-rung affair**



**the battle usually winds up as a struggle between two major players**

**The old reliable brand**

**&**

**The Upstart**



Vs.



Vs.



Vs.



Vs.



## Based On True Story

- in 1969, there were 3 major brands of a certain product.
- **The leader** had about **60%** of the market, **the No. 2** brand had a **25%** share and **the No.3** brand had a **6%** share.
- The law of duality suggests that these market shares are unstable.
- Furthermore, the law predicts that the leader will lose market share and the No.2 will gain.

The leader  
dropped  
down to  
**45%** MS

22 years  
Later

The No.2  
Brand has  
**40%**  
MS

These products are

The Coca-Cola logo, featuring the brand name in its signature red script font.

# Video Games Market

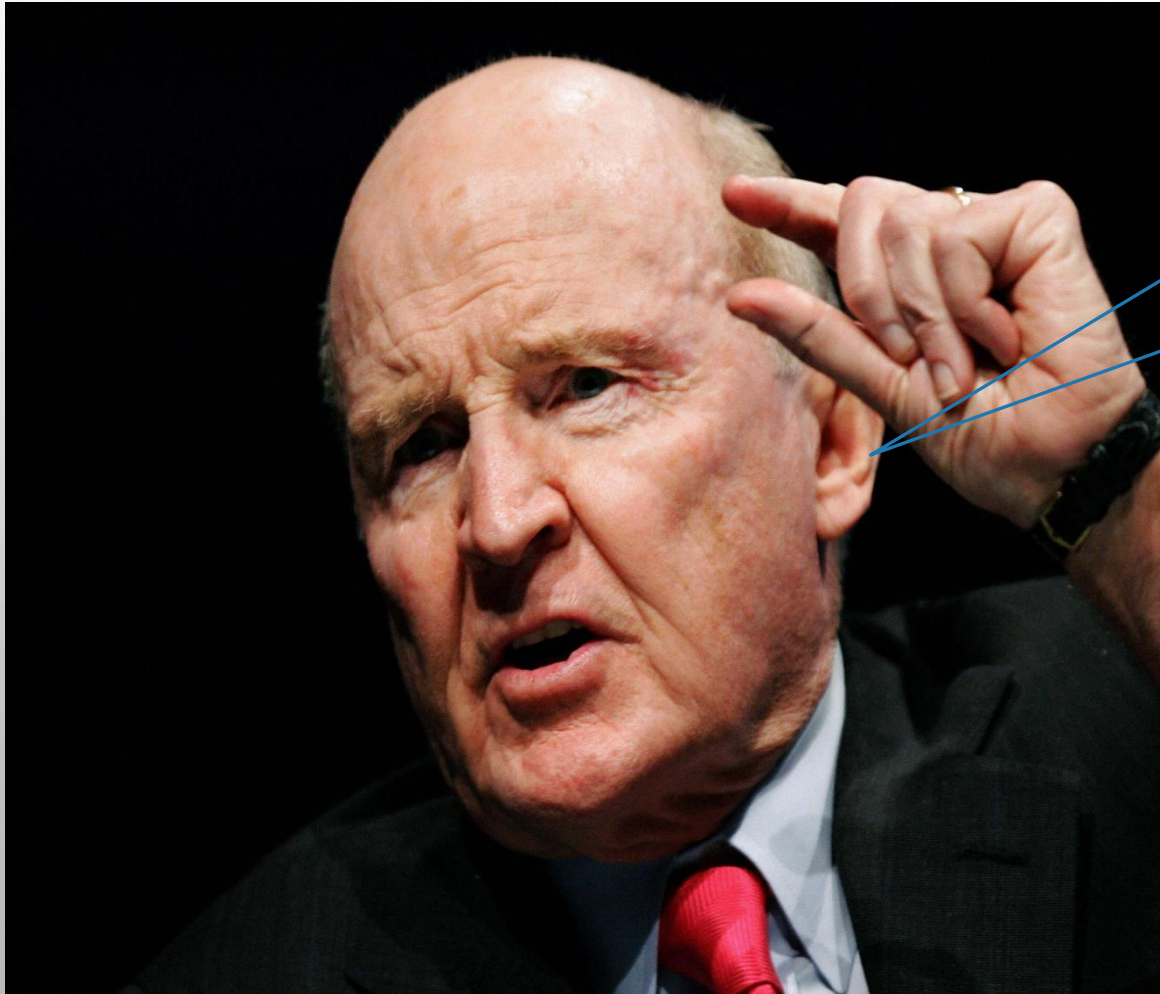


**Dominated the market with a 75% Share**



Were the Two also-rans

Today,  &  are neck and neck while  is away behind



*“only businesses that are No.1 or No.2 on their markets could win in the increasingly competitive global arena .*

*Those that could not were fixed, closed or sold”*

Jack Welch  
CEO of General  
Electric

- **Early on**, in a developing market, the No.3 or No.4 positions look attractive.
- Sales are increasing, new relatively unsophisticated customers are coming into the market.
- These customers don't always know which brands are the leaders.
- So they pick ones that look interesting or attractive.
- Quite often, these turn out to be the No. 3 or No. 4 brands.
- **As time goes on**, these customers get educated .
- They want the leading brands based on the naïve assumption that the leading brand must be better.

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## The Law Of Opposite

If You Are Shooting For A Second  
Place, Your Strategy Is Determined  
By The Leader

# In strength there is a weakness

Wherever the leader is strong, there is an opportunity for a would-be No.2 to turn the tables

If you want to establish a firm foothold on the second rung on the ladder, study the firm above you.  
