

Jack Trout and Steve Rivkin REPOSITIONING : MARKETING IN AN ERA OF COMPETITION, CHANGE, AND CRISIS

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Thirty years ago, Jack Trout and Al Ries published their classic bestseller, *Positioning: The Battle for Your Mind*, a book that revolutionized the world of marketing. But times have changed. Competition is fiercer. Consumers are technology savvy. Communications are faster. And once-successful companies are in crisis mode. *Repositioning* shows you how to adapt, compete—and succeed—in today's overcrowded marketplace. Global marketing expert Jack Trout has retooled his most effective positioning strategies—providing a must-have arsenal of proven marketing techniques specifically redesigned for our current climate. With *Repositioning*, you can conquer the “3 Cs” of business: Competition, Change, and Crisis :

1. **Beat the competition:** Challenge your rivals, differentiate your product, increase your value, and stand out in the crowd.
2. **Change with the times:** Use the latest technologies, communications, and multimedia resources to connect with your consumers.
3. **Manage a crisis:** Cope with everything from profit losses and rising cost to bad press and PR nightmares.

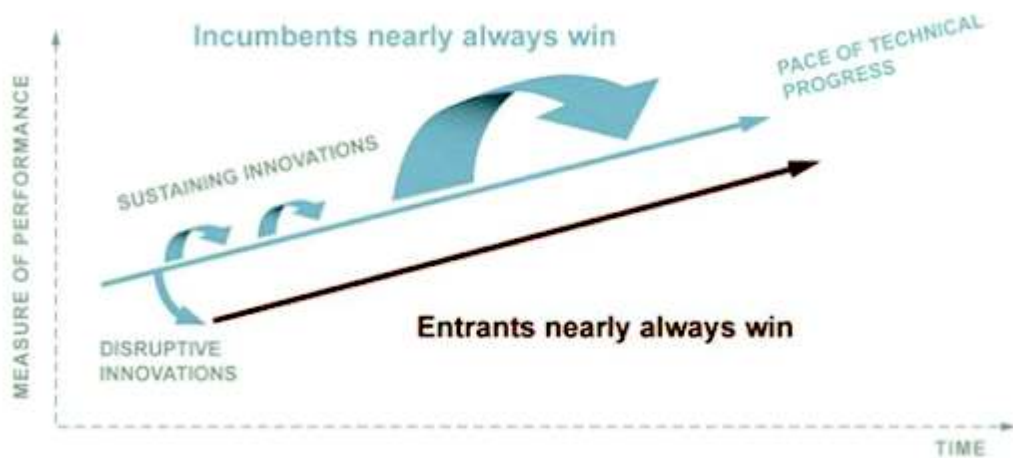
Even if a company is doing well, these cutting-edge marketing observations can keep the manager on top of the game and ahead of the pack. One shall discover how expanding product lines may decrease the overall sales, why new brand names often outsell established brands, and why slashing prices is usually a bad idea. One shall learn the dangers of attacking your competitors head-on—and the value of emphasizing value. The manager will see how consumers can have too many choices to pick from—and what one can do to make them pick the particular brand. Drawing from the latest research studies, consumer statistics, and business-news headlines, Trout reveals the hidden psychological motives that drive today's market. Understanding the mindset of your consumers is half the battle. Winning in today's world is often a matter of repositioning. It is how the company think tanks rethink the strategies they have always relied on. It is how one can regain the success for working so hard. It is how one can win the new battle of the mind.

GM and AIG face a branding crisis that many brands face today. Pressured by Wall Street for growth, they sacrificed once well-defined brands in a futile attempt to be all things for all people. The only way to get back on track is to reposition their brands, says Trout. He points to ways to recover a brand from fading away:

- **Hang a negative perception on your competition only if it sets up a benefit for you.** Apple has hung "nerdy" on PCs. McDonald's has been trying to hang the "Snobby coffee" label on Starbucks as it promotes its lattes and cappuccinos.
- **Don't focus on getting big.** AIG collapsed from failing to reposition itself as more than just a big and general life insurance company. Citigroup, Merrill Lynch, and GM face the same challenge.
- **Use a crisis as an opportunity.** The challenge for the post-bankrupt GM is to figure out what each of its four remaining brands is about. "BMW is about drivability. Mercedes is about engineering," Right now GM stands for nothing.

Trout dissects the fact that price often turns out to be the enemy of differentiating a product or a service. To be different in the times of cut-throat competition the differentiation factors should come from the attributes of the product, its positioning, value proposition, and the association with the customers. He quotes the example of a Venezuelan ketchup maker Pampero whose sales started to decline after the battle rose between two other competitors of Heinz and Del Monte. So Pampero went back to basics to find out what more could be provided to be leader in the ketchup market. The difference it found was that Pampero removed the skin of tomatoes to enhance taste and flavour whereas the competitors did not remove the skin. Pampero too decided to adopt the technique of its competitors keeping in mind the fact that the step would bring them closer to its customers and can challenge other players. In actual, the change from skinless tomatoes to non-skinless tomatoes cost the company a huge amount of money and the idea could not connect with the consumer perception and hence proved to be a repositioning failure.

Trout has drawn inspiration from Clayton Christensen's *The Innovator's Dilemma* where Clayton has coined the concept of "**disruptive innovation.**" Clayton describes it as a process by which a product or service takes root initially in simple applications at the bottom of a market and then relentlessly moves up market, eventually displacing established competitors. An innovation that is disruptive allows a whole new population of consumers access to a product or service that was historically only accessible to consumers with a lot of money or a lot of skill. Characteristics of disruptive businesses, at least in their initial stages, can include: lower gross margins, smaller target markets, and simpler products and services that may not appear as attractive as existing solutions when compared against traditional performance metrics. (http://www.claytonchristensen.com/disruptive_innovation.html)



Because companies tend to innovate faster than their customers' lives change, most organizations eventually end up producing products or services that are too good, too expensive, and too inconvenient for many customers. By only pursuing “sustaining innovations” that perpetuate what has historically helped them succeed, companies unwittingly open the door to “disruptive innovations”.

Some examples of disruptive innovations include:

<u>Disruptor</u>	<u>Disruptee</u>
Cellular phones	Fixed line telephony
Community colleges	Four-year colleges
Discount retailers	Full-service department stores
Retail medical clinics	Traditional doctor's offices

(http://www.claytonchristensen.com/disruptive_innovation.html)

Trout concludes that pride of the company leads to overconfidence and finally to arrogance and urgency to look for new possibilities to improve the product or a brand declines. So success in repositioning would come only from inside thinking and experiences gathered by working out in the market.

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