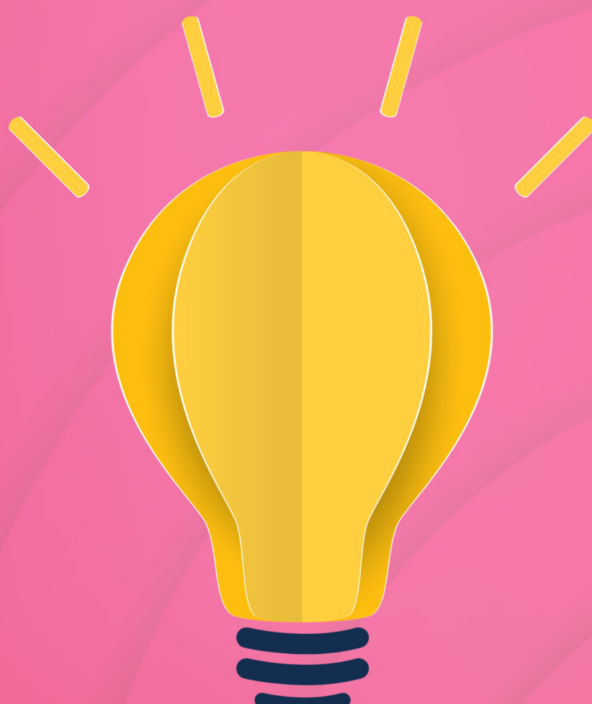
SUMMARY

THE 22 IMMUTABLE LAWS OF BRANDING

AL RIES AND LAURA RIES



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Summary of “The 22 Immutable Laws of Branding” by Al Ries and Laura Ries

Written by Lea Schullery

Learn how to build a product or service into a World-Class Brand.

Introduction

When you hear the word “branding,” what do you think of? For some of you, you might be thinking about the branding that happens on the ranch, when animals like cattle are branded to distinguish one cow from another. In the business world, branding isn’t much different. In fact, an effective branding program should be designed to differentiate your product from others on the market. If you create a branding program based on the concept of singularity, you can convince potential customers that there is no other product on the market that is quite like yours. You see, in today’s world, no amount of advertising, fancy packaging, sales promotions, web designs, and public relations can help you create a successful business. Instead, the key to marketing is building a brand. For example, when you need to purchase something online, which site do you likely go to? Is it walmart.com? Amazon.com? Why do you go to these sites to purchase items online? Because they have built a brand that you trust. That's because companies like Amazon, Starbucks, and Walmart have utilized the laws of branding and developed successful brands either online or in real life.

In the past two hundred years, there have been some two thousand American automobile companies. Today, however, only two remain. General Motors and Ford. Similarly, in the past twenty-five years, there have been roughly two hundred American manufacturers of personal computers. Today, just two companies dominate the field of PCs. Dell Computer and Compaq. This doesn’t mean that going into either business is bad business, it simply means that all of these companies have used the laws of branding to create something better than the rest. So if you’re looking to build a business, keep reading to learn about the 22 immutable laws of branding that will never go out of style.

The Laws of Expansion, Contraction, and Singularity

When you think of Chevrolet, what comes to mind? If you can't quite think of a clear answer, that's okay. You see, Chevrolet used to be the best-selling automobile brand in America. Today, the leader is Ford. You see, Chevrolet sells ten separate car models, which is precisely one of the biggest reasons Ford outsells Chevrolet. So why does Chevrolet market so many models of cars? Simply put, they want to sell more cars! It makes sense… or does it?

While this strategy works in the short term, the model expansion eventually threatens the brand name in the mind of the consumer. This is a perfect example of the first law of branding: the Law of Expansion. This law suggests that a brand actually becomes weaker as it expands and loses its focus. For instance, American Express is doing with credit cards what Chevrolet has done with automobiles. At one time, AmEx was the premier, prestige credit card and membership had incredible perks. Then AmEx began to expand and broaden its line with new cards and services in hopes of becoming a financial supermarket.

