

Lecture Text
Brand Positioning
Professor Youngme E. Moon

(edited for clarity)

Introduction

Welcome back to HBS. It's a pleasure to be here. What I thought I'd do today is talk a little bit about my research, some of which is in the area of brand positioning. I teach a second-year course called *Consumer Marketing* that focuses on three big areas. One is positioning, one is branding, and one is customer management.

Positioning

And so what I would like to do today is talk to you about the first of those three areas: positioning. And what I try to do in the course is to give students a very different perspective on consumer marketing. Because what they get in the first year is the classic approach to consumer marketing. And in the second year, I try to focus more on the research that I do, which is to offer a counter view on marketing.

I'd like to begin with positioning and I'm just going to jump right in.

Classic definition of positioning

Positioning is one of the most fundamental concepts in marketing, and this is the classic definition of positioning. It's the process by which you are basically managing the impressions that people have about your value proposition. You're not doing this in isolation, obviously; you're doing it in the context of other competitive brands out in the market.

Category positioning map

And so one of the tools that most marketers use in thinking about how to position a product is something that we generally call a "category positioning map." And it generally looks something like this. It's basically the idea that you can take any category and you can figure out what attributes consumers care about. This is simplified because it's only two dimensions, so usually there'll be three, or four, or five dimensions. But the idea is that you can literally plot different brands in this space and figure out where consumers perceive different brands to be in this space. And positioning becomes this process by which you're jockeying for position within the context of this kind of map. And the goal in this is to own a particular position, to dominate one of these positions on the map.

Classic approach to positioning

And the way that we do this conventionally is we segment the market. We take a market and divide it into a bunch of segments. We identify our target segment. We do some market research so that we get to know our target segment, and we market our value proposition. This is what we teach in first-year marketing. And this is the classic approach to positioning.

The problem with this particular approach is that it sounds very straightforward, but in fact it's very, very difficult to execute. And it's difficult for a lot of reasons. One of the reasons is that that positioning map that I showed you, in fact, is very dynamic. It's not a static map.

Category evolution

It's constantly evolving. In fact, if you think about any category, as you guys remember from being here, any particular category will go through a series of stages, like anything else. And the positioning challenge changes within each one of those stages.

So, for example, if you think about the birth of any particular category, any consumer category, there's really no competition at all. When categories are born, it's usually because a single product is able to achieve some kind of traction within the category, and it then goes on to become the prototype for the entire category. So, for example, the Sony Walkman was a product that hit, it achieved market traction, and it became the prototype for the entire personal stereo category.

In just about every category you can find a product like this. What happens is that after that, competitors recognize that there's an opportunity. They begin jumping into the market and they begin replicating and refining on that particular product or service. This is a period of replication and refinement. Lots of copycats jumping in. And this is a really great time to be a consumer because the value proposition is increasing significantly with every single generation of product. So if you buy a third-generation Walkman, you're just so much better off than someone who bought a first-generation Walkman. It's also a great time to be a competitor because the market is growing so rapidly that you don't really have to do that much head-to-head competition. You can grow by simply grabbing a chunk of a growing pie, as it were.

In the third stage, things get a little bit more difficult because now you're forced into the head-to-head competition. The market's not growing so much, so what used to be a positive-sum game now has become a zero-sum game. And as a result, the battle is really over creating differentiation and distinctiveness within the context of all of this competition. And one of the things that happens is that, as the market gets more mature, competitors become more sophisticated; the segmentation starts to get much more refined. So, whereas in the growth stage you might have kind of a crude segmentation, in this stage you see a market get divided in really, really fine segments. And you see companies beginning to bring these products that are specialized for every single one of those segments.

The end result is that the overall number of products in the category just explodes. So today, for example, Sony makes over a hundred different Walkmen. There are Walkmen for the beach, Walkmen for children, Walkmen for jogging, Walkmen for going on airplanes, and so on, and so on. And every single one of those products represents a different segment in Sony's mind.

Mature categories

Now, you see this in category after category, this kind of product proliferation. And the thing to keep in mind here is that when you see a company offering lots and lots of products like this, those product portfolios reflect the firm's segmentation philosophy. If I'm producing cereal and I produce four kinds of cereal—plain, raisins, nuts, nuts and raisins; four types of cereals—that product selection is a reflection of my segmentation philosophy, because I believe different segments out there care about that difference. Shopping, then, as a consumer becomes a process by which consumers are essentially self-selecting into these categories.

And every time you buy one of those products—you buy the one with nuts but no raisins—you're basically validating that firm's segmentation philosophy. You're validating the fact that that difference matters to you. And what's interesting about this process is how easily

and how readily consumers adapt to the evolution. Twenty years ago it would have been ridiculous to be able to go to the store and buy something like Diet Cherry Coke with no caffeine. That kind of specialization would have been absolutely ridiculous. Today if you're someone who consumes Diet Cherry Coke with no caffeine, and you discover one day that Coke has discontinued that product, that really ticks you off. Because they recognized you as a segment and now they've decided they don't care about you anymore.