Where is it strong? And how do you turn that strength into a weakness?

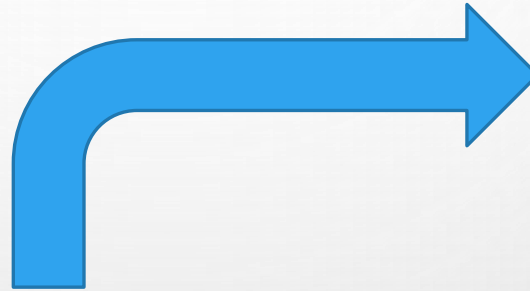
Don't try to be better, try to be different



# Two kinds of people



**Who want to buy from the leader**



**Who don't want to buy from the leader**

**A potential No.2 has to appeal to which group??**

By positioning yourself against the leader, you take business away from all the other alternatives to No.1

Too many potential No.2 brands try to emulate the leader



You must present yourself as alternative



Coca-Cola is a 100 year old product, Coca-Cola is an old established product

using the law  
of opposite

Pepsi cola reversed the essence of **Coca-Cola** to become the choice of the new generation (**the Pepsi generation**)

**If old people drink Coke, and young people drink Pepsi.  
There is nobody left to drink Royal Crown Cola**

# ASPIRIN<sup>®</sup>

Vs.

# TYLENOL<sup>®</sup>

- Aspirin is a product introduced by Bayer in 1899.
- With thousands of medical studies conducted on aspirin, someone was bound to find flaws in the product.
- They found stomach bleeding –just in time for the 1955 launch of Tylenol (by J&J).
- With all the “stomach bleeding” publicity, Tylenol quickly was able to set itself up as alternative.

**Today, Tylenol outsells Aspirin and is the largest selling single product in American drugstores**

For the millions who should not take aspirin...

**You may be one of them.**

If your stomach is easily upset... or you have an ulcer... or you suffer from asthma, allergies or iron-deficiency anemia, it would make good sense to check with your doctor before you take aspirin.

Aspirin can irritate the stomach lining, trigger asthmatic or allergic reactions, cause small amounts of hidden gastrointestinal bleeding.

Fortunately, there is **TYLENOL**<sup>®</sup> (acetaminophen), an effective alternative for the temporary relief of simple headache, minor muscular aches, and the discomfort of fever due to colds and "flu." Yet **TYLENOL** (acetaminophen) contains no aspirin.

