MARKETING WARFARE

A summary of Al Ries & Jack Trout’s marketing bestseller “Marketing Warfare”

The marketing concept states that a firm's goal should be to identify and profitably satisfy customer needs. In Marketing Warfare Al Ries and Jack Trout argue that marketing is war and that the marketing concept's customer-oriented philosophy is inadequate. Rather, firms would do better by becoming competitor-oriented. If the key to success were to introduce products closest to those wanted by customers, then the market leader simply would be the firm that performed the best market research. Clearly, much more is required.

To illustrate their point, Ries and Trout compare marketing to a football game. If a team simply identifies the goal line and moves the ball towards it without regard to the competing team, they most likely will be blocked in their effort. To win the game, the team must focus its efforts on outwitting, outflanking, or overpowering the other side. This is the case in football, war, and marketing, according to Marketing Warfare. Because of the importance of the competition faced by the firm, a good marketing plan should include an extensive section on competitors.

2500 Years of War

There is much that marketers can learn from military strategy. Ries and Trout tell the story of several famous battles in history that illustrate lessons of warfare. These battles range from Marathon in 490 B.C. when the Greeks used the phalanx to defeat the more numerous Persian invaders, to the Normandy invasion of the Second World War. The lessons from these famous battles illustrate the concepts of planning, maneuvering, and overpowering the opposing side. These principles are relevant not only to warfare, but also to marketing. In Marketing Warfare, Ries and Trout quote Karl von Clausewitz and apply his principles to marketing.

The Principle of Force

There's a saying that it is easier to get to the top than to stay there. Ries and Trout disagree, arguing that once at the top, a company can use the power of its leadership position to stay there. All other things equal, an army with a larger number of troops has an advantage over smaller armies. A larger vehicle has an advantage over a smaller vehicle in a collision. When several companies enter a new market, the one with the larger sales force is likely to become the leader. The larger company has the resources to outnumber smaller competitors. It can advertise more, perform more R&D, open more sales outlets, etc. This is not to say that smaller companies do not stand a chance. Rather, smaller companies must recognize the principle of force and attempt to win the battle by means of a superior strategy, not by brute force. Some managers may believe that they can overcome a larger competitor through superior employees. Ries and Trout maintain that while it may be possible to assemble a small group of star performers, on a larger scale the employee abilities will approach the mean. Another argument is that a better product will overcome other weaknesses. Again,
Ries and Trout disagree. Once consumers already have in their minds that a product is number one, it is extremely difficult for another product, even if superior, to take over that number one place in the consumer's mind. The way to win the battle is not to recruit superior employees or to develop a superior product. Rather, Ries and Trout argue that to win the battle, a firm must successfully execute a superior strategy.

**The Superiority of the Defense**

An entrenched defense that is expecting an attack has an advantage that can only be overcome by an overwhelmingly larger attacker. For example, a defensive position that is in a trench or foxhole will be shielded from the attackers, and the attackers will suffer many more casualties than the defenders. For this reason, the attackers require a much larger force to overcome the defensive positions.

The same is true in marketing warfare. Many companies with insufficient resources have tried unsuccessfully to attack a leader. A study was made of 25 brands that held the number one position. Sixty years later, 20 of those 25 brands still held the number one position. It is very difficult to overtake the market leader.

The element of surprise helps the attacker, but when the market leader is large the attackers also must be large, and the logistics of launching a large scale attack or a large promotional campaign are such that the element of surprise is difficult to maintain and the defensive position becomes yet more difficult to upset. When the defenders are taken by surprise, it usually is because they ignored warnings or did not take them seriously.

**The New Era of Competition**

Increasingly, one hears marketing terms that are borrowed from the vocabulary of military strategy. From "launching a breakthrough campaign" to the "cola wars", the analogy between marketing and warfare is evident. As in military strategy, it is unwise for a firm to publicly state deadlines for its victory. Deadlines often are missed, and the firm loses credibility in the propaganda war if it fails to live up to a prediction. Politicians who are wise to this rule tend to make their campaign promises vague. Publicly stated marketing promises should be vague for the same reason.