This is all kind of a way to say that, as categories mature, the differences between products starts to get increasingly subtle, increasingly nuanced. But just because they get increasingly subtle doesn't mean that they're meaningless. On the contrary, in a mature market, marketers end up living and dying by those tiny little differences. So differences that are insignificant in an immature market become highly significant in a mature market. So the positioning challenge becomes very, very different in a mature market.

The second thing that happens at the same time is that the difference between customers becomes increasingly subtle. And this happens for a lot of reasons. One reason is that the segmentation starts to become much more fluid. Now, what do I mean by that? What I mean is, let's say we decided we were going to segment by age. A very crude way to segment by age as a demographic would be to say, "OK, there are three basic age groups. There are children, there are adults, and there are senior citizens."

That might work fine in a growing market. In a mature market that's been around a long, long time, you don't see that kind of crude segmentation. It is not enough to say that there are children, adults, and senior citizens. Instead you say there are not just children; there are newborns, there are babies, there are toddlers, preschoolers, kindergarten, elementary, and you segment like that. There are not just adults, but you have adults that are single, adults that are married, adults with no kids, adults with kids, and so on. And you start to really fine-tune that segmentation.

What that means, though, as a marketer, is that you are now trying to hit a moving target. Nobody is staying in the segment long enough. You have very little time to reach that consumer before they move on. You see this problem, for example, in the toy industry. The toy industry is one in which five-year-old kids wouldn't be caught dead playing with anything that a three-year-old would play with. Right? So, if you're a toy manufacturer and you're producing toys for a very specific age range, you have a very limited amount of time to create some resonance with that consumer before they move on.

The same in the fashion industry, where fifteen-year-old girls wouldn't be caught dead wearing anything a thirteen-year-old girl is wearing. In mature products, consumers get sophisticated like this, much more demanding, and it becomes much more difficult to reach them.

A second thing that happens is that the segments start to really overlap in some very messy ways. As you remember, the whole reason you position and you segment, anyway, is to find a part of the market that you can really dominate, that you can own; a place where you're sort of immune from competition. Even if you come up with the most elegant segmentation scheme in the world, in a mature market it is impossible to avoid competition. And the reason for that is different firms adopt different segmentation schemes.

So let's say I decide I'm going to segment by gender. Somebody else comes along and says, "I'm going to segment by age"; someone else comes along and says, "I'm going to segment by lifestyle"; "I'm going to segment by geographic location," and so on. And so

you have overlapping segmentation schemes in which you might be doing really well in the context of your own, but it's still impossible to avoid competition from someone else who's just looking at the market in a different way.

Another problem: Consumers don't always cooperate with the way firms segment the market. Even as firms get more sophisticated in how they view the market, consumers also get more sophisticated. A good example of this was about eight years ago when I had my first kid. So I had my first kid and, at the time, I was driving this little two-seat convertible. I had this baby. I realized this car is completely impractical. So when my son was a week old, I took the car in to trade it in and I drove out with a . . . ?

___: A minivan.

PROFESSOR YOUNGME E. MOON: No, I drive one of those now. But it was close: a big old Volvo station wagon, the biggest Volvo station wagon that you can buy; a huge car. Now, if you think about it, it's like driving a living room sofa down the freeway. But if you think about it, there's absolutely no reason, where my son was a week old, to need a car that big. I mean, my baby was really very small. But the reason I got that car was because, in my mind, I was looking at women that were five or six years ahead of me. And they didn't just have one baby, but had two or three kids, and were lugging around all this stuff in the trunk, and so on. In other words, I was projecting forward. I was projecting myself into a segment that I wasn't really in yet.

People do that all the time. Consumers, when they get very sophisticated, they anticipate being in a segment and they put themselves in it. Or they want to be in it, so they put themselves into segments that we, as marketers, wouldn't necessarily expect them to put themselves into.

And on top of all of this, as markets get more mature, the segmentation starts to become more "psychographic." This is one of the most favored terms that you'll hear marketers use. Because, on the one hand, everything we do as a marketer, we're always segmenting by psychographic. When we use a demographic variable like gender, for example, to segment the market, what we're really going after is some kind of psychographic. If I say I'm going to differentiate between men and women, what I'm really assuming is that there is some kind of psychographic difference between the way men think and feel and the way women think and feel.

But when the market gets more mature, there comes this tendency to want to bypass those easy substitutes. We use easy substitutes like age, and gender, and so on, and a desire to go straight for something that is psychographic and to bypass those substitutes. And so all of this results in a really very, very messy market that is full of many, many contradictions. That's the end result.

A very good example of this would be the SUV market. If you think about twenty years ago in the SUV market, you had a choice of two or three or four different SUVs to choose from. Today there are literally dozens and dozens of SUVs. You can buy cheap SUVs, you can buy luxury SUVs. Porsche now makes an SUV; Mercedes; BMW makes two SUVs. Now, if you think about the luxury SUV and you had to describe the target market for the luxury SUV, how would you describe that target market?