**TYLENOL** Tablets are available in packages of 12, 24 and 100. For younger children, there are: **TYLENOL** Elixir in bottles of 2 fl. oz. and 4 fl. oz.

**TYLENOL** Chewable Tablets in boxes of 24. **TYLENOL** Drops in bottles of 1/2 fl. oz. (15 cc.) with calibrated plastic dropper.

See product package for directions for use. **TYLENOL** Tablets should not be given to children under 6 years of age (under 3 for Elixir, Chewable Tablets and Drops), or used longer than 10 days without consulting a physician.

**McNEIL** McNeil Laboratories, Inc., Fort Washington, Pa. 19234

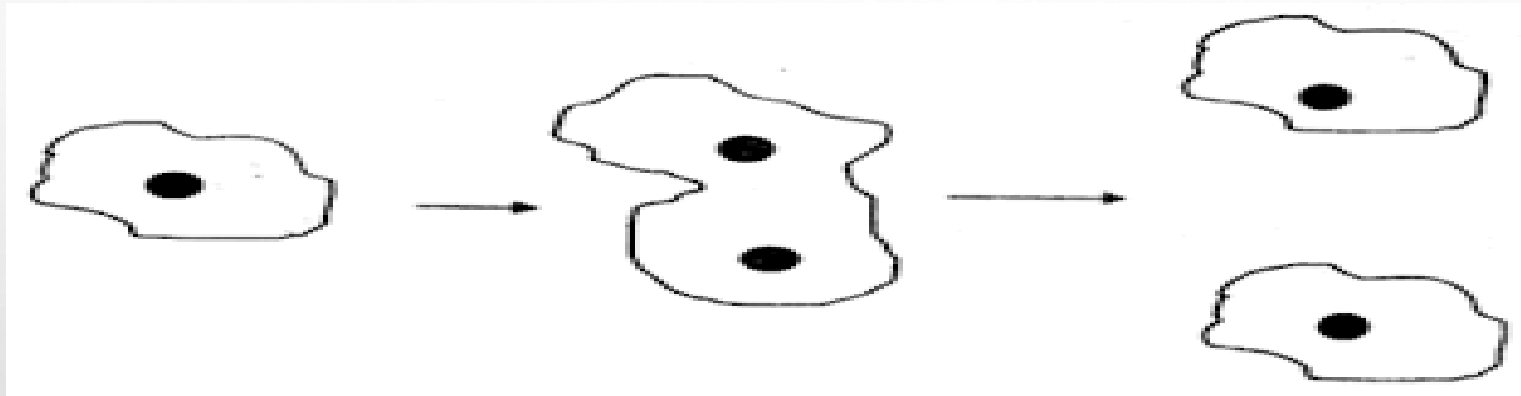


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## The Law Of Division

Over Time, A Category Will Divide  
And Become Two Or More  
Categories

# Amoeba



Like an amoeba dividing in a petri dish, the marketing arena can be viewed as an ever-expanding sea of categories

# Computers

Mainframes

Mini-  
computers

Personal  
computers

Laptops

Notebooks

# Automobiles

Luxury Cars

Moderately  
Priced

Sports

4 wheeled  
drives

Minivans

# Beers

Domestic

Imported

Premium

Popular  
Priced

Non  
Alcoholic

**Many Corporate leaders hold the naïve belief that categories are combining**

**Actually, it will not happen**

**Categories are dividing, not combining**

**Companies make a mistake when they try to take a well-known brand name in one category and use the same brand name in another category**





**Volkswagen**

# General Motors

**GM maintain its dominance by address each emerging category with a different brand name**





- The company introduced the small car category to America.
- Beetle was a big winner and grabbed 67% of the imported car market in U.S.
- The company began to think like GM and sell bigger, faster and sportier cars.
- So, it is shipped all its models from Germany to USA.
- But unlike GM, it used the same brand “Volkswagen” for all of its models.