In 1988, AmEx had just a handful of credit cards and 27 percent of the market. Suddenly, they introduced more, including: Senior, Student, Membership Miles, Optima Rewards, Delta SkyMiles Optima, Corporate Executive, and more. The CEO aimed to issue twelve to fifteen new cards a year. Today, the market share for American Express is just 18 percent. You see, as companies begin expanding, customers begin to lose interest. They want brands that are narrow and distinguishable by a single word. The shorter the better. This leads us to the second law: the Law of Contraction.

Think about the coffee shops in every small town in America. What do you typically find to eat in a coffee shop? Everything. Breakfast, lunch, and dinner. Pancakes, muffins, hamburgers, sandwiches, and definitely coffee. So Howard Schultz decided to do something different. He decided to open a coffee shop that specialized in just one thing: coffee. In other words, he narrowed his focus. Today, Schultz's brand, Starbucks, is a growing chain that does hundreds of millions of dollars' worth of business each year. In fact, his company, Starbucks Corp., is worth $8.7 billion on the stock market.

Like Starbucks, the most recognizable brands are those which have a narrow, singular focus. This leads us to the third law of branding: the Law of Singularity which states, "The most important aspect of a brand is its single-mindedness." Like Chevrolet, other brands like Miller have lost their singularity. Think about Miller, what is it? It's a regular, light, draft, bottled, cheap, expensive beer, right? Of course, they both remain on the marketing scene, but the loss of singularity weakens a brand. On the other hand, strong branding creates product names that can be used in place of a common word.

For example, when you think of an expensive Swiss watch, you think about the name Rolex. When you think about a safe car, you can ask for a Volvo. When you think about the brand name Prego, it can stand for "thick spaghetti sauce." In other words, strong branding shows customers exactly who you are and what you stand for.

The Laws of Publicity and Advertising

If you ask any of the 15,000 advertising agencies in America about what they do for business, they'll likely tell you they are in the business of building a brand. And while advertising is certainly effective for keeping a business in the eye of the consumer, it's not as effective when it comes to building a brand. You see, brands like McDonald's and Coca-Cola require large budgets for advertising, but they've built a brand. Unfortunately, advertising won't necessarily help get a new brand off the ground.

This brings us to the fourth law of branding: the Law of Publicity. In today's saturated and competitive market, publicity is more important than ever. In fact, creating a public presence is essential for the success of a brand. The Body Shop owner, Anita Roddick, turned her business into a major brand with no advertising at all. Instead, she went on a quest for publicity by traveling the world and expressing her ideas about the environment. With countless newspaper and magazine articles and radio and television interviews, Roddick turned The Body Shop into a brand.

Similarly, brands like Starbucks and Walmart don't spend much money on advertising either. Starbucks, for example, spent less than $10 million in advertising in its first ten years of business. For a company that makes $2.6 billion in annual sales, $10 million over 10 years is a trivial amount of money for advertising. On the other hand, Miller Brewing spent $50 million to launch a brand they called Miller Regular. This was basically just plain Miller. Without any publicity, the company failed to generate any interest from consumers, and just a year after its launch, it disappeared. In other words, they spent $50 million for nothing.

But advertising isn't all bad. In fact, the fifth law of branding is the Law of Advertising. You see, once you've created a brand, you'll need advertising to stay healthy. Think of your advertising budget like your country's defense budget. "Those massive advertising dollars don't buy you anything; they just keep you from losing market share to your competition." So while publicity is certainly a powerful tool to create a brand, nothing lasts forever, which is where advertising comes into play. So what should brand leaders advertise? Brand leadership. For example, Heinz advertises itself as America's favorite ketchup; Budweiser is the king of beers; Coca-Cola is the real thing; Visa, it's everywhere you want to be.

So instead of branding your company as better than your competitors, simply advertise that you are the leader and consumers will automatically think, "They must be better."

The Laws of the Word, Category, and Fellowship

When you think about owning a Mercedez-Benz, what comes to mind? If you could infiltrate the minds of a typical automobile buyer, you would likely find that many people associate the word “prestige” with the Mercedez-Benz brand. Sure, you might also think things like *expensive, German, well-engineered,* and *reliable;* however, the core of their brand is prestige. Think about it, Lamborghinis are also expensive, Audis are also German, Hondas are similarly well-engineered, and Toyotas are also reliable. But none of these brands are as prestigious as that of Mercedez.