I guess it would be somebody who likes to think of himself as very rugged and outdoorsy but, on the other hand, can't bear the thought of going anywhere without leather seats. It's

someone who likes to think of himself as pragmatic and down to earth, but still wants that high-profile status symbol. It's someone who almost certainly has a spouse and a couple of kids, but wouldn't be caught dead in a family car. And that is essentially the target market for a luxury SUV. It's a complete contradiction in terms.

We kind of laugh at that because, from a marketing perspective, we like to divide the world into little chunks. There are people like this and there are people like this. But, as consumers, what makes that kind of funny is that we know that in reality that's not really true. Right? As a consumer we live with these kinds of contradictions all the time. If you were a marketer and you came to me and you said, "I've taken the market and I've divided it into two segments. One would be people who like to be outdoors and like to rough it, and over here, people who like luxury and they like to be pampered. Which one would you put yourself into?" You know what I would say? Both. I like them both.

If you said to me, "I've divided the market into two segments. One would be people who like to save money, who are very pragmatic; and the other are people who like to pay a premium for a status symbol. Which one would you put yourself into?" Both. I consider myself pretty pragmatic, but I will also spend some money on a few status symbols as well. As consumers, we are very comfortable living with these contradictions. As marketers, however, we don't necessarily have the tools out of which we can really think about how to take advantage of those kinds of contradictions in the market.

So a lot of the research that I do looks at how to position yourself in the context where these types of tools don't necessarily allow you to take advantage of those kinds of opportunities. I think that in many, many situations, particularly growth situations, a way of looking at the market that uses this particular paradigm can be very useful. But, as markets start to get more messy and more complicated, then sometimes it's necessary to go beyond this particular way of looking at the world. Because I really believe that the challenge for marketers, particularly in mature markets, is trying to position in the context in which consumers are extraordinarily sophisticated; where everybody that you meet really is this walking contradiction; where consumers are moving targets; when consumers are constantly defying your expectations about how they should and will behave. That's what I'd like to do.

And I'd like to give you an example of some of the ways you can push the logic of this particular paradigm and come up with marketing plans that, at first glance, from a first-year marketing perspective, look kind of absurd, but in fact actually are very powerfully resonant. So here's an example of what I mean.

Iconic Positioning Strategy

Imagine that you were CEO of a company. You had a product. You wanted to market it to consumers. And you came to me and said, "I don't know anything about marketing. Why don't you come on board as my CMO and come up with a marketing plan?" I say, "OK, fine. Give me a month to study the market and I'll come back with a marketing plan." I come back in a month and I say to you, "I've looked at the market and I can't make heads or tails of it. It's a complete mess. People are behaving in irrational ways. I really don't get what's happening. So here's what I've decided to do. This is my marketing plan. What I'm going to do is I'm going to create a mythological or fictitious target segment, and I'm going to market to this fictitious target segment. And my goal is going to be to create a compelling relationship between our product and this target segment."

Now the first thing you'd say to me is, "Hold on a second. These people really do exist out there in the market, right? You just don't know how to find them. You don't know where they are." And I would say to you, "Actually, I know with 100 percent certainty that there is nobody in the market resembling the fictitious target segment I have in mind. I know that with certainty, and yet this is the marketing plan I want to adopt."

Harley-Davidson

What would you say to that? You'd say, "That's ridiculous, that's absolutely absurd." And yet all of us are familiar with this brand right here. The target market for the Harley-Davidson is the biker outlaw. And I can assure you that in 2005, in America, there are no biker outlaws. I mean, there might be one or two, but certainly not enough to sustain a business like Harley's. In fact, if you look at the demographic profile of Harley's customer base, it's a fascinating thing to do. Because far and away, the vast majority—I'm talking 80-plus percent of their customers—are men in their fifties that have jobs like investment banker and consultant. I mean, it's you guys, basically.

There's a complete disconnect between what all their communication is about and who is actually buying their product. Now, is this aspirational branding? If you survey these people, they are not people who would say, "I want to give up my day job and become a biker outlaw." This goes far beyond aspirational branding. In fact, what Harley-Davidson is doing is they recognize that there are some people out there that harbor nothing more than a fantasy. They have a fantasy and sometimes they like to play it out.

And so what they've done is they have decided that they're going to create an iconic target segment. They're going to target someone way over here that doesn't even really exist, but they're going to create this illusion that is so powerful, it becomes a magnet for all of these people who want to share in that fantasy, at least for a weekend or two. As a result, their brand positioning tends to look completely out of alignment with their actual customer base.

Now, why would a company adopt a strategy like this? The answer is, if you were to take fifty investment bankers and you were to just line them up, chances are one or two of those investment bankers would share in this fantasy. Probably not more than that because it's really pretty ridiculous—sorry, there might be some Harley owners out there—but only one or two of you.

The problem is, looking at these fifty, there's absolutely no way to tell which of the fifty have it. It's a very deeply embedded psychographic. So you could just target everyone, but that's not very efficient, right? You could do a ton of market research to try to figure out which one of them displays those kinds of characteristics and go after them that way. But that's probably not going to be very effective, either. So what Harley has done is something very different. They've decided, "We're going to create something very iconic over here and we're going to use it as a magnet to draw people out."