The only thing that kept selling was the small thing..... “the Beetle”



- Volkswagen found a way to fix that.
- It stopped selling “Beetle” in US and started selling a new family of big, fast, expensive Volkswagens.
- Unfortunately for Volkswagen, the small car category continued to expand.
- And since people couldn’t buy a long-lasting economic VW, they shifted to Toyota, Honda and Nissan.
- **Today VW 67% MS has shrunk to less than 4%.**



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## The Law Of Perspective

Marketing Effects Take Place Over  
An Extended Period Of Time

# Is alcohol a stimulant or a depressant?



if you visit any bar at Friday night, you'd swear that alcohol is **a stimulant**

At 4:00 AM, when you see a few happy hours customers sleeping it off in the streets, you'd swear that alcohol is **a depressant**

Chemically, Alcohol is a strong depressant.  
But in a short term, by depressing a person's inhibitions, alcohol acts like a stimulant

**Many Marketing Moves Exhibits The Same Phenomenon  
The Long Term Effects Are Often The  
Exact Opposite Of The Short Term  
Effects**



**Does a sale increase a company's business or decrease it?**

**Obviously, in the short run, the sale increases business,**

**But there is more and more evidence to show that sales decrease business in the long term by educating customers not to buy at “regular prices”.**



**What does a sale say to a prospect?**

**It says that your regular prices are too high.**

**After the sale is over, customers tend to avoid a store with a “sale” reputation.**

## **Have the automobile rebate programs increased sales?**

The rise of auto rebates have coincided with a decline in auto sales.  
U.S vehicles sales have declined for five straight years in a row.

**The largest furniture company in New York “Seamans” has been running a sale every week.**

Today, Seamans went bankrupt

The logo for Seaman's Furniture, featuring the word "Seaman's" in a bold, black, serif font, with "FURNITURE" in a smaller, black, sans-serif font underneath.

**Many companies find that they need a quarterly dose of couponing to keep sales on.**  
**once they stop couponing, sales drop off**

**Any sort of couponing, discounts or sales tends to educate consumers to buy only when they can get a deal.**



**In everyday life, there are many examples  
of short term gains and long term losses**



- In the early 70s, Miller High Life was barreling along with sales increases averaging 27% a year.
- Miller got greedy and in 1974 introduced Miller Lite (line extension).
- In the short term, the two Millers could co-exist (High Life) & (Lite) but in the long term, line extension was bound to undermine one or the other brand.
- The high-water mark for Miller High Life was 1979 , 5 years after the introduction of Miller Lite.
- In these 5 years, High Life's annual sales was tripled. (this was the short term effect of line extension).
- The long term effect was grim, from \$23.6 million in 1979, Miller High Life declined 13 years in a row to just \$5.8 million in 1991.



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## The Law Of Line Extension

**There Is An Irresistible Pressure To  
Extend The Equity Of The Brand**

When you try to be all things to all people, you inevitably wind up in trouble.  
“I'd rather be strong somewhere” said one manager, “then weak everywhere”.

line extension involves taking the brand name of a successful product and putting it on a new product you plan to introduce.



**A1  
Steak  
Sauce**

"we make A-1, a great sauce that gets the dominant share of the steak business. But people are switching from beef to chicken, so let's introduce a poultry product. And what better name to use more than A-1. That way people will know the poultry sauce comes from the makers of that great steak sauce, A-1"



**A1  
Poultry  
Sauce**

**Marketing is a battle of perception, not product.**  
**In the mind, A-1 is not the brand name but the steak sauce itself.**  
**In spite of \$18 million advertising budget, the A-1 poultry launch was a dismal failure.**

- New ways of line extension get invented everyday.
- In the long run and in the presence of serious competition, line extensions almost never work.