Firms also should avoid the trap of thinking that if they work hard enough; they will succeed in their attack. Ries and Trout argue that it is strategy and not hard work that determines success. In warfare, when a battle turns to hand-to-hand combat, the advantage resulting from the strategic plan no longer exists. In marketing, a firm achieves victory through a smarter strategy, not by spending longer hours with meetings, reports, memos, and management reviews.

When management declares that it is time to "redouble our efforts", then the marketing battle has turned to hand-to-hand combat and is likely to end in defeat.

**The Nature of the Battleground**

In military warfare, a battle often is named after the geographic location where it took place - for example, The Battle of Waterloo. Ries and Trout argue that marketing battles do not take place in geographic areas, nor in stores. Rather, marketing battles take place in the mind of the consumer.
Before a military battle, the battlefield usually is mapped and studied in great detail. In marketing, market research traditionally has served this function. However, Ries and Trout propose that the most important information is to know which positions are held by which companies in the mind of the consumer. In other words, who holds the high ground?

In military warfare, mountains and higher altitude areas represent strong positions and often are used to present a strong defense. In marketing warfare, the question is one of who holds the mountains in the consumer's mind. For example, in the U.S., Kleenex holds the facial tissue mountain since it is the number one facial tissue in the minds of most consumers and many consumers consider the word "Kleenex" to be synonymous with facial tissue.

Mountains often are segmented and competitors may launch different brands each targeting a specific segment. General Motors successfully attacked Ford's market leadership when it launched Chevrolet, Pontiac, Oldsmobile, and Buick, each targeting a specific segment of the automobile market. Too often, the leader responds by attempting to counterattack in each segment, only to fail and even to lose its original leadership position.

**The Strategic Square**

Ries and Trout discuss four strategies for fighting a marketing war:
*Defensive.
*Offensive.
*Flanking.
*Guerrilla.

A firm's market share relative to that of competitors determines which strategy is appropriate. There often is a significant market share gap between two competitors such that each has approximately a factor of two more market share compared to the next weaker competitor. Because of this large gap, the principle of force plays an important role in the choice of each firm's strategy. For this discussion, assume that there are four firms and each is approximately twice the size of the next closest to it.

In such an environment, each of the four firms has different objectives:
*Number 1 firm: market domination
*Number 2 firm: increased market share
*Number 3 firm: profitable survival
*Number 4 firm: survival

According to Ries and Trout, the main competitor of the market leader that holds the majority of market share is not one of the other firms in the industry, but rather, the government. If the market leader attempts to grow larger, then anti-trust issues will be raised. If a major market leader wins the marketing war and causes the next largest firm to exit the market, then the government may take steps to break up the firm that is dominating the market. Consequently, the best strategy for such a firm is a defensive one.

The number two firm's best strategy is an offensive attack on the market leader if there is a large gap between the number two firm and number three. The reason is that the gaining of market share from the number three firm is unlikely to make a large impact on the much larger number two firm. However, there are potentially significant rewards if market share can be gained from the dominant firm.

The number three firm is too small to sustain an offensive attack on a larger firm. Its best strategy often is to launch a flanking attack, avoiding direct competition, for
example, by launching a product that is positioned differently from those of the larger firms.

The smallest firm probably does not have sufficient resources to launch any type of sustained attack. If it launched a flanking product, a larger competitor likely would launch a similar one and would have the resources to win more customers. The smallest firm would do best to pursue a guerrilla strategy, identifying a segment that is large enough to be interesting to the small firm but not large enough to attract competition from any of the larger firms.

On the mountains in the mind of the consumer (see The Nature of the Battleground discussed previously), the high ground at the top of the mountain is owned by the market leader. The number two firm's offensive battle would seek to gain high ground from the leader. The leader's defensive battle involves coming down from the top to fight off offensive attacks. The number three firm's flanking attack would go around the mountain. The smallest firm's guerrilla tactics involve its going under the mountain.