And, in fact, from a marketing perspective, it's extraordinarily efficient. It's efficient to the extent that my guess is when I said the words "Harley-Davidson," immediately in your mind that image popped into your head, even though you probably can't remember in your life ever seeing an advertisement for Harley-Davidson. They have been so religiously focused on creating this mythology and sustaining this mythology over the years that it has become very, very deeply embedded in our psyche and it's very powerful.

Marlboro

Here's another example. Now again, I can assure you, in 2005, there are not many American males walking around herding cattle. Nor are there many people out there that aspire to quit their jobs and go work on a ranch. There really aren't that many people. And yet what this brand positioning does, again, is it creates a mythology about what it means to be an American male. That mythology resonates with people and it becomes a magnet. It becomes a brand magnet.

Playboy

Here's another example. In the 1970s, Hugh Hefner created this image of the playboy, this James Bond-like international jet-setter that would fly around with the *Playboy* magazine and hang out at playboy clubs. My guess is that, if you took a hidden camera and you put it in a 7-Eleven, and you videotaped the types of people that were buying *Playboy*, they would bear absolutely no resemblance to this mythological character. Again, it's a situation where the brand positioning is completely out of alignment with the demographic and behavioral reality of the customer base, which makes no sense from a classical marketing standpoint, but makes a lot of sense, actually, if you think about what's happening here.

Rap music

Another example is rap music. You see this with hardcore rap music, where the vast majority of people who are buying are white kids that live in the suburbs. And yet the whole industry even refuses to acknowledge that that is the target segment. And it is the refusal to acknowledge that that makes this particular mythology so powerful for kids.

This is an extreme version of targeting by psychographic, because what you're doing is establishing an iconic segment that in no way reflects the demographic or behavioral reality of your actual customer base. In fact, you may even refuse to acknowledge the demographic or behavioral reality of your customer base. Harley cannot start talking to its customers as if they were investment bankers. That would be suicide. What's happening in here with all of these companies is they're pushing the logic of target market segmentation to an extreme. You can think of this as a continuum and, at one end of the continuum, is the conventional demographic segmentation that we use. And we use demographics like gender and geographic location as an accessible substitute for what we believe are obvious psychographic differences.

Further down the continuum you get the kids that want to be like Michael Jordan. This is aspiration. They want to be like Martha Stewart, and so on. And then at the extreme end of the continuum, you get much more of an iconic kind of positioning. And as you move further to the right, there's a recognition that the psychographic characteristic that you are trying to appeal to is less accessible. It's harder to access. And as a result, the iconic imagery that you use starts to become much more farfetched and mythological, farther to the right. More suspension of disbelief is required.

And you see those investment bankers getting on their Harleys on the weekend and whooping it up, you've got to suspend some disbelief in order to do that. And the marketing of the illusion must be completely uncontaminated in order to pull off something like this.

This is an example of the idea that sometimes achieving real differentiation in a mature market where there's lots of competition requires going beyond the standard category positioning approach. Iconic positioning strategy is the idea that you can take segmentation logic and you can push it to an extreme, and even going beyond the behavioral or demographic characteristics of the market. Yes?

___: I have a quick question. Are you saying that the brand, then, would actually evolve from the demographic, aspirational to iconic? Or can you actually start out iconic right away?

PROFESSOR MOON: The latter. In fact, it's very difficult to move. Your credibility rests in the fact that you start out—absolutely, that's right.

So what I'd like to do with the rest of the time today is I'd like to talk about other examples of this kind of positioning approach, and three others in particular. I'll stop between each one to try to take questions, but I am going to try to finish on time here, so I'm aware of the time. So I'm just going to keep going straight ahead.

Reverse Positioning Strategy

So the next thing I'm going to talk about is something that I call a "reverse positioning strategy."

I talked about how categories matured over time and how the positioning challenge changes over time. And some of the things I mentioned were the fact that when categories get mature, there is lots and lots of product proliferation. Customer behavior tends to become a little bit less rational or apparently rational as customers become more sophisticated and start trying to outgame the system a little bit.

What also happens in a mature category is that the standards keep getting higher and higher. Now I'm sure all of you remember this from first-year marketing. It's the idea of the augmented value proposition. It's the idea that you always start with a basic value proposition, but the goal is to continually augment your value proposition. What happens as a result of that, what I call this "augmentation trend," is that consumer expectations just go up and up over time.

It used to be that, if you stayed at a hotel and they gave you cable television and Internet access, you thought, "Wow, that's really great." But today you can stay at a Holiday Inn, and if they don't have those things . . . Your expectations have changed. You expect more from your bank today than you used to twenty years ago. In almost every category, this is true.

Now, there are two consequences of this augmentation trend that you tend to see in mature categories. The first consequence is that it's inevitably the case that there are some firms that are just better at leading this augmentation charge than others. And so what tends to happen is that a brand hierarchy starts to develop, and the brands at the top are continually expanding the definition of full service. So you get the Four Seasons, The Ritz-Carlton, and they're leading the charge.

