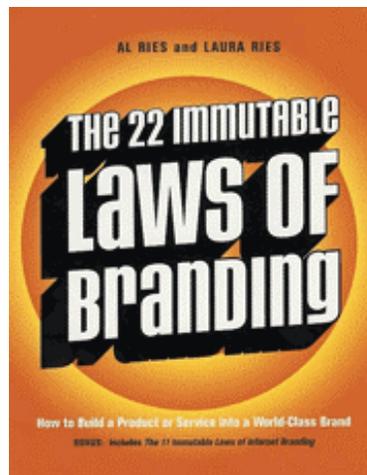




WISDOM IN A NUTSHELL

# The 22 Immutable Laws Of Branding

How to Build A Product or Service into a  
World-Class Brand



By  
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## 22 Immutable Laws Of Branding

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## The Big Idea

Marketing guru Al Ries, who brought us “Positioning: The Battle for Your Mind” teams up with his wife Laura for another Marketing Classic. The textbook for any brand-building team, this book cites real-world stories from Starbucks, and The Body Shop, to Microsoft, Amazon.com, and Yahoo! Brand creation is explained in simple language, and in easily digestible chapters. This is the **essential** primer for anyone who intends to dominate a category and build a formidable brand, whether your product is sold in malls or on the Internet.

### 1. The Law of Expansion

**The power of a brand is inversely proportional to its scope.**

If you want to build a powerful brand in the minds of consumers, you need to contract your brand, not expand it.

Putting your brand name on everything diminishes the brand name’s power. Take a look at Chevrolet, a company that used to be the leader in the automobile industry. It expanded its brand into Corvette, Camaro, Caprice, Lumina, Malibu, Prizm, and so many other brands. People don’t exactly know what a Chevrolet is anymore. What happens when you extend your product line into so many types? You steadily lose your market share.

In 1988 American Express had 27% of the market. Then it expanded into offering Senior cards, Student, Membership Miles, Optima, Optima Rewards Plus Gold, and a whole range of other cards. Their market share is 18 per cent today.

### 2. The Law of Contraction

**A brand becomes stronger when you narrow its focus.**

There used to be a time when every neighborhood had a small coffee shop where you could get everything from breakfast, lunch, dinner, to hamburgers, hotdogs, pancakes, and ice cream, and of course, coffee. This was before Howard Schultz had a simply wonderful idea: why not focus on selling great coffee? Today Starbucks Corp. is worth \$8.7 billion on the stock market.

Schultz focused on coffee, but that doesn’t mean he just offered one, Starbucks offers thirty different kinds of coffee.

Narrowing the focus has resulted in big time success stories:

- Toys R' Us narrowed the focus from the original Children's Supermart concept carrying kid's clothing, children's toys, baby food, and diapers down to a store that offered a greater selection of toys.
- Subway specializes in the submarine sandwich.

To be the brand that rules your category, these are the five basic steps:

- Narrow the focus.
- Stock in depth.
- Buy cheap.
- Sell cheap.
- Dominate the category.

### 3. The Law of Publicity

**The birth of a brand is achieved with publicity, not advertising.**

Anita Roddick built The Body Shop into a major brand with no advertising at all. She used publicity, communicating her ideas about the environment, indigenous people, and animal testing. It was endless newspaper and magazine articles, radio and television interviews that made The Body Shop a major brand.

How do you generate publicity?

The best way is by being First. Band-Aid, Charles Schwab, CNN, Compaq, Domino's, ESPN, Heineken, Hertz, Intel, Kentucky Fried Chicken...these are just some of the major brands that were first in their categories, therefore *inventing* their respective categories.

Public Relations used to come second to advertising, but today publicity builds a brand, advertising maintains it.

Most companies develop their branding strategies as if advertising were their primary communications vehicle. They're wrong. Strategy should be developed first from a publicity point of view.

### 4. The Law of Advertising

**Once born, a brand needs advertising to stay healthy.**

After the initial explosion of publicity, a brand needs to shift its strategy from publicity to advertising. If nations have a defense budget, a leading brand needs advertising as its defense budget. The advertising budget is an insurance against

attacks on the minds of consumers by competitors of the brand. Advertising keeps a brand leader in the No.1 position, and when you are No.1, consumer behavior shows people will continue to choose your brand over anything else.

e.g. Coca-Cola, Heinz, Budweiser, Visa, Goodyear

Use advertising to maintain leadership in your category.