Creating flavors is a popular way to try to grab market share  
More flavors....more share

*Does it work?!*

**No!**





**in 1978, when 7-Up was simply the lemon-lime un-cola, it had a 5.7% share of the soft drink market.**

**Then the company added 7-up gold, cherry 7-up and assorted diet versions.**

**Today, 7-up share is down to 2.5%**

**The leader in any category is the brand that is not line extended**



**Gerber has 72% of the market way ahead of Beech-nut and Heinz  
(the two line-extended brands)**



**Companies continue to pump line extensions in spite of evidence that they don't work**





***Why does top management believe  
that line-extension works, in spite of  
the overwhelming evidence to the  
contrary?***

- One reason is that while line extension is a loser in the long term, it can be a winner in the short term.
- Management is also blinded by intense loyalty to the company or brand.
- for many companies, line extension is the easy way out, as launching a new brand requires not only money, but also an idea or concept.

**More is Less**

**The more products,  
the more markets, the  
more alliances the  
company makes, the  
less money it makes**

**Less is More**

**If you want to be  
successful today, you  
have to narrow the  
focus in order to build  
a position in the  
prospect's mind.**



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## The Law Of Sacrifice

You Have To Give Up Something In  
Order To Get Something

If you want to be successful today, you should give something up

There are three things to sacrifice:

Product Line

Target Market

Constant Change



# Product Line

~~“The more you have to sell, the more you sell”~~

## Is that True?

**No**

If you want to be successful, you have to  
reduce your product line not expand it

**The world of business is populated by big, highly diversified generalists and small narrowly focused specialists.**

**If line extension and diversification were effective marketing strategies, you'd expect to see the generalists riding high.**

**But they are not , most of them are in trouble.**



Vs.



Everybody thinks Kraft is a strong brand name. In Jellies & Jams, Kraft has 9% of the market.

Smucker's has 35% MS in Jellies and Jams Market.

**Kraft means everything.**

**But with a name like **Smucker's**, it has to be jelly or jam because that is all **smucker's** makes.**

**Q: which retailers are in trouble today?**

**A: The Department Stores.**

**Q: what is a department store?**

**A: a place that sells everything**

**That's a recipe  
for disaster**



- Interstate Department Stores went bankrupt.
- The company looked at the books and decided to focus on the only product it made money on: **Toys.**
- As long as Interstate was going to focus on toys, it decided to change its name to **TOYS R US**

**“Toys R Us” does 20% MS of the retail toy business in the country.**  
**“Toys R Us” made \$326 million profitability on sales of \$5.5 billion**

**In the retail field generally, the big successes are the specialists**

**THE LIMITED**

**Upscale clothing for working women**

**GAP**

**Casual clothing for the young at heart**



**Foot Locker**

**Athletic shoes**

# Target Market

**The target is not the market**

**The apparent target of your marketing is  
not the same as the people who will  
actually buy your product**



**Even though Pepsi-Cola target was the teenager, the market was everybody.**

**The 50-years old guy who wants to think he is 29 will drink the Pepsi.**



**The target of Marlboro advertising is the Cowboy, But the market is everybody.**

# Constant Change

“You have to change your strategy every year  
at budget review time”

**True or False?**

**False**

If you try to follow the twists and turns of the market, you are  
bound to wind up off the road

# Two Cases



Vs.



# People Express

- **People Express had a brilliant narrow position to start with.**
- **It was the no-frills airline that flew to no-frills cities at no-frills prices.**
- **People didn't care where are they going as long as it was cheap enough.**
- **What did People Express do after it became successful?**
  - **It tried to be all things to all people.**
  - **It invested in new equipment.**
  - **It started to fly the heavily traveled routes.**
  - **It bout frontier airlines.**
  - **It added frills, like first class sections.**
- **People Express then lost altitude and only escaped bankruptcy.**

## White Castle

- **White Castle has never changed its position.**
- **A White castle today not only looks the same as White Castle did 60 years ago, it also sells the same “frozen sliders” at unbelievably low prices.**

**Good Things Come To Those Who Sacrifice**

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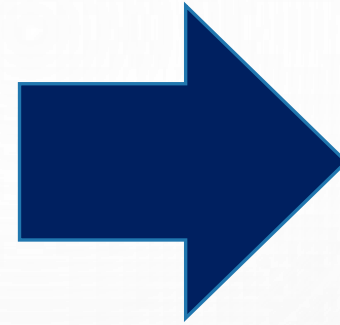
## The Law Of Attributes

For Every Attribute, There Is An  
Opposite Effective Attribute

It is much better to search for a opposite attribute that will allow you to play off against the leader.