The nice thing about being one of those brands at the top is that you tend to attract the most attractive customers in the market. These are people who are willing to pay a premium for full service. And if you give them full service, then you can usually win their loyalty. So they tend to be the more loyal customers in the market.

At the bottom of the hierarchy you find firms that decide they're not going to play this game. They're going to offer low-cost, low-margin, high-volume players. They're the ones that lag behind in the augmentation and offer a much more basic value proposition. And the problem with being down here—one of these discount players—is that you tend to attract

price-sensitive customers who don't necessarily develop any kind of affection for your brand. Nobody who stays at the Motel 6 develops any affection for that brand. And these are also consumers who are likely to defect if a lower-cost competitor comes along, or if their economic circumstances change, and so on and so on. So that's the first consequence of this augmentation trend.

The second one is something that I call a "customer satisfaction treadmill." And this is the idea that, even though the overall value propositioning category goes up and up and up over time, the overall satisfaction level in that category does not necessarily go up and up and up over time. If you took the hotel category and you polled consumers twenty years ago—How satisfied are you on a scale of one to ten?—they might give you a seven. If you did it again today, there would probably be very, very little difference. It's basically the idea that the more you give to consumers, the more they expect. The faster you give it to them, the faster they want it. The more convenient you make it, the more convenient they realize it could be. Or the more you bend over backwards to meet their unreasonable demands, the more unreasonable their demands become.

And so you find lots and lots of companies that are on this customer satisfaction treadmill. And driving so much of the innovation in a lot of mature categories is the recognition that, at any given time, there are unsatisfied customers out there. Right? No matter how good we're doing, there are still people out there that aren't 100 percent satisfied. So we can do better. And so they do. They augment again and you get this vicious cycle.

Every once in a while, however, you'll find a company that comes along and says, "You know what? I'm not going to play that game. What I'm going to do is I'm going to stay off that customer satisfaction treadmill." And what this firm does is it says, "I am going to take what consumers expect from this category and I'm going to strip away those expected attributes. I'm going to take them away." And the reason a firm like this will do this is because it's operating on a very, very different assumption. And that is the assumption that, where everybody else in the market is assuming that, no matter how good we do, there are people out there that aren't 100 percent satisfied, a firm like this will come along and say, "That might be true, but it's also true that, given the maturity of the market, I bet there are lots of people out there who are oversatisfied, that are way oversatisfied. And that is going to be my target market."

So they start to strip things down. But they also do a second thing that's a little bit counterintuitive. That is, they take that stripped-down value proposition and they supplement it with a few very carefully selected high-end attributes that are rather unheard of in this category, that allow this firm to distinguish itself from discount players. So let me give you an example of what I mean by that.

Furniture retailing

An example of this would be furniture retailing. Furniture retailing is a very, very mature category. It's a category in which, over time, the overall value proposition has gotten bigger and bigger and bigger in response to consumer complaints. So, for example, one of the reasons people don't like to buy furniture is that they don't really have strong preferences. They don't know what to buy. If you're going to buy new furniture, you don't even know what you want. You do know, however, that you don't want a cookie-cutter product. You don't want to end up with the same living room set as your next-door neighbor. That would be bad. And so, in response to this, furniture retailers—Jordan's, Ethan Allen—have expanded their selection so that you can go and they have a large, large variety of furniture to choose from.

Another problem in this industry that consumers have is the fact that, even if they go and see a sofa that they like, they still are hesitant to buy it because they don't know what it's going to look like in their home. So in response to that, retailers have augmented their value proposition by offering in-store sales assistance. You can find someone who will help you visualize what it looks like, color coordinate, and so on and so on.

Another problem we have in this category: "We get this thing home. What do I do with my old sofa?" Well, we'll do door-to-door delivery. We'll take away your old furniture for you. "How am I going to pay for it?" We'll give you financing. If you have any other hesitation about buying this product, what they've done is they've tried to convince you that, if you go through the hassle of buying this sofa, you'll never have to do it again. In other words, furniture is designed to last forever. If you buy this sofa, it will last you forever: stainproofing, durable quality, etc., etc. And so, over time, the value proposition has gotten bigger and bigger and bigger.

Now given that, the success of a retailer like IKEA is really quite phenomenal, right? Because what IKEA did is they came into the market and they said "All those expectations that you have—we're going to defy them. We're going to offer very limited variety." Everything you buy at IKEA comes in three price ranges across four styles. That's it. They have a product matrix and you're limited to those four styles. If you've ever been in IKEA, you've got to do everything yourself. You've got to pick the product yourself; very little sales assistance. There's no delivery, there's no assembly. And, by the way, if you go through all this trouble of buying from us, guess what? You're going to have to do it again in a few years because there's no promise of durability. Their advertisements are designed to make fun of the fact that furniture is designed to last forever. What they're saying to you is furniture is impermanent. It's something like fashion, clothing, and so on, that we change on a regular basis.

So it defies all our expectations about what a leading furniture retailer should offer us. At the same time—and this is what makes shopping at IKEA so delightful—they've augmented this stripped-down value proposition with attributes that we would *never* expect from a furniture retailer, such as a daycare center, a delightful cafe, housewares that you can buy, and a very, very cleverly designed retailtainment kind of environment that you go to.