## 5. The Law of The Word

**A brand should strive to own a word in the mind of the consumer.**

Volvo owns the word “safety”. Mercedes owns the word “prestige”. BMW owns the word “driving” and the idea of being fun to drive.

Kleenex *is* tissue. People say “I need a Q-Tip”, “Make me a Xerox copy” and “Please hand me the Scotch tape”. These brands own the word in their respective categories simply because they were first.

What word does Federal Express own? “Overnight” of course.

What about building a prestige brand?

To be successful in branding a “prestige” product or service, you need to:

- Make your product or service more expensive than the competition.
- You need to find a code word for prestige. Mercedes used “engineered”.

## 6. The Law of Credentials

**The crucial ingredient in the success of any brand is its claim to authenticity.**

The claim to authenticity is one to which customers respond positively. People believe “Coke is the real thing. Everything else is an imitation”. A brand can emphasize its credentials to build publicity.

Examples of using credentials are the ff:

- Act. The largest-selling contact software.
- Asahi. Japan’s No.1 brand

## 7. The Law of Quality

**Quality is important, but brands are not built by quality alone.**

Coke may outsell Pepsi, but in blind taste tests most people prefer the taste of Pepsi. Does a Montblanc pen write better than a Cross? There is no relation between success in the marketplace and success in comparative testing of brands.

Quality resides in the mind of the buyer. If you want to build a powerful brand, you need to build a powerful perception of quality in the mind of the consumer.

Brand building for quality perception:

- The brand with a better name will come out on top.
- The brand that has a high price allows affluent customers the psychic satisfaction of the purchase of a high-end brand.
- The brand that adds something extra justifies its higher price. Montblanc pens are fatter. Rolex watches are heavier and have a unique wristband. Haagen-Dazs adds more butterfat. Chivas Regal lets its Scotch Whisky age longer...

Build quality into your brand, narrow the focus, combine it with a better name and higher price, then you'll have a quality brand.

## 8. The Law of the Category

**A leading brand should promote the category, not the brand.**

Before Stolichnaya there was no market for expensive vodka. Before Domino's there was no market for home pizza delivery. Before Rollerblades what was the market for in-line skates?

The way to become first in a new category and eventually be a market leader is to narrow your focus and start something totally new.

- Launch the brand in such a way to create the perception that the brand is the first, the leader, the pioneer, the original.
- Promote the new category.

The rightful share of a leading brand is never more than 50 percent. Don't fight with competitive brands, fight against competitive categories.

## 9. The Law of the Name

**In the long run a brand is nothing more than a name.**

Creating the name for your new brand is the most important decision you'll ever make.

Xerox was the first plain-paper copier. The name is short, unique, and connotes high technology.

The Asian practice of putting a wide range of products under one brand, e.g. Samsung, Mitsubishi or Hyundai is corporate suicide. Your name should not cover everything from batteries to space equipment. Your brand name should stand for one thing. That's why Xerox is so great. People tend to say, "Please make me a Xerox copy of this". Perhaps more Asian executives *should* make a Xerox copy of this chapter on the importance of unique brand names.

## 10. The Law of Extensions

**The easiest way to destroy a brand is to put its name on everything.**

The beer industry tends to line-extend like there is no tomorrow. There's a Budweiser, Bud Lite, Bud Dry, Bud Ice, Miller Lite, Miller Draft Light, Miller Genuine Draft, Miller Reserve Amber Ale, Coors, Coors Light, Coors Extra Gold...

A big powerful brand should have a market share of 50 percent. Big line-extended brands like Budweiser, Marlboro and IBM have only 30 percent or less of their respective market shares.

If the market is slipping away from you, stay where you are and launch a second brand. If it's not, stay where you are and continue building your brand.

## 11. The Law of Fellowship

**In order to build the category, a brand should welcome other brands.**

Choice stimulates demand. Cola consumption goes up when the public is aware there are two colas battling for their minds.

Every category seems to be dominated by two major brands. The third brand is usually superfluous. Unless a brand is a government-sanctioned monopoly, no brand can ever own the entire market.

## 12. The Law of the Generic

**One of the fastest routes to failure is giving a brand a generic name.**

In the past, names like Standard Oil, General Motors, or American Airlines worked because they needed to sound big and cover a wide range. The National Biscuit Company was the first national biscuit company. General Electric was the first general electric company, etc.

These brands have pulled through despite their generic names because they were the first on the scene. Remember that brand recall is more verbal than visual. Starbucks is easier to remember than Seattle's Best. Blockbuster Video is easier to remember than General Video Rental. "Intel inside" is a great tagline, "Intelligent chip inside" is a lousy tagline.