This leads to the sixth law of branding: the Law of the Word. If you want to build a brand, you must focus your branding efforts on owning a word in the consumer’s mind. A word that nobody else owns. A great example of this is Kleenex. Think about it, what word do you associate with the Kleenex brand? It’s likely the word, “soft.” Right? Even more powerful than associating Kleenex with softness, is the fact that Kleenex has become synonymous with *tissue*. So “when a person looks across the room, sees a box of Scott tissue, and says: ‘Please hand me a Kleenex,’ you know you have a solid brand locked into the mind of the consumer.”

Now, it’s time to move onto the seventh law: the Law of Category. This law suggests that when you narrow your focus to such a degree that there is no longer any market for the branch, then you have created a wonderful opportunity to introduce a brand-new category. This puts you in a great position to create something out of nothing. For example, what was the market for home pizza delivery before Domino’s pizza? Almost nothing. When Domino’s first started offering pizza delivery, they didn’t have much business at first. However, expanding the market category has the potential to create incredible long-term results.

Today, several pizza delivery businesses are in competition with Domino’s. This leads us to law eight: The Law of Fellowship which states that to successfully build a category, then a brand should welcome other brands. You see, the best thing that happened to Coca-Cola was the introduction of Pepsi Cola. When consumers have a choice, that competition draws attention to the category and stimulates demand for the product.

The Laws of Credentials and Quality

In today's world, customers have become suspicious when it comes to large companies and their product claims. However, the best claim is the claim of authenticity. For example, Coca-Cola first made the claim that "Coke is the real thing. Everything else is an imitation." This leads us to the ninth law of branding: the Law of Credentials. "Credentials are the collateral you put up to guarantee the performance of your brands." So when you have the right credentials, consumers are likely to believe anything you say about the brand.

Brands like Coca-Cola, Heinz, Visa, and Kodak all have credentials that make them the leading brands in their categories. And when you don't have the leading brand, then your best strategy is to create a new category in which you can stake your leadership claim. For instance, Polaroid did this when they became the leader in a new category of instant photography. Yet when they tried to compete with Kodak in conventional film photography, Polaroid failed miserably. That's because they had no credentials in that category. The beer market is another perfect example of this. You see, when you can't be the leading beer, you can venture out to other categories like the leading light beer, the leading microbrew, the leading Mexican beer, the leading high-priced beer, the leading German beer, the leading Japanese beer, and so on.

The power of credentials can be seen everywhere. For instance, when you're searching for a restaurant to eat at, are you going to choose an empty restaurant or do you prefer to wait for a table at a crowded one? The average consumer believes that if a line is out the door, then surely that place is really good. This leads us to the tenth law of branding: the Law of Quality. This law states that while quality is important, brands are not built on quality alone. For example, does Coca-Cola taste better than Pepsi? Most people believe so because Coke consistently outsells Pepsi. Yet in a blind taste test, most people preferred the taste of Pepsi.

This goes to show that there is little correlation between a brand's success and the quality of its product. Instead, a strong brand relies on the *perception* of quality. And the best way to build a quality perception in the mind is by following the laws of branding, specifically the law of contraction. When you narrow your focus, you become a specialist, rather than a generalist and a specialist is perceived to know more. Many brands also simply hike their prices to seem like they are of higher quality. Look at Rolex, Rolls-Royce, and Ritz-Carlton who all benefit from selling their products and services at a higher price.

The Laws of Extension and Consistency

Today, you don't have to travel very far to find that line extension is becoming a widespread practice among major brands. In fact, more than 90 percent of all new products introduced in the U.S. and drug trade are line extensions. Just take a look at the beer industry, probably the most line-extended industry in the business. In the mid-seventies, there were just three major beer brands: Budweiser, Miller High Life, and Coors Banquet. Today, these three brands are now fourteen as they've all introduced different kinds of beer. Budweiser, for example, now has Bud Light, Bud Dry, and Bud Ice whereas Miller High Life also has Miller Lite, Miller Genuine Draft, Miller Reserve, Miller Reserve Light, and Miller Reserve Amber Ale.

This is the eleventh law of branding: the Law of Extension. This law suggests that "The easiest way to destroy a brand is to put its name on everything." Did introducing more beer lead to increased beer consumption? No, it didn't. In fact, per capita, beer consumption over the past twenty-five years has been relatively flat. Does that mean that there *isn't* a market for light beer? No, there certainly is! However, there is something that many manufacturers get wrong.