What they're doing is they're defying augmentation trends at the top; they're defying the discount trend at the bottom; and offering sort of almost an inside-out kind of value proposition that has allowed them to capture a very distinct position in this incredibly crowded category.

The airline industry

Here's another example. In the airline industry, it used to be that, if you flew a major carrier, you had certain expectations about what that carrier should give you. These were just standard expectations. For example, if you choose a major carrier, they should take you to one of the major airports. If you chose a major carrier and you bought a roundtrip ticket, that roundtrip ticket should be cheaper than a one-way ticket. That was just an expectation. If you fly on a long flight, they're going to feed you. And if you want to pay more, you can get a better seat. These are just standard expectations that you had of any major carrier that you flew.

A company like JetBlue comes along and says. "You know what? We're not going to do anything of those things. We're going to strip away those things. We're going to fly to

whatever airports we want, even if they're a little bit out of the way. Every ticket we sell is going to be a one-way ticket. So if you want to fly roundtrip, there is no discount for that at all. We're not going to feed you and everything is a single class." They've stripped away a lot of what we've come to expect from an airline, which is kind of surprising.

At the same time, it's very difficult to classify JetBlue as being like an AirTran. It's more than a discount carrier. Why? Because they've augmented that value proposition with things like the fact that every single seat on the plane is a leather seat. It feels like a first-class seat. Every single seat has a personal entertainment center. At the time that JetBlue started to do this, this was unheard of in the airline industry. There are many, many categories in which you can find a player that comes in and is able to establish a very distinct position in the market because it has adopted this reverse positioning approach.

Summary

What all of these examples have in common is that they all have these same characteristics of stripping things away that you've come to expect, but supplementing at the high end. There's a defiance of competitive trends at both the high end and low end of the industry. And as a result, what you get is a disruption of that brand hierarchy that I talked about. What these firms have in common is that it's very difficult to psychologically classify them as either high end or low end. It's difficult to put JetBlue in the same category as AirTran. It's difficult to put Target in the same category as Kmart because they've figured out a way to create psychological distance from the low end. And at the same time, they put the high end on the defensive as well. JetBlue has put United and Delta very much on the defensive. IKEA has put Ethan Allen on the defensive, and Pottery Barn on the defensive, and so on.

You also get a disruption of the market segmentation because what happens with these firms is they end up stealing share from all segments of the market. If you go to an IKEA parking lot, you will see everything from Mercedes to Volkswagen Jettas. You will see people shopping at Target who would otherwise be shopping at Kmart, in some cases. But in some cases, they'd otherwise be shopping at Pottery Barn. So you get the whole spectrum.

You also get, ironically, given that these are often low-cost players, some of the most loyal customers in the market. These are people who are missionaries for the brand, really willing to do the marketing for the firm. So it is again another example of how a firm is able to go beyond the standard positioning approach.

In the first case, you saw how you can push the segmentation logic to the extreme. In this case, it's an example of how you can defy competitive trends within the category by rejecting conventional wisdom about what attributes are necessary to compete.

Breakaway Positioning Strategy

The third example that I'd like to talk about is one that I call a "breakaway positioning strategy." And it's a little bit different. The IKEA example that I just gave—when a firm decides it's going to defy competitive trends, it ends up doing something very different within the category but it still retains its category membership. That is to say, there's no question that the firm still belongs in the category.

In this third example, the breakaway positioning example, a firm produces a product and markets a product in such a way that it's very obvious that the firm wants to break out of its category. In other words, it tries to associate its product with an entirely different category. It tries to get you as a consumer to mentally categorize a product as something else.

Now, why would a firm ever want to do that? If you think about what a product category is, a product category really is nothing more than a set of products designed to address a similar set of needs, right? So, for example, water. This is a product category. It's designed to quench thirst. This is a product category. I just picked this up at Spangler: ketchup. It's a product category. It's designed to complement your food. But there are a couple of consequences of that. The first consequence is that consumption patterns tend to be the same within a category.

When we buy ketchup, for example, most households will buy ketchup once or twice a year. We all consume it the same way, with hotdogs, and hamburgers, and so on. A second thing that tends to be true is that there's a shared definition of quality. Quality tends to be defined the same way within a category. So when it comes to something like ketchup, for example, good ketchup tastes good. It's not runny, it's thick, and so on.

When a company adopts a breakaway positioning strategy, what they're trying to do is they're trying to break away from those old consumption patterns. And they're trying to break away from the old definition of quality and, in the process, break away from the competitive set.

Swatch

Now, the example that I use when I teach this—most of you remember when the Swatch was released. Before the Swatch came out, a Swiss watch was a really very, very special thing. A Swiss watch was essentially a piece of jewelry. It was a special thing. It was sold in jewelry stores. It was repaired by jewelers. And it was priced on a par like jewelry. And if you had a good Swiss watch, you valued it as much as you valued a piece of jewelry.

