The fact that you're interested in this book means you want to do some marketing of your own.

Maybe you want to start or grow your own business. Or maybe you want to market yourself as a coach, consultant, writer or freelancer. You probably see marketing as the key to increasing your income or profit. And it is. If you can make your marketing more effective, then you will reach more customers. It's as simple as that.

But it's no secret the world is more competitive than ever.

You see ads everywhere. Online, on the radio, beside the highway. All desperate for attention. We are surrounded by more choices and noise than ever before, because thousands of companies are competing for our business. **And in our modern, noisy world, how can your message ever rise above the noise? This book can show you how.**

Al Ries and Jack Trout have been leaders in the world of marketing for over 30 years. They actually invented the idea of positioning which is now taught in business schools everywhere. In this classic book "The 22 Immutable Laws of Marketing" they share the best wisdom they've gained. This is the same advice they give to the Fortune 500 companies they consult for like AT&T, Apple, Pfizer and Papa John's.

The 22 Immutable Laws of Marketing PDF Download
Get the book summary as a PDF here:
[dkpdf-button]

And right now, you're about to learn the best lessons from their book. I've summarized them for you right here on this page, so you can improve your marketing and grow your income faster.

1. The leading brand in any category is usually the one who "got there first."

> *The basic issue in marketing is creating a category you can be first in. It's the law of leadership: It's better to be first than it is to be better. It's much easier to get into the mind first than to try to convince someone you have a better product than the one that did get there first.*

There's a myth that almost all business owners believe in. It's the myth of the better product.

Everyone, from the smallest local cafe owner to the biggest corporate CEO, believes they can win by creating a better product. Most businesses believe they can overthrow the leader in their market simply by making a superior product to what is already out there.

In this book, Al Ries and Jack Trout prove this is a myth. They say if you want to be the leader in a product category, then you don't need to have the best product, you just have to be there first. This isn't something they made up, it's a law they have observed from studying hundreds of companies.

The leader in any category is usually the one who "got there first":

- What's the leading college in America? Harvard. And what was the first college in America? Also Harvard.
- What's the leading razor company? Gillette. And who was the first to sell safety razors? Also Gillette.
- What's the leading imported beer in America? Heineken. And what was the first imported beer? Also Heineken.

Heineken was imported to America after WW2. When it became popular, hundreds of other beers started being imported. Yet to this day Heineken is still the leader with over 30% market share. What are the odds that NONE of those other beers taste better than Heineken?

The examples go on forever. IBM was the first in computers. Tide was the first laundry detergent. Advil was the first over-the-counter ibuprofen.

When Coca Cola released "New Coke" 30 years ago, they conducted 200,000 blind taste tests which proved people like the taste of New Coke more than Pepsi, and Pepsi more than Classic Coke. So did New Coke become the most popular soft drink? No, it was a complete failure. **And Pepsi is still stuck in second place even though their competition "proved" their product tastes better. Why does Coca Cola continue to be the leader? Because it was the first cola, the original one, the classic one, "The Real Thing."**

SummaryMost business people think you get to the top by having a better product than the competition. This is rarely true. The leading brand is usually the one who got there first. As the authors of this book so elegantly put it, "it's better to be first than it is to be better." Coke, Advil and Harvard are just 3 examples of this.

2. People usually remember who was the first to do something

At this point you might be wondering, "Why does the first company to sell a product tend to stay the leader?" After all, most of the companies I've mentioned up to now probably have hundreds of competitors who want to take them down.