Unfortunately, manufacturers are their own worst enemies because when they introduce a line extension that is *light, clear, healthy,* and *fat-free,* they are telling their consumers that their regular products are not good enough. Take Heinz Light ketchup, Hellmann's Light mayonnaise, and even Campbell's Healthy Request soup. Are their regular products not healthy enough? Too many calories? Therefore, instead of introducing new line extensions, manufacturers should release products by launching an entirely new brand. That way, consumers know what the existing brand stands for and don't become confused about the quality of their products. This leads us to the twelfth law of branding: the Law of Consistency.

This law states that a brand is not built overnight. In other words, success is measured in decades, not years. This means that the best companies build strength by focusing on their consistency over time. Therefore, brands should narrow their focus and simply stick to what they know. The problem, however, is that brand building is *boring*. And when people get bored, they begin to try and think of ways to make their brand more exciting. While this sounds like a good idea, in theory, let's take a look at why this doesn't work.

It all started when someone at Volvo said something like, "Why should we limit ourselves to dull, boring, safe sedans? Why don't we branch out into exciting sports cars?" So what does Volvo do? They launch a line of sports cars and even release a convertible. For over thirty years, Volvo has been sold as reliable, safe sedans that consumers trust to keep themselves and their families safe on the road. So when the company decided to branch out into the world of sports cars, they simply diluted their safety message. No longer did consumers know what they were getting in terms of a good, safe, reliable car.

The Laws of Subbrands, Siblings, and Borders

As we mentioned in the previous chapter, line extension isn't the most productive strategy for companies looking to expand their products and services. Therefore, many companies looking to expand decide to go a different route and create a subbrand. This leads us to the thirteenth law of branding: the Law of Subbranding. Take a look at Holiday Inn who wanted to expand into the upscale hotel segment or Cadillac who wanted to expand by introducing a smaller car.

So while line-extension may have meant Holiday Inn creating a brand like "Holiday Inn Deluxe" or Cadillac releasing a "Cadillac Light," these companies decided to invent a subbrand instead. Holiday Inn created Holiday Inn Crowne Plaza and Cadillac introduced Cadillac Catera. In other words, they could have their cake and eat it too… or could they? While these ideas made sense in the boardroom, they often didn't make sense in the marketplace. For example, patrons staying at a Holiday Inn weren't necessarily looking for a more expensive hotel to stay at. Similarly, people who buy Cadillacs weren't looking for a smaller car.

Customer research revealed that people who stayed at Holiday Inn Crowne Plaza enjoyed their stay but felt that the price was a bit expensive for a Holiday Inn. You see, people wanting to stay with the brand were looking for a deal, they weren't looking for an expensive stay. In the end, the company finally realized that creating a subbrand didn't make sense, now the hotels are known simply as Crowne Plaza, period. This leads us to the next law of branding: the Law of Siblings. The 14th law of siblings states that for additional brands to be effective, they have to be distinct enough to stand on their own.

While launching a second brand can certainly dilute the power of the first brand, in some situations, a family of brands can be developed and help assure the company's control of the market for the long haul. However, for this to work, each brand must develop its own identity. Like a family, each sibling should have a unique, individual brand with its own identity and distinction.

Wrigley did this in the chewing gum market, allowing them to dominate the market and generate billions of dollars of profits. Today, they have Big Red (cinnamon-flavored), Doublemint (peppermint-flavored), Extra (sugar-free), Freedent (stick-free), Juicy Fruit (fruit-flavored), Spearmint (spearmint-flavored), and Winterfresh (breath-freshener). Each brand is a sibling with its own unique identity creating the perfect family of chewing gum flavors! Similarly, Time Inc. has become the world's largest magazine publisher, not by launching line extensions, but through launching completely separate publications. Instead of launching *Time for Sports,* they created *Sports Illustrated*. And instead of *Time for Celebrities*, they created *People*. Today, Time Inc. has seven publishing powerhouses that dominate the magazine industry.

There is one final expansion strategy which leads us to the fifteenth law of branding: the Law of Borders. This law states that there are no barriers to global branding, in fact, a brand should know no borders. By growing internationally, you can expand your company without making your brand susceptible to the dangers of line extensions and subbrands. You can simply move your entire original brand into a new country and open up your product or service to a new market.