Quality in the category was defined in a very specific way; that is, by accuracy and performance. Swiss watches were renowned for their performance and by the quality of the materials used to make the watch: precious metals, and stones, and so on. Swatch came along and everything about that marketing was designed to make you realize from the moment you saw that product that this was not a piece of jewelry. Rather, this is a fashion accessory. The differences between these two categories, while they may seem trivial to you, are actually rather significant from a consumption standpoint.

Jewelry, for example, is a very serious product. It's a nontrivial product. If a man gives a woman a ring, that's a serious, serious gift. Fashion accessories tend to be much more frivolous and much more playful. When we consume jewelry and purchase it, we purchase it very thoughtfully. Should I buy that necklace? Should I buy that diamond ring? Fashion accessories we tend to purchase much more impulsively, much more spontaneously. Jewelry is enduring. It's designed to last forever. And this is why mothers will give their jewelry to their daughters, who will pass them along to generations. On the other hand, fashion accessories are designed to capture a moment, or a mood, or a season, or a fashion, and so on.

And perhaps most importantly, jewelry has objective value in and of itself. If I have a Rolex watch or if I have a diamond ring and I give it to you, it doesn't lose its value because it retains its value, obviously. Fashion accessories: the value tends to be much more subjective. So I can have favorite fashion accessories that other people would think are worthless.

When the Swatch was introduced, everything in the execution of its marketing plan was designed to get you to recategorize that product. Some of the things that the company did were really very obvious. They were the first to use color in their watches, for example. They made everything out of plastic. But some of the things they did were not so obvious and yet equally important from a psychological perspective in how consumers ended up consuming the product. So, for example, their product-line management was different from anything the watch industry had every seen. At any given time, there was enormous variety in the number of Swatches that you can buy. And not only variety, but variety that rotated on a seasonal basis. There were collections that changed two or three times a year. This was a particular product-line management strategy that was very common to the fashion industry and was completely unfamiliar to the watch industry.

Another example: their retail strategy. Rather than selling in jewelry shops or in the department store jewelry sections, they adopted shop-in-shops. They had monobrand boutiques. They used a retail strategy that was entirely familiar to the fashion industry, completely unfamiliar to the watch industry.

Another example: the promotional plan. Before Swatch came along, Swiss watches were advertised in magazines: high-end print advertisements. Swatch did a lot of these buzz-building techniques that were very common to the fashion industry; completely unfamiliar to the watch industry. And they adopted a pricing plan that was really very radical. Every single Swatch cost forty dollars, regardless of the watch.

Now, if you think about that pricing, it was a really brilliant way to manipulate consumer perceptions of value. And what I mean by that is, imagine I have two watches. One is forty dollars and one is seventy dollars. By pricing those watches separately, what I am implicitly communicating to you is the fact that, regardless of which one you prefer, this one is objectively more valuable than this one. That's why it's seventy and that's why this is forty. If I have hundreds and hundreds of products on the market, and every single one of them is priced at forty dollars, what I am implicitly communicating to you is that there is no objective difference in the value of these watches, and I am forcing you to make a purchase decision based upon your subjective preference.

So, everything they did—they used all four of their marketing “Ps” to essentially announce to the world that they were defecting from the category. And as a result of that defection from the category, what you saw was a dramatic shift in purchase patterns. People purchased Swatches in a way that was completely foreign to the watch industry. Instead of spending time thinking about it—should I buy that watch or not?—people would buy Swatches spontaneously, impulsively at the counter of the store, without even thinking about it.

There was a dramatic change in consumption patterns. Before Swatch came along, if you owned a watch, you owned a watch. Swatch came along and you found people who owned not just two Swatches or three, there were people who had dozens and dozens of Swatches. It was not uncommon for someone to have twenty Swatches. That kind of redundant consumption was unheard of in the watch industry.

You also saw a change in how quality was defined. Nobody bought a Swatch because of how accurately it told time. Nobody bought a Swatch because of the value of the materials used to assemble the watch. And you saw a change in the composition of the customer base. Lots and lots of people who really, before Swatch came along, had no interest in watches—young

kids, for example; thirteen-year-old girls and boys—suddenly buying lots and lots of watches.

Pull-up diapers

There are lots and lots of example of this. I think pull-up diapers are a great example of this. The diaper industry for years has been struggling with stagnant consumption. There are only a certain number of kids in the world and they only use a certain number of diapers a day. And at a certain point, they get too old to wear diapers and it's time for them to move on. The diaper companies are just struggling for a way to get kids to stay in diapers for longer. How do you get a four-year-old kid to wear diapers? Four-year-old kids won't wear diapers. So they came up with a product called Pull-ups, all designed to make you, the mother, and you, the kid, think this isn't really a diaper; it's more like underwear. It's more like big-boy, big-girl pants. And they came out with this product. Again, hugely successful subcategory in this category today. So these are kinds of examples.

Summary

What all of these examples have in common is that they result in a change in the way the product is purchased; a change in the consumption patterns; a change in the composition of the customer base; and ultimately, a transformation of the category. Because what happens is that a firm will break out of its category. But if it does so successfully, inevitably copycats will introduce their own products. And so what eventually happens is that the category starts to stretch to include the new subcategory. And in fact, this, in many cases, is how new subcategories are formed.