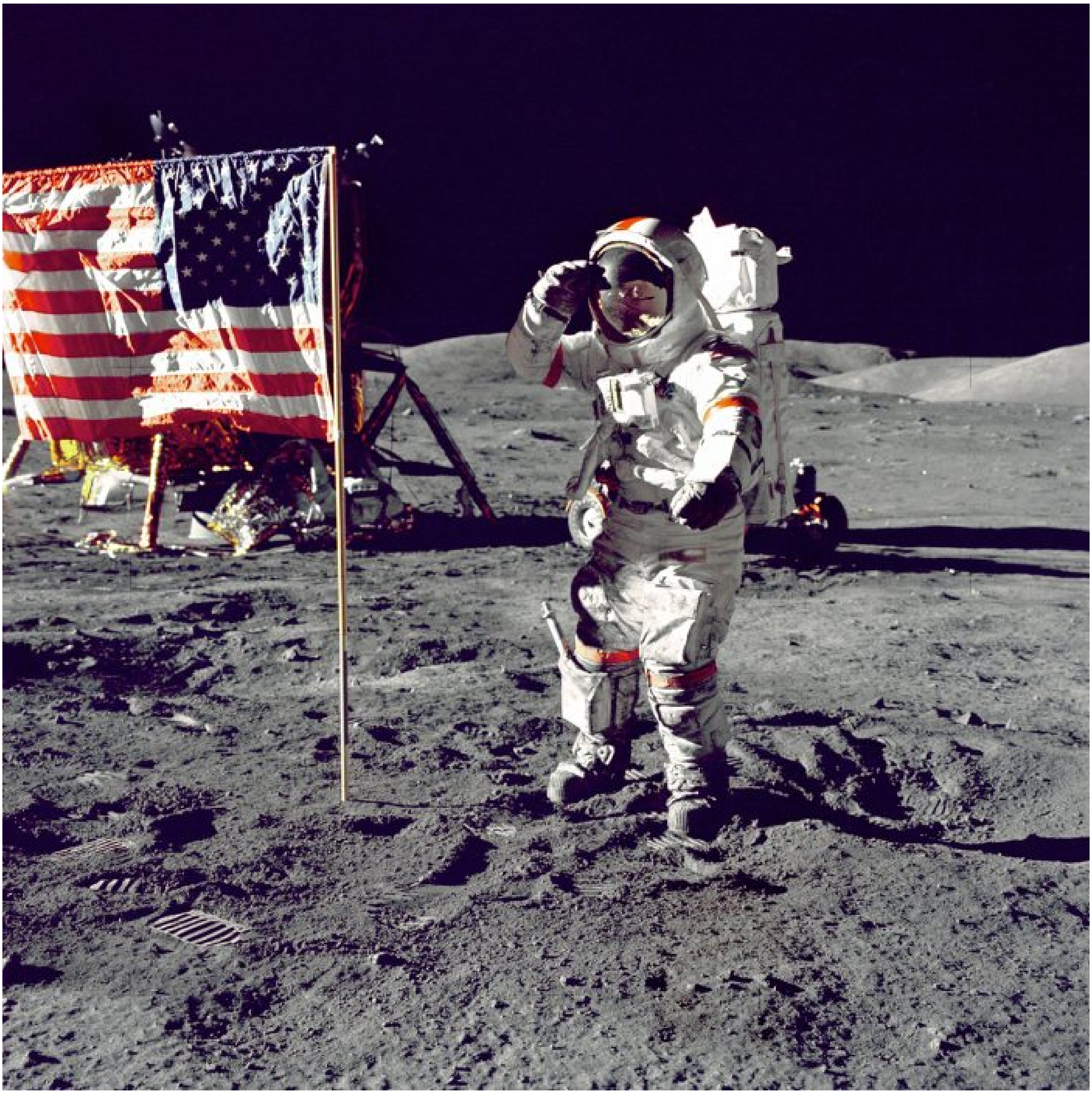
Well, the first reason has to do with human memory. People usually remember who was the first to do something.

Do you know who was the first person to fly over the Atlantic ocean solo? Most people do know it was Charles Lindberg. And who was the second person to do it? Most people don’t have a clue. The second person to fly over the Atlantic was a guy called Bert Hinkler. Bert was actually a better pilot than Lindberg because he flew faster and used less fuel. But kids don’t learn about Bert in history class.

This is true for so many things. Who was the first president of the USA? George Washington. Who was the second? Beats me. Who was the first person in space? Yuri Gagarin. Who was the second? Crickets.

Was George Washington the *best* president? Was Yuri Gagarin the *best* astronaut? It doesn’t matter. They were first and that’s why everyone remembers them.