Principles of Defensive Warfare

A defensive strategy is appropriate for the market leader. Ries and Trout outline three basic principles of defensive marketing warfare:

* Defensive strategies only should be pursued by the market leader. It is self-defeating for a firm to pretend that it is the market leader for the purpose strategy selection. The market leader is the firm who has attained that position in the mind of the consumer.
* Attacking yourself is the best defensive strategy. Introducing products better than your existing ones preempts similar moves by the competition. Even if the new product has less profit margin and may reduce short-term profit, it accomplishes the more important long-term goal of protecting the firm's market share.
* The leader always should block strong offensive moves made by competitors. If the leader fails to do so, the competitor may become entrenched and permanently maintain market share.

A classic example of a well-executed defensive block was that of Johnson & Johnson when Bristol-Meyers decided to launch Datril to compete directly with Johnson & Johnson's successful Tylenol brand. Datril was to be priced 35% lower than Tylenol. Johnson & Johnson learned of Datril before its launch, and informed Bristol-Meyers that it was cutting the price of Tylenol to match that of Datril. Johnson & Johnson even extended credits to its distribution channels to make the price cut effective immediately. This move was intended to prevent Bristol-Meyers from advertising Datril as a lower-priced alternative to Tylenol.

However, Bristol-Meyers responded by accelerating the launch of the television advertising campaign. Finally, Johnson & Johnson countered by convincing the television networks not to run the Datril ads since they no longer could truthfully claim that Datril was priced lower than Tylenol. Johnson & Johnson's efforts were successful and Datril achieved less than a 1% market share. Tylenol sales soared on the publicity and lower prices.

Legal issues are an important factor in a market leader's strategy. Successfully attacking the competition and winning raises anti-trust issues. Attacking oneself is less risky from an anti-trust perspective. It also is preferable to expand vertically rather than horizontally into new markets since laws prevent a firm from using its monopoly in one market to develop a competitive advantage in another.

Finally, once there is marketing peace and the brand has affirmed its dominance, it can grow its sales by growing the market. For example, Campbell's Soup can run ads to
increase soup consumption in general (e.g. "Soup is good food.") since it enjoys such a large share of all soup sales.

**Principles of Offensive Warfare**

An offensive strategy is appropriate for a firm that is number 2 or possibly number 3 in the market. However, in some cases, no firms may be strong enough to challenge the leader with an offensive strategy. In such industries, the market leader should play a defensive strategy and the much smaller firms should play a flanking or guerrilla one. Ries and Trout present the following three principles of offensive strategy:

* The challenger's primary concern should be the strength of the leader's position, not the challenger's own strengths and weaknesses.
* The challenger should seek a weakness in the leader's strength - not simply a weakness in the leader's position.
* Attack on as narrow a front as possible. Avoid a broad attack.

The strength of the leader's position is of primary importance because the leader has the top position in the mind of the consumer, and it is this position that must be attacked. A weakness in the leader's strength must be found. Simply attacking any weakness is insufficient. For example, the leader may charge a premium price and the price may appear to be a weakness. However, the leader may in fact have large profit margins and may be willing to lower the price as much as necessary to defend its position. The leader usually has the resources to defend against an attack against its weaknesses, whereas there may be weaknesses inherent in the leader's strengths that cannot be defended.

There often is a flip side to the leader's strength that can serve as the target of the challenger's attack. For example, a leader may be so successful that it is crowded with customers, and the challenger then can exploit that success by offering a better customer experience. For example, Avis Rent a Car once advertised, Rent from Avis. The line at our counter is shorter. Sometimes the weakness in the leader's strength arises from the fact that it has a major investment in assets that cannot be readily adapted. A more flexible challenger can use this fact to its advantage.

The challenger should attack on as narrow a front as possible. Generally, this means one product rather than a wide range of products. The reason for keeping the attack narrow is the principle of force; a narrow attack allows the challenger to concentrate its resources in the narrow area, and in that area may present more force than the leader. Many number two and number three companies ignore this principle and try to increase market share by broadening their product lines to compete in more areas, often with disastrous consequences.