The keyword here is ***opposite***

***Similar*** will not do

The Crest logo, featuring a large red 'C' with a white outline, followed by the word 'rest' in blue with a white outline. The logo is set against a background of white bubbles of various sizes.

**Cavities**

Other toothpastes avoided cavities and jumped on other attributes like:

**Taste, Whitening, Teeth Protection**

**But all attributes are not  
created equal.  
Some attributes are more  
important to customers than  
others**

**You must try to own the most important attribute**

**But once the attribute is successfully taken by your competition,  
it's gone.**

**You must move on the lesser attribute and live with a smaller  
share of the category.**

**Your job is to:**

- **seize a different attribute.**
- **Dramatize the value of your attribute.**

**And thus, increase your share**





Tried to take the  
attribute **"Fast"** from:



This was **UNSUCCESSFULL**

But **McDonald's** owns another attribute: **KIDs**

If **McDonald's** owns “**Kids**”, then **Burger King** has the opportunity to position itself for the “**Older Crowd**”, which includes any kid who doesn’t want to be perceived as a kid.  
(which generally works out to be everyone over the age of 10)

**Burger King** would need a term



**“grow up”**

“Grow Up” to the flame-broiled taste of **Burger King**

The Burger with the Grown-Up Taste



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## The Law Of Candor

When You Admit A Negative, The  
Prospect Will Give You A Positive



**One of the most effective ways to get in the prospect's mind is to first admit a **Negative** and then twist it into a **Positive**.**





*"A car that ugly, must be reliable"*  
Thinks the Prospect.



**"If people are willing to pay \$375 an ounce,  
it must be a sensational perfume"**



## Good Taste Mouthwash



## Terrible Taste Mouthwash

Listerine® brilliantly invoked the law of condor:

**The Taste You Hate Twice A Day**



**Not only did the company admit the product tested bad, it admitted  
That people actually hated it...!**



Kills a lot of germs

- This Law must be used carefully with great skill.
- Your “**Negative**” must be widely perceived as a negative.
- It has to trigger an instant agreement with your prospect's mind.
- Next, you have to shift quickly to the “**Positive**”.

The Purpose of candor isn't to apologize.

The purpose is to set up a benefit that will convince your prospect



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## The Law Of Singularity

**In Each Situation, Only One Move  
Will Produce Substantial Results**

Trying harder is not the secret of marketing success

Whether you try hard or try easy, the differences are marginal

The only thing tht works in marketing is the single, bold stroke

In any given situation, there is only one move that will produce substantial results



The Germans came at the High end with super premium cars



Mercedes-Benz



The leader's main strength was in the middle of the line

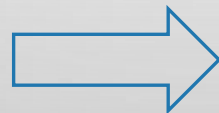


BUICK



PONTIAC

The Japanese came at the low end with small cars



TOYOTA



HONDA

With the success of Japanese  and German  flanking attacks,  General Motors was under pressure to commit resources in an attempt to shore up the bottom and the top of its lines.

In an effort to save money and maintain profits, GM made the fateful decision to build many of its midrange cars using the same body style.

Suddenly, no one could tell a  from a  or a  BUICK .  
They all looked alike.....!!!!

Its

Look-alike cars weakened GM in the middle and opened up a move for  as it broke through with the European style Taurus and Sable.

Then, the Japanese jumped in with Acura, Lexus and Infiniti.

Now, GM is weak across the board.

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## **The Law Of Unpredictability**

**Unless You Write Your Competitors Plans,  
you cannot Predict The Future**

Failure to forecast competitive reaction is a major reason for marketing failures



While you cannot predict the future, you can get a handle on trends, which is a way to take advantage of change

America's growing orientation toward good health is an example of a “trend”

This trend opened the door for a number of new products especially **healthier foods.**

**ConAgra** was the first to use a simple name and concept to take advantage of a trend that has been going on for years.