SummaryMost people can remember the first person or company to do something, but few people remember the second one to do it.



3. People assume the first brand they can think of in a category is the superior one

Regardless of the reality, people perceive the first product into the mind as superior. Marketing is a battle of perceptions, not products.

Now we know that people usually remember who was the first to do something. Why is this important? Because people also assume the first brand in their mind is the superior one.

To show how this works, let's play a quick game. When I say each word, what's the first brand that comes to your mind?

1. Fast food.
2. Toothpaste.
3. Luxury car.

If you thought of McDonald's, Colgate and Mercedes-Benz, then you are not alone. The fact they came into your mind first is a big reason why these brand names are market leaders in each category.

The first brand in someone's mind is often not the best quality brand, it's just the one that got in people's mind first. People go to the store, they need to buy toothpaste, they think of "Colgate" so that's the one they pick up in the store. It's not a coincidence that Colgate was the first to sell toothpaste in tubes in 1896. That's why Ries and Trout say that marketing is all about perception, not product.

Let's look at cars. Honda is the best selling Japanese car company in America. But in Japan, Toyota and Nissan are both ahead of Honda. In fact, Toyota sells four times as many cars as Honda in Japan! What's different about Honda cars sold in Japan? Nothing. The products are the same, but they are perceived differently in Japanese minds. In Japan, Honda first became known as a motorcycle company, and maybe buying a car from a motorcycle company doesn't feel quite right. In America, Honda got into people's mind first as a car company.

Sometimes a market leader becomes so dominant that people begin using the brand name as a generic word for the product. For example someone will say "can you pass me a Kleenex?" even when the box of tissues has a different brand name on it. This is also true for Band-Aid, Jello, Velcro, and so on. When this happens it really cements a company's position as the leader.

SummaryPeople unconsciously assume the first brand they can think of in a category is superior to others. Yet the first name in their mind is often just the brand that got into people's minds first by being the first to offer this kind of product. Colgate was the first to sell toothpaste in a tube in 1896 and they remain the market leader a century later.

4. Instead of fighting established leaders, create a new product category you can be first in

Everyone is interested in what's new. Few people are interested in what's better.

Now you know that the leading brand in any category is often just the one who got there first. They launched the first famous product in the category, so their brand became associated with the product category in people's minds which creates an established position in the market.

So what if you want to launch a new product against established competitors? Are you doomed to fail? Not always. But your chances of succeeding just by offering a better product are slim. A more effective strategy is to create a new product category that you CAN be first in.

Don't worry, this is easier than it sounds.

You probably didn't know who the second person to fly over the Atlantic Ocean solo was, but you almost certainly know the third person. Her name was Amelia Earhart. However, she isn't known as the third person to fly over the Atlantic, but as *the first woman* to do it. She was a first in a new category and that's why most people know her name today.

In the marketplace, each product category is also endlessly dividing into more categories. Look at computers. In the beginning there was one kind of computer. As they became popular, the category divided into personal computers vs business computers and desktop vs laptop computers. And even the laptop category itself has divided into business laptops, gaming laptops, ultralight laptops, creative laptops and so on.

Each new sub-category serves a slightly different segment of the market, that's why it exists. And the leader in each new sub-category is usually different than the original category leader. When Facebook became the dominant leader in social media, new companies sprung up to serve smaller categories. Instagram is the leader in photo social media, Youtube is the leader in video social media, and so on.

It's a mistake to try fighting an established category leader head-on. For example, Atari was the leader in video games, but they knew video games were a much smaller market than computers and were jealous of how big IBM was. So they tried to also become the leader in personal computers, and failed. They failed because IBM already owned the personal computer category and everyone already saw Atari as the video game company. Ironically, Nintendo stepped in to take Atari's empty position and the video game leader and became a multi-billion dollar company.

So this is Al Ries and Jack Trout's best advice:

> *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 can you be the first in? Well, there are many ways you can be first, we'll talk about 3 of these ways now: audience, benefit and service.