FedEx made this mistake in its early years by offering a wide array of transit times such as overnight, 2-day, and 3-day delivery. FedEx became successful only when it began to focus on the next-day delivery market and won that position in the mind of the consumer using the slogan, when it absolutely, positively has to be there overnight.

A narrow attack is particularly effective when the leader has attempted to be all things to all people with a single product. In that situation, a challenger can identify a segment within the leader's market and offer a product that serves only that segment. The challenger then stands a chance of winning a position in the consumer's mind for that more narrow class of product.

**Principles of Flanking Warfare**
A flanking attack is not a direct attack on the leader, but rather, an attack in an area where the leader has not established a strong position. Ries and Trout present the following three flanking principles:

*A flanking move is best made in an uncontested area. The product should be in a new category that does not compete directly with the leader and should be the first to target the segment.*

*A flanking move should have an element of surprise. Surprise is important to prevent the leader from using its enormous resources to counter the move before it gains momentum. Test marketing should be minimized to maintain the element of surprise. In the earlier example of Datril vs. Tylenol, Johnson & Johnson first learned of the impending launch of Datril from Bristol-Meyers' localized test marketing of Datril.*

*Follow-through (pursuit) is equally as important as the attack itself. The firm should follow-through and focus on solidifying its position once it is established before competitors launch competing products. Too often, management turns its attention to the products that are not performing well rather than strengthening the position of the winners. If the firm does not have the resources to strengthen its newly won position, then perhaps it should have used a guerrilla strategy instead of a flanking one.*

A flanking move does not require a totally new product. Instead, the product only needs to be different enough to carve its own position. Ries and Trout offer the following examples of product variations on which to base flanking moves:

*Low price - for example, Budget Rent a Car successfully flanked Hertz and Avis. Others such as Dollar and Thrifty followed, but Budget was ahead of the game and was able to solidify its position.*

*High price - customers tend to use price as a measure of quality. Orville Redenbacher's Gourmet Popping Corn and Haagen-Daz super-premium ice cream are examples of products that successfully positioned themselves in the high-price category. The higher profit margins allow the firm to follow through and solidify its position.*

*Small size - Sony with portable electronics and Volkswagen with automobiles successfully won the position of small size. Volkswagen lost its position as it attempted to broaden its line to all sizes of cars.*

*Large size - for example, the Prince oversized tennis racquet.*

*Distribution - the product itself may not be substantially different but new distribution channels may be used. For example, Timex distributed its watches in drugstores and Hanes distributed L'eggs pantyhose in supermarkets using innovative packaging and displays.*

*Product form - for example, Close-Up was the first gel toothpaste and Softsoap was the first liquid soap.*

Flanking is not a low-risk strategy. Market acceptance of an innovative product is unknown, and test marketing must be kept to a minimum to guard the element of surprise. Whether the leader will take prompt action in response is an unknown. Being well-tuned to the trade is helpful since in their public speeches executives often provide clues about their stances on potential products. For some products such as automobiles, the development time is several years and thus the flanking product has the potential to establish its position before incumbents can respond.

**Principles of Guerrilla Warfare**

Guerrilla marketing differs from a flanking campaign in that the guerrilla move is relatively small and differs significantly from the leader's position.
Guerrilla marketing is appropriate for companies that, relative to the competition, are too small to launch offensive or flanking moves. Ries and Trout list the following three principles of guerrilla marketing warfare:

* Identify a segment that is small enough to defend. For example, the scope can be limited geographically, demographically, by industry, or by price.
* Never act like the leader, even if successful in the guerrilla attack. Some companies that make a guerrilla move are successful in it and begin to act like the leader, building a larger, bureaucratic organization that slows it down and increases overhead costs. A guerrilla should resist the temptation to give up its lean and nimble organization.
* Be ready to enter or exit on short notice. If the market for the product takes a negative turn, the guerrilla should exit quickly rather than waste resources. Because the guerrilla has a nimble organization, it is better able to make a quick exit without suffering huge losses. Similarly, the guerrilla can respond more quickly to a market opportunity without spending months or years having committees analyze it. Guerrilla opportunities sometimes arise when a large company discontinues a product, leaving a gap on which the guerrilla firm can capitalize if it acts quickly.