# Extrapolation

Is the danger in working with trends.

Many companies jump to conclusions about how far a trend will go.

**Equally as bad as extrapolating a trend is the common practice of assuming the future will be a replay of the present.**

When you assume that nothing will change, you are predicting the future just as surely as when you assume that something will change

**None can predict the future with any degree of certainty, nor should marketing plan try to**



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## The Law Of Success

**Success Often Leads To Arrogance, and  
Arrogance To Failure**

**Ego is the enemy of successful marketing**  
**When people become successful they tend to become less**  
**objective.**  
**They often substitute their own judgement for what the market**  
**wants**

Success is often the fatal element behind the rash  
of line extensions

**When a brand is successful, the company  
assumes the name is the primary reason  
for the brand's success.**

**So they look for other products to plaster  
the name on...!!**



**Actually, it's the opposite...!!!!**

The name didn't make the brand  
famous..!

The brand got famous because  
you made the right marketing  
moves.



The more you identify with your brand or corporate name, **the more likely you are to fall into the line extension trap.**

**Actually, Ego is Helpful...!!!!**  
It can be an effective driving  
force in building a business.  
**What hurts is injecting your ego in the  
marketing process...!!**



- ☐ Brilliant marketers have the ability to think like a prospect thinks.
- ☐ They put themselves in the shoes of their customers.

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## The Law Of Failure

Failure is to be expected and accepted

- ❑ Too many companies try to fix things rather than drop things.
- ❑ Admitting mistakes and not doing anything about it is very bad for your career.

A better strategy is to recognize failure **early** and cut your losses.



**Should have abandoned  
passenger cars and  
focused on Jeep**



**Should have dropped  
computers**



**Should have dropped  
copiers**

**Should do this, years before they finally recognized their mistakes**



- ☐ The Japanese able to admit a mistake early and then make a necessary changes.
- ☐ Their management style tends to eliminate the ego.
- ☐ This egoless approach is a major factor in making the Japanese such a relentless marketers.
- ☐ It's not that they don't make mistakes, but when they do they admit them, fix them and just keep coming.



- ❑ The hugely successful Wal-Mart has another approach that enables the company to deal with failure.
- ❑ It's called **“Ready,Fire,Aim”** Approach.
- ❑ Sam Walton was well aware that nobody hits the target every time, but at Wal-Mart, people aren't punished if their experiments fail.

If you learn something and are trying something, then you probably get credit for it



- ❑ In some American companies, nothing gets done unless it benefits the personal agenda of someone in top management.
- ❑ This severely limits the potential marketing moves a company can make.
- ❑ An idea gets rejected not because it is not fundamentally sound but because none in top management will personally benefit from its success.



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## The Law Of Hype

The situation is often the opposite of the way it appears in the press

**When things are going well, a company doesn't  
need the hype.  
When you need the hype, it usually means you are  
in trouble.**

- ❑ No soft drink has received more hype than New Coke.
- ❑ New Coke received more than \$1 Billion worth of free publicity.
- ❑ In addition to hundreds of millions of dollars spent to launch the product.
- ❑ New coke should have been the world's most successful product.

# It did not happen



- ❑ Less than 60 days after the launch, Coca-Cola was forced to come back with the original formula.
- ❑ Classic outsells New about 15 to 1