The Laws of Shape and Color

When it comes to capturing the attention of your customers, a well-designed logo is crucial in creating a brand that sets it apart from other competitors. This leads us to the sixteenth law of branding: the Law of Shape. The law of shape states that a brand's logotype should be designed to fit the eyes. Think about the eyes of your customers. They are mounted side by side, which means the ideal shape of a logotype is horizontal. More specifically, they should be 2.25 units wide and 1 unit high.

This horizontal bias is even more important when you think of all the areas in which your logotype will be used and printed: buildings, brochures, letterheads, advertisements, and even calling cards. Think about the American fast-food chain Arby's which uses a long vertical cowboy hat for their logo. It's not very pleasing or attractive to look at, is it? However, the horizontal logotype isn't the only aspect of the law of shape. In fact, typography is of equal importance. Typefaces come in thousands of styles and weights but the most important consideration in selecting a typeface is legibility. In the end, it's best to stick with clear typography that is easy to read, like Rolex, Ralph Lauren, and Rolls-Royce.

In addition to your logo and typography, another way brands can capture the attention of their consumers is by choosing a distinct color. This leads us to the seventeenth law of branding: the Law of Color. The law of color states that a brand should use a color that is the opposite of its major competitor's. In fact, there are just five basic colors: red, orange, yellow, green, and blue, plus the neutral colors like white, black and gray. It's best to stick to one of these five primary colors rather than find an intermediate or mixed color, so which color should you choose?

Colors all convey something different and they are not created equal. Colors like red, for example, are focused slightly behind the retinas of your eye, meaning the red color appears to move toward you when you look at it. On the other hand, colors like blue are focused slightly in front of the retinas meaning the blue color appears to move away from you. This is why colors like red are associated with feelings of energy and excitement whereas blue is more peaceful and tranquil. This is perhaps why 45 percent of national flags have red as a dominant color and only 20 percent of flags are predominantly blue.

In the world of brands, the colors red and blue have similar meanings. Red is used to attract attention while blue is more of a corporate color that is used to communicate stability. Just take a look at Coca-Cola and IBM. When it comes to other colors, however, black is the color of luxury, just look at the Johnnie Walker Black Label, and green is the color of the environment and health. Unfortunately, leaders have first choice in color which is why the leading brand of farm tractors, John Deere, picked the color green which symbolizes grass, trees, and agriculture.

There is powerful logic for choosing a color that is the opposite of your major competitors. For instance, Coca-Cola chose the color red to represent the beverage's reddish-brown color and to attract attention. This strategy worked, so Pepsi was forced to pick another color. Unfortunately, Pepsi made a bad move by choosing both red and blue as the brand's colors. Red to symbolize cola and blue to differentiate the brand from Coca-Cola. However, this decision meant that they didn't distinguish their brand enough from Coca-Cola and the lack of differentiating color made Pepsi invisible in a sea of red. Today, the company has done some major rebranding and is going completely blue, a decision they probably should've made 50 years ago!

The Laws of the Name, the Generic, and the Company

Perhaps the most important branding decision you will ever make is what to name your product or service. In the long run, a brand is absolutely nothing without a name! This leads us to the eighteenth law of branding: the Law of the Name. You see, in the short term, a brand simply needs a unique idea or concept to survive. But in the long run, the unique idea and concept disappear, leaving you with just a brand name and a brand name of your competitors.

Take Xerox, for example. The company was the first to introduce a plain paper photocopier in 1959. This unique idea launched the company's success, but today, all copiers are plain-paper copiers; therefore, the difference is no longer in the product, but in the name. Xerox is still considered the best brand in the field of copiers, and one reason for that is because of its name. Think about it. It's short, unique, and suggests high technology. You see, Xerox successfully avoided the nineteenth law of branding: the Law of the Generic. This law states that "One of the fastest routes to failure is giving a brand a generic name."