The idea of guerrilla marketing is to direct resources into a limited area, using the principle of force to win that area.

Examples of geographic guerrillas include local retailers who win customers with offerings better tailored to the locale compared to the offerings of national chains. Locally-tailored city business publications is an example that fill a need that cannot be filled by a national publication such as the Wall Street Journal. Banks and airlines also have used a limited geographic scope successfully.

Demographic guerrillas target a specific demographic segment of the population. Inc. magazine is an example that targets small business owners who were not well served by publications such as Business Week.

Industry guerrillas target a specific industry, using vertical marketing to tailor a product to the special needs of that industry. The focus is narrow and deep rather than broad and shallow.

Product guerrillas offer a unique product for which there is a small market. The Jeep is an example of such a product.

High-end guerrillas offer a premium high-priced product. Rolls-Royce is a guerrilla in very high-priced automobiles. Because the volume is small and Rolls-Royce already has the lead, other manufacturers are deterred from competing directly. The high price creates a mystique about the product and raises the curiosity of consumers who seek to find out what makes the product so special that it commands such a high price. Line extensions of the main product do not work well here; high-end products should have a new name in order to establish a new position that is not diluted by the position of other products.

Alliances often are instrumental in a guerrilla strategy. In certain industries such as hotels, creating a brand that independents can join has been a successful strategy for many. A critical question when forming alliances is who the competitor is. Ries and Trout use the example of two motels across the street from one another on a resort island. On the surface it might appear that they are each other's competitors. Another way to view the situation is that they are allies attempting to attract tourists to their island rather than another resort island. An alliance might be more beneficial to the two motels than direct competition with one another.

For most companies, guerrilla marketing is the appropriate strategy simply because in most industries only a small percentage of firms are large enough to pursue defensive, offensive, or flanking strategies.
Marketing Warfare Case Studies

In Marketing Warfare, Ries and Trout include several cases to illustrate their strategic principles.

The "cola war" between Coke and Pepsi has been fought for decades. In 1915 Coca-Cola introduced its unique 6-1/2 ounce bottle that became closely associated with the brand. The size and shape was just right to fit the hand, and this bottle and its association with Coca-Cola was a major strength.

However, when Pepsi introduced a larger bottle for the same price as the smaller bottle of Coke, Coke did not have many options to respond. Because of the way the size and shape of the bottle fit the hand, it could not be enlarged easily. Furthermore, the dispensing machines for Coke were designed for nickels only, so the price could not easily be changed. These weaknesses were a direct result of Coke's strength and illustrate the second principle of offensive warfare; the challenger should seek a weakness in the leader's strength. Many of the successes and failures of the Coke vs. Pepsi cola wars can be explained by principles of marketing warfare, including the success and failures of smaller challengers such as 7-Up (the Uncola) and Royal Crown Cola.

Ries and Trout also use the "beer war" to illustrate marketing warfare principles. Schlitz was the top brand, but lost its lead to Budweiser in a close battle. Then Heineken entered the market as an import with a successful flanking attack, maintaining its import lead by following through with strong advertising budgets. In the 1970's many brewers introduced light beers as line extensions.

Ries and Trout believe that the line extensions are unwise because the extensions inadvertently flank a firm's own leading brand. This happened to Miller High Life after Miller Lite was introduced. Miller Lite was successful, but Miller High Life suffered as it lost its position in the mind of the consumer as the working man's beer.