SummaryTo be successful, you must find a category your product can be first in. This is not hard because product categories are always dividing to serve slightly different segments of the market.

5. You can be first to serve a specific Audience

This is the classic marketing strategy of targeting a smaller segment of the market. Instead of trying to appeal to anybody and everybody, you choose a smaller audience to specifically cater to.

Most businesspeople are scared to limit their audience. They always want to say that my product is for anyone and everyone, but this is a big mistake, especially if you're running a small business.

When you have strange feelings in your chest, who would you rather see: a general doctor or a heart specialist? You'll probably go look for the specialist. Not only that, specialists make more money, whether they are doctors, lawyers or computer programmers.

And at a time when traditional generalized retail stores like Sears are failing, small specialized stores like Victoria Secret, Staples and Lululemon are thriving. Last year Lululemon had the highest profit margins of any retail store. If you don't know, Lululemon is a specialty store very popular with yoga lovers because they only sell yoga clothing, yoga mats, etc. By catering to a specific audience, stores like Lululemon can succeed without competing against Walmart and Amazon in the cut-throat world of low prices.

But what if the audience you choose is too small? Well, that's actually less of a problem with the internet today. Every specialized interest you can think of has at least a few thousand passionate fans all over the world and you can now reach all of them through the internet. This wasn't possible when starting a business even 30 years ago.

SummaryYou will instantly stand out from your competitors when you specialize in serving a unique audience. This is about choosing a smaller segment of the market and creating a product they not only like, but truly love.

6. Your product can be first to offer a unique Benefit

This is about your product giving people some kind of satisfaction or advantage that other existing products don't.

Think about the iPhone. Some people say the iPhone was just a better cellphone, but that's not how Steve Jobs described it. He said the iPhone was like 3 or 4 devices in one. For some people, carrying around an iPhone meant they no longer needed to carry around a separate iPod, camera, cell phone and PDA (personal digital assistant).

This turned out to be true, by the way. After the iPhone and similar Android phones became popular, MP3 player, PDA and compact camera sales fell off a cliff. The iPhone was not a better cellphone, it was a new type of device that was far more flexible.

