

What's the fundamental law of branding?

What's the fundamental law of branding? It's the law of leadership. „It's better to be first than it is to be better.“ Take Red Bull, the first energy drink. Here in the U.S., Coca-Cola countered with its own energy drink, a product called KMX. Today, Red Bull outsells KMX in the U.S. market 20 to 1.

KMX didn't work, so Coca-Cola recently came back with Full Throttle, an energy drink that is unlikely to do much better than KMX.

Take Gatorade, the first sports drink. Coca-Cola countered with its own sports drink, a product called PowerAde. Today Gatorade outsells PowerAde in the U.S. market 7 to 1.

Seven to one isn't the whole story. In order to compete, a number two brand usually is forced to cut its price, greatly reducing profit margins. PowerAde, for example, is currently sold at a local supermarket for 20 percent less than Gatorade.

The first carbonated citrus drink was Mountain Dew. Coca-Cola countered with its own carbonated citrus drink, a product called Mello Yello. Today, Mountain Dew outsells Mello Yellow in the U.S. market 9 to 1.

Mello Yello wasn't going anywhere so Coca-Cola also tried Surge which didn't go anywhere either.

The first spicy cola drink was Dr Pepper. Coca-Cola countered with its own spicy cola drink, a product called Mr. Pibb. Today, Dr Pepper outsells Mr. Pibb in the U.S. market 8 to 1. And so it goes.

The first all-natural drink was Snapple. Coca-Cola countered with its own all-natural drink, a product called Fruitopia. Today, Snapple greatly outsells Fruitopia.

Question: If the Coca-Cola Company, the world's largest soft-drink maker, can't make a success of a me-too product, why should you expect your company to do so?

What are we saying? That the marketing function doesn't matter? That the key to a company success is research and development? That all a company has to do to become successful is to be the first company to introduce a new category?

Not at all. The second most important law of branding is the law of the mind.

„First in the market is nothing. First in the mind is everything.“ That's why marketing is the key to success. It doesn't matter which brand or which company is literally first. It only matters which brand or which company gets into the mind first. The first automobile on the road in America was Duryea, but not in the mind. The first automobile in the mind was Ford, still the leading automobile brand in the U.S. market.

The first computer on the market was Remington Rand's Univac, but not in the mind. The first computer in the mind was IBM. And IBM went on to dominate the mainframe computer business with as much as 80 percent of the market.

The first MP3 player with a hard drive was introduced by Creative Technology, but it didn't get into the mind. The first MP3 player with a hard drive to get into the mind was Apple's iPod. And so it goes.

In spite of all the examples to the contrary, the branding strategies used by most companies is a "better" strategy, not a „first“ strategy. Buy our product because it's better. You can't become the leader by being better.

You can only become the leader by being first.

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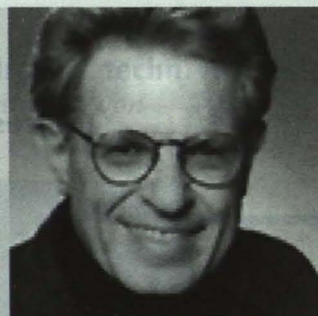


table Laws of Branding, The Fall of Advertising and the Rise of PR and his latest book, The Origin of Brands.