## 13. The Law of the Company

**Brands are brands. Companies are companies. There is a difference.**

Brand names should almost always take precedence over company names. Consumers buy brands, not companies. The best way you avoid confusion is to use large type for your brand name and smaller type for your company name, but if the name of your brand and the name of your company are the same, then good for you. Coca-Cola is made by the Coca-Cola Company, but if you aren't as big as Coke in your own category, then apply the basic rule: Always print the brand name in larger type, the company name should be smaller and tucked away at the bottom or on the back of your packaging for trading purposes.

## 14. The Law of Subbrands

**What branding builds, subbranding can destroy.**

Donna Karan, a big fashion designer, wanted to market less costly casual wear, so she came up with DKNY. Then came DKNY kids, along with DKNY menswear, further diluting the Donna Karan brand.

Holiday Inn, the leading hotel/motel operator, wanted to get into the upscale hotel market, so it developed Holiday Inn Crowne Plaza. The problem was, Holiday Inn customers became confused. Their response was, "Hey it's a bit expensive for a Holiday Inn". The company finally just called its upscale chain Crowne Plaza.

Subbranding in this way will destroy the essence of your brand. Your brand owns an idea in the mind of the consumer, and by subbranding, you may be communicating a totally different message to the consumer, who has no idea you are already targeting another market.

## 15. The Law of Siblings

**There is a time and a place to launch a second brand.**

The key to having a happy family of brands is to give each individual brand its own unique identity:

Wrigley has a family of chewing gum brands:

- Big Red
- Doublemint
- Extra
- Freedent
- Juicy Fruit
- Spearmint
- Winterfresh

Time Inc. has several magazines under its wing:

- Time
- Fortune
- Life
- Sports Illustrated
- Money
- People
- Entertainment Weekly

Sara Lee created a separate brand for pantyhose, designed for supermarket distribution called L'eggs.

Just like siblings in any family, maintaining separate identities is crucial. Management should keep the following principles in mind when selecting a sibling strategy for its stable of brands:

- Focus on a common product area.
- Select a single attribute to segment, either by price, age, calories, sex, or flavors. You want to avoid any overlapping. Keep each brand totally unique and special.
- Set up rigid distinctions among brands.
- Create different brand names.

- Launch a new sibling only when you can create a new category. New brands should not be launched just to compete directly with an existing competitor. That never works. E.g. Whatever happened to Mello Yello that was supposed to block Mountain Dew?
- Keep control of your family at the highest level. You don't want to see any sibling rivalry. You don't want a family of brands that all look alike.

## 16. The Law of Shape

**A brand's logotype should be designed to fit the eyes. Both eyes.**

The ideal shape for your logotype is horizontal. Why? Because our eyes are placed side by side. On a retail establishment, horizontal logotypes have the advantage over vertical logotypes.

Your logotype must be legible and have a suitable typeface or font that communicates your brand's personality. Many of the world's famous brands use simple typography in their logotypes. But the power of your brand resides in its name, not its typeface.

Mobil uses a simple logotype with a red O to greatly increase its visibility.

No matter what you choose, be it a serif, san serif, or Gothic typeface, remember that the power of your brand is in the name, and the idea it connotes in the mind of your prospect.

## 17. The Law of Color

**A brand should use a color that is the opposite of its major competitor's.**

There are five basic colors: red, orange, yellow, green, and blue. Neutral colors are black, white, and gray. It is best to stick to one of the five primary colors rather than a mixed or intermediate color.

Red appears to move towards you, while blue is a more laid-back color. Red is an in-your-face color. If you want to communicate corporate stability, use blue. Red is more of a retail color and is used to attract attention.

White connotes purity. Black may communicate luxury. Blue is the color of leadership. Purple means royalty. Green is the color of the environment and health. Do not select a color for your brand identity based on mood alone. The best color is normally the one most symbolic of the category.

How important is color to a brand? Well, haven't you noticed how people instinctively know when it's a Tiffany's box under the Christmas tree? How do people know it's a FedEx delivery from a mile away?

Look at what color has done for brands like Caterpillar, United Parcel Service, and Coca-Cola. If you don't realize why color is an important part of a brand, then you've got a case of corporate colorblindness!

## 18. The Law of Borders

**There are no barriers to global branding. A brand should know no borders.**

Clients strongly believe two things:

- Their brands' market shares cannot be substantially increased in their home countries.
- They need room to grow.

The perfect solution to achieving both goals is to build a global brand.