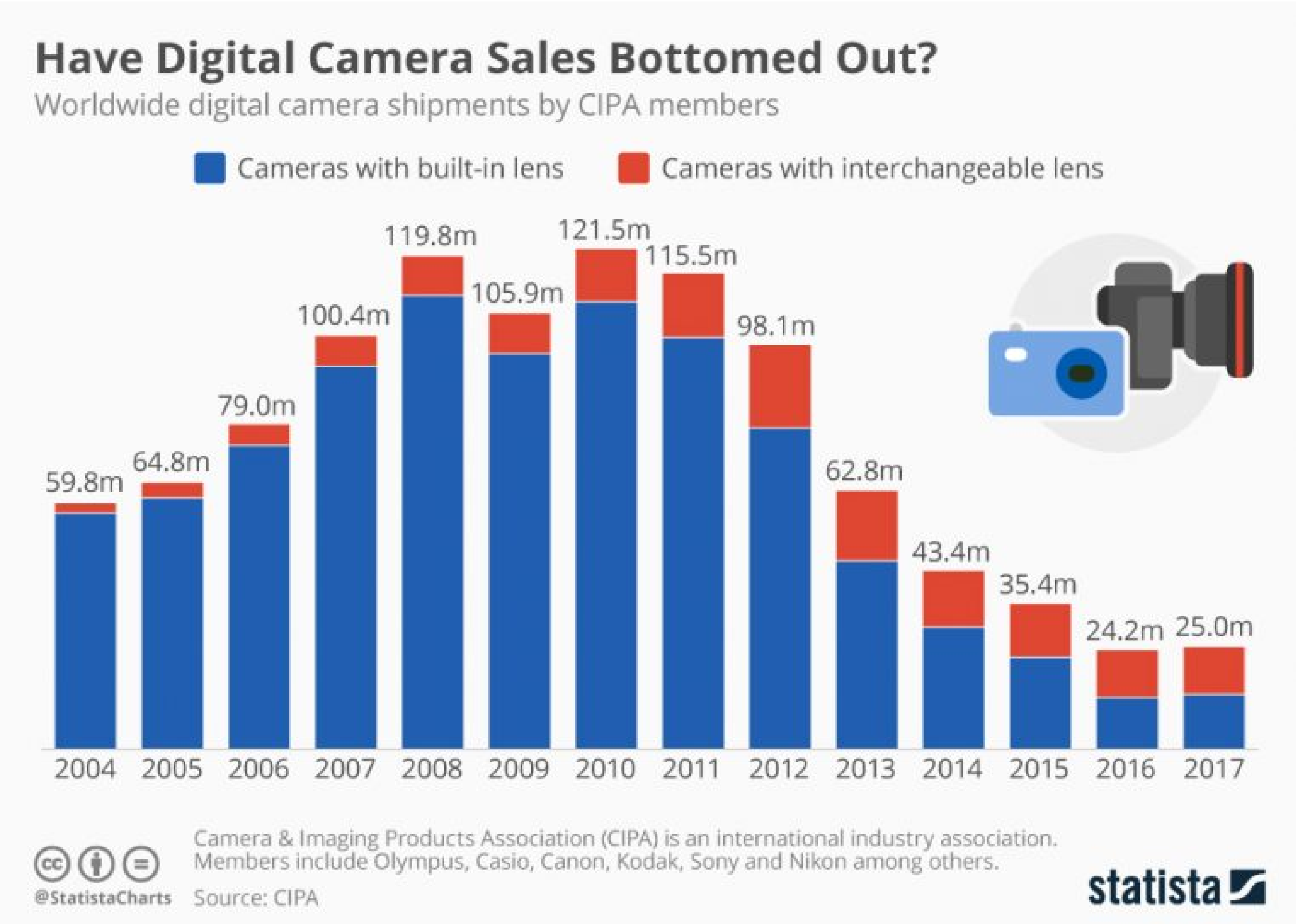


Chart from Statista

Another example is mouthwash. The clear leader in mouthwash was Listerine and their main advertised benefit was scientific germ-killing power. All their competitors were running me-too marketing and shouting over each other “we kill germs too!” Then Scope came along with a totally new benefit: the good-tasting mouthwash. They soon became the number two mouthwash because they were the first to offer a new and unique benefit.

SummaryWhat’s a benefit your product delivers that your competitors don’t? This can be a secondary benefit, like how Scope became a successful mouthwash by advertising its good taste, not its germ-killing power.

7. You can be first to offer a unique Service

This is about offering the same product to people but making the buying experience itself easier, faster, safer or more enjoyable.

Dominoes is a great example. Before Dominoes, there was no shortage of pizza restaurants and Dominoes never claimed to sell better pizza like most of them do. So how did they become so popular? By offering *a new and unique service* that people wanted: “Hot fresh pizza to your door in 30 minutes or less, or it’s free.”

Dell was not the first company to sell computers, but they were first to sell computers *by phone*. This allowed them to grow to more than 100,000 employees today.

More recently, Amazon made a genius move when they created their Prime Members Program. What is that? Well, for about $50 per year, you can get free 2-day shipping on almost any item they sell. What's one of the biggest pains in online shopping? Expensive and delayed shipping. So Amazon offered a unique service that solved this pain and cemented the loyalty of their best customers.

SummaryHow can you deliver your product in a way that makes your customer's lives easier, faster, safer or more fun?

8. The most successful companies own a single word in the mind of the customer

> *The essence of marketing is narrowing the focus. You become stronger when you reduce the scope of your operations. You can't stand for something if you chase after everything.*

Most people believe a wider net catches more customers, but this is almost never true. The most successful modern companies are so focused they basically own one word in the mind of customers.

For example, Walmart owns the words "low prices" in people's minds. Sam Walton himself made low prices his singular focus from the very beginning. The first Walmart store already had the slogan "We sell for less" on the front sign beside the logo.