In the fast food industry, Ries and Trout use the "burger war" to illustrate a flanking attack. McDonald's was the leader, and Burger King tried offensive maneuvers. The moves that were unsuccessful were those that extended the product line and that copied McDonald's. The campaigns that were successful differentiated Burger King from McDonald's. For example, Have it your way attacked a weakness in McDonald's consistent production line process that had the flip side of being inflexible. Even more successful were the advertisements emphasizing the fact that Burger King's burgers were flame-broiled while McDonald's were fried. Wendy's successfully flanked McDonald's by targeting adults rather than children, offering adult-size portions and launching the highly successful 'Where's the beef?' campaign. Finally, White Castle was the low-end guerrilla who limited their geographic scope, did not add a confusing array of other products, and maintained a high level of sales in each establishment. White Castle observed the guerrilla principle of never acting like the leader, and as a result was able to coexist peacefully.

Ries and Trout further reinforce their marketing warfare principles with the "computer war". IBM became the market leader in the 1950's, and many other companies attempted to emulate IBM, but IBM continued to hold a majority market share. In the 1960's Digital Equipment Corporation launched a successful flanking attack by introducing the PDP-8 minicomputer, winning the position of small computers. According to Ries and Trout, IBM should have blocked this move by introducing their own minicomputer, but they failed to do so until 11 years later. With DEC owning the
minicomputer market, Ries and Trout argue that DEC should have been the company to introduce the PC in the business market. DEC failed to do so, and IBM launched its PC in 1981 with virtually no competition in the business market. IBM effectively flanked DEC with a product in the small computer market, just as DEC had done to IBM 15 years earlier. Many companies introduced their own PC's but IBM pursued the defensive strategy that a leader should pursue by attacking itself, first with the improved PC-XT and then with the PC-AT. While IBM owned the business PC market, Apple took the lead in home PC's. IBM unsuccessfully attempted to attack Apple in the home computer market with the PCjr, illustrating that a company's position is more important than its size.

**Strategy and Tactics**

Strategy can be developed using a top-down or a bottom-up approach. Ries and Trout argue for the bottom-up approach because a deep knowledge of the tactics actually used on the battlefield is needed to formulate a strategy that has the goal of achieving tactical objectives. More specifically, Ries and Trout argue that the sole purpose of strategy is to put the forces in motion to overpower the competitor at the point of contact using the principle of force. On the military battlefield, this means having more soldiers or force at the point of battle. On the marketing battlefield, it means overpowering the competitor in a specific position in the mind of the customer. Ries and Trout explain that a good strategy does not depend on brilliant tactics. Mediocre tactics usually are sufficient for a good strategy. Even the best possible tactics are unlikely to compensate for a poor strategy. In marketing, advertising can be considered tactics and many managers falsely assume that success depends almost entirely on the quality of the advertising campaign. If a strategy requires top-notch tactics to win the battle, Ries and Trout maintain that such a strategy is unsound because tactical brilliance is rare.

Any strategy should take into account the probable response of the competitor. The best way to protect against a response is to attack the weakness in the leader's strength so that the leader cannot respond without giving up its strength. To support the argument of a bottom-up strategy, Ries and Trout point out that many large companies incorrectly believe that they can do anything if they simply allocate enough resources. History shows otherwise when one considers failed attempts such as Exxon's entry into office systems and Mobil's acquisition of Montgomery Ward. Such diversions shift resources away from the point of battle where they are needed. This is one of the dangers that can be avoided by a bottom-up strategy based on what can be accomplished on the tactical level.

**The Marketing General**

Ries and Trout believe in having relatively few people involved in the strategic process. The organization needs a strong marketing "general" to formulate the strategy from the tactical realities. A marketing general has the following characteristics:

*Flexibility - to adjust the strategy to the situation.
*Courage - to make a decision and stand by it.
*Boldness - to act without hesitation when the time is right.
*Knowing the facts - in order to formulate strategy from the ground up.
*Knowing the rules - but internalizing them so they can be forgotten.
Marketing warfare has an element of chance; a good strategy only makes the odds more favorable.

**Summary**

Ries and Trout have identified interesting and useful commonalities between military strategy and marketing strategy. As in military warfare, the appropriate marketing warfare strategy depends on the firm's position relative to its opponents. In developing its strategy, the firm must objectively determine its position in the market. Once this is done, a defensive, offensive, flanking, or guerrilla strategy can be selected depending on the firm’s position relative to the competition.