- Keep the brand's focus narrow in its home country.
- Go global.

In any major city, you will find Coca-Cola, Marlboro, Philips, Levis...every city is beginning to look the same. Every country has its own unique perceptions. Wine is normally good if it's from France. Watches come from Switzerland. Good electronic gadgets are from Japan. Classic clothing from Italy.

To be a successful worldwide brand, you need to be first and your product should fit the perceptions of its country of origin.

Corona is known as the Mexican beer. Toyota, Honda, and Nissan are global brands with a Japanese perception. Microsoft, Intel, and Compaq are American. Dom Perignon, Perrier-Jouet, and Chateau Mouton-Rothschild are French global brands. Gucci, Versace, and Armani are global brands with an Italian perception.

Haagen-Dazs might have been developed in New Jersey, but its origins sound Scandinavian. Coca-Cola is a global brand with an American heritage.

The top 3 high-end brands of jeans all have English names but none are American. Replay and Diesel are made in Italy. Big Star is from France.

If you must develop a brand name for the worldwide market, use an English word, or at least one that sound like English. And don't forget, what makes sense in English may be offensive in French or Chinese. Have a universal message but accommodate for languages other than English.

## 19. The Law of Consistency

**A brand is not built overnight. Success is measured in decades, not years.**

Brands must stand the test of time. They should be strong enough to not bend with every fad or market change. Take a look at our favorite example: Coca-Cola. This brand has been going strong for decades since it was born in Atlanta, Georgia. Coke will stay strong despite the proliferation of health drinks, bottled water, and other beverages. What works best is absolute consistency over time. Volvo has been selling safety for 35 years. BMW has been the ultimate driving machine for 25 years. Your brand needs to stand for something year in and year out. It should serve generations of consumers.

## 20. The Law of Change

**Brands can be changed, but only infrequently and only very carefully.**

You may change your brand if:

- Your brand is weak or nonexistent.
- You want to move your brand down the food chain. This means lowering your prices to give customers a little more value.
- Your brand is in a slow-moving field and the change will take place over an extended period of time. Citicorp used to be 80 percent corporate accounts and 20 percent consumer. Today the numbers are almost reversed. The move towards a consumer bank has been gradual. The natural process of forgetting takes place. Now we are more familiar with the brand Citibank.

## 21. The Law of Mortality

**No brand will live forever. Euthanasia is often the best solution.**

Companies will spend millions to save a dying brand. Sometimes it is better to let a brand die a natural death. A well-known brand that doesn't stand for anything (or represents something obsolete) has no value. VHS is now obsolete because of digital technology. Kodak is trying to get into the digital photography business but it may fail. Instead of launching a new brand, Kodak is venturing into a new field with the Kodak brand name. The inevitable winner in any new category is always the revolutionary new brand. It isn't going to be Kodak. What Kodak needs is to launch a brand-new brand.

## 22. The Law of Singularity

**The most important aspect of a brand is its single-mindedness.**

What is a brand? A proper noun you can use in place of a common noun:

- Instead of an imported beer, you can ask for a Heineken.
- Instead of an expensive Swiss watch, you can ask for a Rolex.
- Instead of a safe car, you can ask for a Volvo.
- Instead of a driving machine, you can ask for a BMW.

What is a brand? A singular idea or concept that you own inside the mind of the prospect. It's as simple and as difficult as that.

## **BONUS: THE 11 IMMUTABLE LAWS OF INTERNET BRANDING**

### 1. The Law of Either/Or

The Internet can be a business or a medium, but not both.

- Yahoo! was not the brainchild of CNN or any news organization.
- Amazon.com did not come out of Barnes & Noble or existing physical bookstores.
- eBay was not created by Christie's or Sotheby's
- America Online was not built by AT&T, Microsoft, or Cablevision

If you want to build an Internet brand, you shouldn't treat it as a medium, you should treat it as a business.

If you intend to use the Internet as a medium, then use your existing brand name.

How can you tell whether the Internet is a business or a medium for your brand? Ask yourself:

- Is the brand tangible or intangible? For tangible products, the Internet tends to be a medium for information. For intangible products, a business. (banking, insurance, stock brokerage, etc)
- Is the brand fashionable or not? For fashionable products, the Internet is a medium. For others, a business. It would be very difficult to sell shoes on the Internet, its something you need to fit personally.
- Is the product available in thousands of variations? If so the Internet tends to be a business. Books for instance. There is no way a retail establishment could hold as many books as you can find on Amazon.
- Is low price a significant factor in the brand's purchase? If so the Internet tends to be a business, like eBay for example.