Sam spent all his time finding ways to make prices even lower, from negotiating better deals with suppliers to building his own truck fleet. He was so obsessed with offering lower prices than his competitors that he would do anything. If Kmart sold toothpaste in a town for 26 cents then Sam told the Walmart manager to sell it for 25 cents even if they lost money.

Now here's the uncomfortable truth: focus requires sacrifice. True focus requires giving up trying to be good at everything.

Sam Walton himself admits the first Walmart stores sacrificed design. They looked almost like warehouses with basic signs and almost no decorations. Walmart also sacrificed location because they are usually built on the outskirts of cities, where the land is cheaper. They wait 10 years for the suburban sprawl to grow around them.

The best words to own are simple and related to a core benefit. Every part of your product planning and marketing must be directed at that one word. That's how you build a position in the mind of customers. That's how Walmart became known for low prices, Volvo became known for safety and Fedex for overnight shipping.

Fedex became successful by focusing on one word: overnight. Their slogan for many years was “When it absolutely, positively has to be there overnight.” Now if you want to send something overnight, you will immediately think of Fedex. This narrow focus was the one reason Fedex grew so big so quickly.

Also be careful not to pick a generic word like “quality” or “innovation because every company says they stand for those things! For your word to actually mean something, there have to be people willing to take the opposite side. Nobody believes a politician who says they are truthful because no politician is willing to call themselves a liar! But if a politician says they are progressive or religious then people instantly accept it as true.

By the way, I HIGHLY recommend you also read my [summary of the book Made in America by Sam Walton]. You’ll learn how Walmart became such a big success straight from the founder’s mouth.

SummaryWhat do you do that is new and different? Reduce it down to a single word, then let that word drive everything you do. The most successful modern companies are laser-focused, which means they give up trying to be good at everything.

9. To be a successful #2, you must position yourself as the alternative to the leader

So far we’ve been talking about how to make your product a category leader by being the first. **However, there is another way to be very successful: aim to be #2.** Many second place companies are very profitable. For example, Nikon is second place to Canon in the pro camera industry, but last year they still pulled in $318 million in profit. Not bad!

So how do you become a successful second place company? Most businesses do it the wrong way; they are always trying to play “catch up” with the market leader and are desperate for people to respect their product as being equal to the leader. This is the wrong strategy.

If someone else is firmly #1, then you won’t succeed by competing against their strength. For example, Samsung has been making great smartphones for years, but they still can’t beat Apple. Can they win by making a better phone? Well, in many expert’s opinions their flagship phones already are better than iPhones, but that hasn’t helped them. Apple’s phones still bring in almost double the revenue of Samsung’s phones. Samsung does sell more phones than Apple, but most of those are low-cost phones that don’t bring in nearly as much profit as an iPhone.