Okay, sure, history has shown us that some of the most successful companies have had generic names. Just take a look at General Motors, General Electric, American Airlines, American Broadcasting Company, and Standard Brands. Years ago, this strategy worked. The market was flooded with products and services produced by small companies so the big companies with generic names put all those small competitors in their place. In fact, these huge companies became successful because of their strategy, not their name. Many of these companies were the first in their field, allowing them to control the market. Today, there's so much competition, a generic name will simply leave you unable to differentiate yourself from the competition.

For example, many companies in the food supplement field use the word "Nature" in their name somewhere. So when you walk into your local GNC, you'll find dozens of products with similar names, none of which are likely to become a major brand. Therefore, the best strategy when choosing a name is to take a regular word and use it out of context to signify your brand. For instance, Budget is a powerful brand name in the car-rental service business and suggests that it rents cars at low prices. Would Low-Cost Car Rental have the same effect?

This brings us to the twentieth law of branding: the Law of the Company. This law states that "Brands are brands. Companies are companies. There is a difference." Many companies ask themselves, "Should the company name dominate the brand name?" For example, Microsoft dominates Microsoft Word. "Should the brand name dominate the company name?" For example, Tide dominates Proctor & Gamble. "Should they be given equal weight?" Well, according to the law of the company, brand names should almost always take precedence over consumer names. This is because consumers buy brands, not companies. In other words, consumers buy Tide, not Proctor & Gamble.

The Laws of Change and Mortality

As we've learned so far, one of the most important things a company can do is narrow their focus. In fact, we've discussed consistency and focus so much, so this next law may seem a bit out of place. The twenty-first law is the Law of Change. This law states that "Brands can be changed, but only infrequently and only very carefully." You see, nothing in life, and nothing in branding, is absolute. Sometimes change is necessary, so if that day ever comes, you'll need the law of change to help you make the transition.

The easiest time to make a change is when your brand has nothing to lose, or when your brand is either weak or nonexistent in the mind of consumers. In this case, there is no brand so you can do anything you want. Another good time to change is when you want to move your brand down the food chain. For example, lowering the price of your brand doesn't necessarily hurt the brand at all. Customers will simply believe they are getting more value at a lower price. For example, Marlboro did just this when they lowered their cigarette prices and even managed to gain market share. That's because customers still associated Marlboro with a quality product, they could just get that same quality at a good deal.

The final time in which a change makes sense for your brand is if you are in a slow-moving field and the change is going to take place over an extended period. This strategy worked for Citicorp, who twenty-five years ago was a corporate bank that had 80 percent of its customers coming from the corporate world. Today, those numbers are almost reversed, and Citicorp is only about 30 percent corporate. Over time, Citicorp has successfully moved its brand from a corporate to consumer perception. They did this slowly by allowing a natural change and perception to occur over time in which the process of "forgetting" took place.

This leads us to the final law of branding: the Law of Mortality. Of course, no brand will ever live forever. Yes, these laws of branding are immutable, but brands themselves are not. Markets are constantly changing as new generations come onto the scene and revolutionize entire industries. Therefore, like people, brands must live and die. For example, once laundry detergents like Tide were introduced, older laundry soap brands like Rinso faded away. When companies find themselves in situations like these, they make critical errors by fighting the natural process and spending millions of dollars trying to salvage a dying brand. Instead, cut your losses, launch a new brand, and become a competitor.

However, this is easier said than done. Take Kodak, for example. As the digital photography market began to rise, Kodak refused to change, believing the film photography market would stay alive despite the new changes. Instead, they invested millions of dollars in creating the Advanced Photo System (APS), which gave consumers a choice of three print formats among other things. Unfortunately, they invested millions of dollars in conventional photography when the market was rapidly moving towards digital. Instead, it would've just been easier and less costly to let the old system die a natural death and use the money to build a new digital brand.

Final Summary

When it comes to branding, marketing, technology, and public interest is constantly changing. One thing that will never change, however, is the 22 laws of branding. The best brands understand that narrowing their focus and being consistent is the most effective way to create a brand that sells. That's because consumers want to know exactly what they are getting and they want to be able to trust the brand. However, before you can get consumers to trust you and what you're selling, you'll have to get their attention. Good branding involves being able to make your brand unique and stand out above the rest, which is why your name, logo, and color are perhaps some of the most important decisions you can make! In the end, following the 22 laws of branding can help you build a brand that lasts while avoiding crucial mistakes that even the most trusted brands have made.