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- Are shipping costs a significant factor as compared to the purchase price? If so the Internet tends to be a medium. Groceries are unlikely to become a successful venture on the Internet.

### 2. The Law of Interactivity

Without it, your Website and your brand will go nowhere.

If you want to build a brand on the Internet, you need to build a new brand designed *specifically* for the new medium, just like BusinessSummaries.com

The best Internet sites allow for a high-level of interactivity. At Amazon.com you can rate books from one to five stars. You can submit short reviews.

Airline ticket sites are a great use of interactivity. You can book from a multitude of fares, flights, dates and conditions and get a price on the spot.

The online MBA courses from CapellaUniversity.com are another great use of interactivity.

### 3. The Law of the Common Name

The kiss of death for an Internet brand is a common name.

There are too many common nouns being used as brand names on the Internet. You need to assign a Proper name by using a Proper Noun. On the Internet, if you don't have a groovy name for people to remember when they type it in, you will die.

### 4. The Law of the Proper Name

Your name stands alone on the Internet, so you'd better have a good one.

- The name should be short and easy to spell.
- The name should be simple.
- The name should suggest the category.
- The name should be unique.
- The name should be alliterative. (Bed, Bath & Beyond, Big Bertha, Coca-cola)
- The name should be speakable.
- The name should be shocking.
- The name should be personalized. If you are the CEO and you want your brand to be famous, you have to become famous too. The most famous brands have celebrity CEOs.

### 5. The Law of Singularity

At all costs you should avoid being second in your category.

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If you want to go up against the Amazons and Yahoos of the Internet, you need to invent a whole new category for your brand to become a leader in.

Return to our branding basics and narrow your focus.

### 6. The Law of Internet Advertising

Advertising off the Net will be a lot bigger than advertising on the Net.

Why does Yahoo! advertise on television? (See the statement above)

- Powerful Internet brands were built by massive doses of **publicity** in newspapers and magazines.
- Radio is the perfect medium for advertising your Internet brand because it is also an “invisible” medium.

### 7. The Law of Globalism

The Internet will demolish all barriers, all boundaries, all borders.

When you launch your Internet brand, you should try to match your product or service with your country’s perception.

Do you use English or do you translate your site into various languages? Yahoo! has 23 different country sites.

There is a world trend towards the use of English. Globalism has brought about Marshall McLuhan’s idea that “The medium is the message”. With the Internet it certainly is.

### 8. The Law of Time

Just do it. You have to be first. You have to act fast. You have to be focused.

Get into the prospect’s mind first. Be quick or be dead. Yahoo! Amazon and eBay were all first and are still the leaders today.

Would Microsoft be the leader it is today if Bill Gates hadn’t dropped out of Harvard to develop an operating system for the world’s first personal computer?

Carpe diem. Today is the best day of your life to launch your new Internet company based on a new idea or concept.

### 9. The Law of Vanity.

The biggest mistake of all is believing you can do anything.

Xerox couldn't duplicate its copier success in the field of computers.  
Kodak lost its focus when it tried to get into instant photography.  
Polaroid failed at trying to get into conventional 35mm film.

Five fundamental strategies for a leader in any category:

- Keep your brand focused.
- Increase your share of the market.
- Expand your market.
- Go global.
- Dominate the category.

#### 10. The Law of Divergence.

Everyone talks about convergence, while just the opposite is happening.

People thought that Internet would converge with TV into WEBTV. It didn't happen. The Nokia 9110 Communicator was a flop because it was a heavy object where you could make a phone call among other things (send a fax, connect to the Internet) but it was too unwieldy.

You don't get your hair cut and your clothes dry cleaned at the same place. In fact, you don't even get your hair cut and your nails done in the same place!

Things divide rather than converge in order to survive. All in one services or products are just not going to make it.

#### 11. The Law of Transformation

The Internet revolution will transform all aspects of our lives.

Here are some predictions:

- Paper directories are doomed.
- Paper catalogues face an uncertain future.
- The elaborate full-color brochure will become rare.
- Classified advertising will shift to the web.
- The postal service won't be delivering as much mail.
- Financial services of all types will shift to the web.
- The parcel delivery business will soar.
- Internet retailing will become a price game.
- Outernet retailing will become a service game.
- Internet search engines will decline in importance.
- The Internet will change many aspects of the telephone industry.
- There will be speed bumps on the Internet. It is difficult to make money on the Internet. The next is the tax issue. The Internet cannot be a free ride forever.