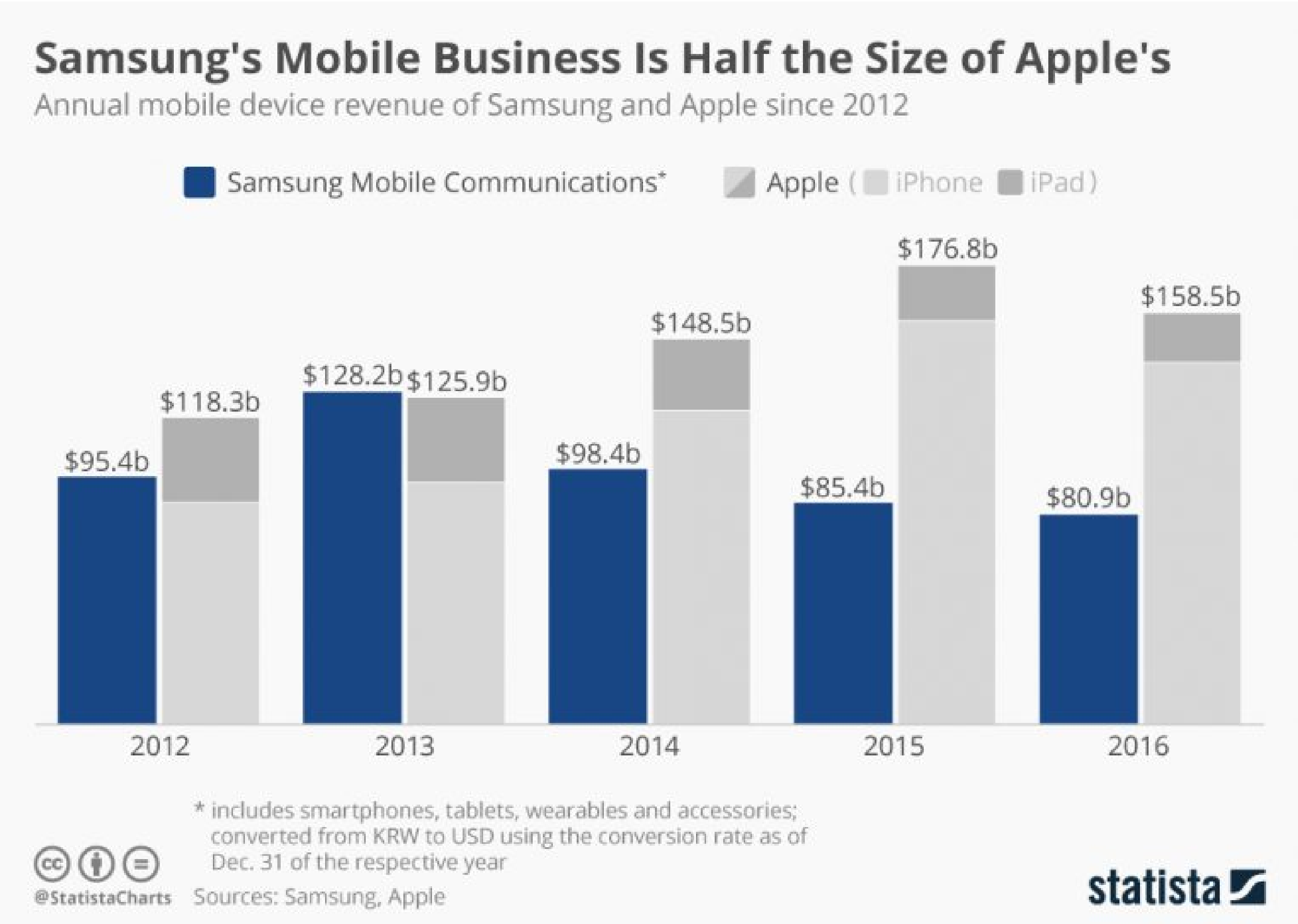


Image courtesy Statista

Instead, to be a successful #2 in a product category, you must present yourself as the alternative to the leader. In other words, you don't want people to see you as equal to the leader or better than the leader, **you want them to see you as different.** The best way to do this is by flipping the leader's biggest strength into a weakness.

For a great example of this, let's look at Coke and Pepsi. In the 1950s, stores were selling 5 times more Coke than Pepsi. Why? Because Coke was popular for being the classic or original drink. Their own ads often featured the slogan "It's the Real Thing" and looked like old-fashioned Norman Rockwell paintings.

Now, what most companies try to do is look at the leader, figure out why they are successful, and then copy them but try to make it better. So Pepsi could have copied Coke and marketed Pepsi as a classic drink, too. After all, Pepsi was first sold in 1898, only a few years after Coke. But that would have failed.

Instead, Pepsi made a brilliant strategic move in the 1960s. They recognized Coke's main appeal, then went the opposite way. They decided to focus only on selling to young people. Their ads became fresh and youthful, featuring slogans like "Come Alive!

You're the Pepsi Generation!" They also hired the heroes of young people like Michael Jackson and Lionel Richie. They were saying that Pepsi is NOT the classic drink, it's the new, young and cool drink. (And therefore Coke must be the drink for old people!)

This narrow marketing focus allowed Pepsi to almost catch up to Coke. Within a couple decades, stores were only selling 10% more Coke than Pepsi. A big improvement!

SummaryIf you want to be a successful #2 in a product category, don't copy the leader. Don't try to be like the leader but better. Instead, try to be different and position your brand as the opposite alternative to what the leader offers.