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## The Law Of Acceleration

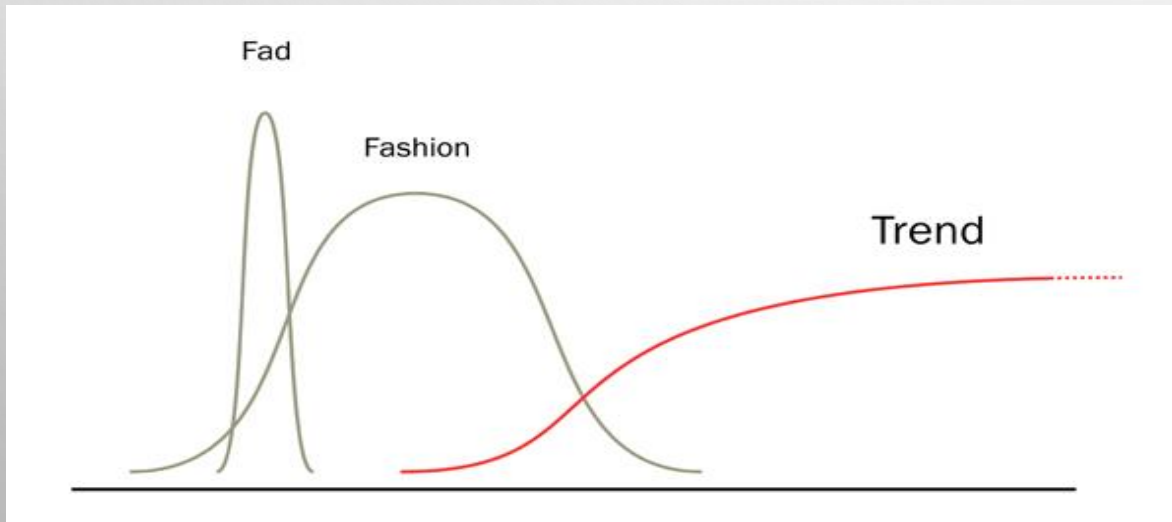
Successful programs are not built on fads,  
They are built on trends

A **Fad** is a wave in the ocean, and a **trend** is the tide.

A **Fad** gets a lot of hype, and a **trend** gets very little.

A **Fad** is very visible like a wave, but it goes up and down in a big hurry.

A **Trend** is almost invisible like a tide, but it's very powerful over the long term.



A **Fad** is a short term phenomenon that might be profitable, but a **fad** doesn't last long enough to do a company much good. Furthermore, a company often tends to gear up as if a **fad** were a **trend**.

As a result, the company is often stuck with a lot of staff, expensive manufacturing facilities and distribution networks.

**When a fad disappears, a company goes into a deep financial shock.**



Atari was a great example for a Fad

If you were faced with a rapidly rising business, with all the characteristics of a **fad**, the best thing you could do would be to dampen the fad.

By dampening the fad, you stretch the fad out and it becomes more like a **trend**.





## Ninja Turtles

- Good example of a fad.
- Collapses in a hurry because the owner of the concept got greedy.
- The owner fans the fad rather than dampening it.



## Barbie Doll

- It is a trend.
- When Barbie was invented years ago , the doll
- Was never heavily merchandised into other areas.
- As a result, the Barbie doll has become a long term trend in the toy business.

## Forget Fads.

When they appear, try to dampen them.

One way to maintain a long term demand for your product is to never totally satisfy the demand.

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## The Law Of Resources

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

Even the best idea in the world won't go every far without the money to get it off the ground.

You will go further with a mediocre idea and a million dollar than with a great idea alone.

An idea without money is worthless.

Life can be unfair for the smaller marketer facing larger competitors.



- First, get the idea, then go get the money to exploit it.
- Here are some short cuts you could take:

You can marry the  
money

You can Find money  
at home

You can Divorce the  
money

You can Share your idea by  
Franchising it

Money makes the marketing world go around.

If you want to be successful today, you will have to find the money you need to spin those marketing wheels.



A green rectangular sign with rounded corners and a white border, mounted on two wooden posts. The sign is tilted slightly to the right. The background is a bright blue sky filled with numerous white, fluffy clouds of varying sizes. The text 'Thank You' is written in a bold, white, sans-serif font, centered on the sign.

**Thank You**

**#100<sup>th</sup> Marketing Club 27<sup>th</sup> Cairo**

**62<sup>nd</sup> Business Club**

# **The 22 immutable Laws of Marketing**

**Tuesday 25-7-2023**

**10 PM EGY 10 PM KSA 11 PM UAE**

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