X. Successful companies tend to fail when they over-extend themselves

When companies become very successful, they almost start to grow an ego. They start to believe that their name itself is what makes them successful. And this makes them want to put their name on a lot of new products only vaguely related to their main business.

- If they sell soap, they want to sell shampoo.
- If they sell hamburgers, they try to add a cafe on the side.
- If they sell a soft drink, they want to offer dozens of flavors like Cherry.

IBM is a great example of how this strategy can fail. Many years ago, IBM had a virtual monopoly on the computer market. They were the largest tech company by far and looked to be unstoppable. Then they expanded too far. They started selling not just mainframe computers, but also personal computers, workstations, software, telephones, photocopiers, networks and more.

When a big company spreads itself too think, it opens a door for smaller and more focused companies to beat them in each smaller category. While IBM was trying to compete everywhere, new small companies were becoming the leaders in each new computer category. DEC became the first leader in minicomputers,Sun Microsystems in workstations, Xerox in photocopiers, and so on. Meanwhile, IBM went from making a lot of money to losing money. The past few years they've been on a steady decline.

What's happening? Sometimes marketing decisions that look to be successful in the short-term can actually hurt a business in the long-term. **Coupons and discounts are a prime example of this.** In the short term, a big sale will boost your store's revenues. But research is now finding that these strategies may actually lower sales in the long term because you're training customers to wait for the next sale.

In short: what succeeds in the short term often fails in the long term. When you introduce new products, you may get a short term boost in revenue, but over the long term your business will lose the focus that made it successful. This is a fact often overlooked by CEOs who earn bonuses based on the latest quarterly profit report. They can often be praised for doing things that will later sink the company.

If a big company really wants to sell a new type of product, they're usually much better off doing it under a new brand name.

For example, when BMW and Mercedes-Benz first became came to America, they showed other car makers that a very profitable super-premium market existed. Naturally the other car makers wanted a piece of this market, too.

So Volkswagen brought over their premium line of cars, the ones already popular in Europe. The problem was, in America, Volkswagen had entered people's minds as the maker of the Beetle, which was cheap, ugly and fuel-efficient. Well, once someone has put VW into that mental box, it's very difficult for them to buy a premium car with the VW logo on it. It would feel like paying $20 for a McDonald's hamburger.

General Motors also wanted to enter the super-premium market. At first they held back because they were afraid to upset their existing Cadillac owners. But eventually they introduced the $54,000 Allante car under the Cadillac brand. The problem was that Cadillac did not have enough prestige as a brand to justify the high price. Why would you buy this car for $54,000 when people would assume that you only paid around $30,000 for a Cadillac?

On the other hand, Japanese brands like Honda and Toyota got it right. Honda introduced a totally new brand called Acura, going as far as setting up new dealerships separate from Honda so nobody would confuse the two brands. If they had tried selling premium cars under the Honda name, they would have have run into the same problems VW and GM did. Toyota followed a similar strategy by selling premium cars under the new "Lexus" name. At this time, Acura and Lexus both make some of the best-selling premium cars in America, just behind Mercedes-Benz and BMW.

SummaryMore often than not, extending a successful company to unrelated areas will lead to a loss of focus and market share in the primary business. If you want to launch a new type of product, it's usually better to do it under a new brand name.

Conclusion

I trust you've learned some new ways of marketing that can help you in the future. Alan Ries and Jack Trout shared many observations that most people don't see. Their tips will surely help you whether you're starting your own business, growing it or working on someone else's marketing. What are the key things you should take away from this book?

Don't aim to be better than the competition, aim to be new and different. Ask yourself: How is your product or service the first in the world to do what it does? Remember that you can easily create a new category for your product by serving a unique audience segment or offering a unique benefit or service.

If you liked this book, then you'll also enjoy listening to my summary of the book Contagious by Jonah Berger. Jonah is a Wharton Business School professor who has studied by some things get shared. As you probably know, word of mouth marketing and social media are so important to success in business today, so I highly recommend you look at that book too.