But it is, again, an example of a firm going beyond the standard positioning map and thinking about the category, not just in terms of defying competitive trends within the category. But it's an example of the idea that you can defy or stretch the boundaries of the category itself by leveraging the characteristics of another category.

I want to say one more thing about breakaway. When a firm introduces a breakaway product, the success of that product is often based upon the fact that it's able to take advantage of the element of surprise. There's something really delightful about seeing a familiar product and being able to consume that product in a completely novel way.

And so, the key to success for a company introducing a breakaway product like that is to be utterly transparent to consumers about what they're trying to do, using all of the Ps at your disposal: pricing, promotion, product-line management, and so on, to make it eminently clear to consumers that this is not what you expect. This is something different.

Stealth Positioning Strategy

Now, there's one other example that I'd like to talk about, and that is something that I call a "stealth positioning strategy." When a firm adopts what I call a stealth positioning strategy, which is the last example, it does something very different. It conceals or disguises the true nature of its product by affiliating it with another category. It tries to take advantage of consumers' lack of awareness about what the product really is or what it's designed to do by diverting their attention away from the true nature of the product.

Now, why would a firm ever want to do something like that? The answer is that it is sometimes the case that there is a lot of psychological baggage around an entire category itself. The category itself is very tainted. There's no affection for the categories, so consumers want to stay away. And so a firm will take their product and put it in another category as a way to encourage consumption.

Let me give you an example of what I mean. A lot of breakthrough technologies are like this. They're tough to market. Breakthrough consumer technology: very difficult to market because consumers, for whatever reason, are intimidated by the category, so on and so forth. In fact, if you've ever worked at a technology company, you know that there are some specific challenges facing technology firms that consumer product firms don't necessarily have to deal with.

One of the biggest challenges facing a technology company, particularly if you're a company producing a very sophisticated piece of technology, is the fact that, if your product is going to become complex, then it's almost certainly the case that the first-generation product that you put out to market is going to be imperfect. If you were a consumer and you bought one of the first cell phones to hit the market, that product just didn't work very well. If you were someone that bought Windows version 1.0, that product just didn't work very well. It had a lot of imperfections, a lot of bugs.

Now, why would a company put out a product with those kinds of imperfections? The answer, of course, is that, first of all, as a company, when you're putting out a product like this, you don't even know what all the bugs are. And you can do all the beta testing in the world, and you're not necessarily going to find all the flaws and all the imperfections until you get your product out to market and people start to use it. So this leads to the second challenge that many technology companies face, and that is that early market feedback becomes absolutely critical to your product development. If you want to develop a product in an efficient way, the most efficient way is to just get it out there. Get the feedback and keep improving your product.

This leads to kind of a Catch-22, though. And the Catch-22 is that, on the one hand, you have an incentive to get your product out there so that you can get the feedback and you can create an efficient product development process. On the other hand, this means you're in a position where you know you're releasing your product to market that is not only imperfect but it's imperfect in unpredictable ways. And that's a scary thing. And there's a big risk there that that's going to backfire. In fact, history is full of examples of first-generation technologies that failed because they didn't live up to consumer expectations. They bombed.

Apple Newton

An example of that—some of you probably remember this product as the Apple Newton. Looking back, the Apple Newton was really a prescient technology. It was one of the first consumer handheld products on the market. It was a PDA before there was Palm. And yet, Apple released this product and it immediately became not just a bomb but almost kind of a laughingstock. People really made fun of its poor handwriting recognition, and so on. And Apple ended up withdrawing the product. And what's interesting is that Apple today is alive and well. The PDA category is alive and relatively well, I guess. But Apple is still conspicuously absent from this category. They haven't even recovered from the Newton episode.

So now the question is, couldn't Apple have foreseen that, when they released this product, it would flop like this? And the answer is, maybe they could have, but it's hard to predict. This is the third challenge of marketing breakthrough technologies. Consumer behavior tends to be really unpredictable. You have no history of consumption to look on and to make predictions about how people are going to respond.

Now, think about the uncertainty that this creates. If I'm Nike and I develop a new running shoe, I know the product is going to work. I know how people are going to use the product. The only question I have in my mind: Are they going to like it? That's all I have to worry about. But if I'm a technology company and I develop a new technology, then I have to think: Is this product going to work? How are they going to use it? And are they going to like it? That's a lot of uncertainty, and that's what makes it so difficult.

Robots

Now, imagine if you were to bring some technology visionaries into this room and you were to ask them the following question. Imagine if you were to ask them: What is the next radical breakthrough in computing technology going to be? I'm not just talking about incremental innovation. What is the next radical breakthrough in computing technology going to be? Chances are, what they would tell you is the following—and remember I'm talking radical, revolutionary breakthrough. Well, they'd probably say this: Right now what computing technology is really good at is performing mental tasks for people. It's really good at manipulating language, performing mathematical calculations, and so on. So the next radical breakthroughs are going to be computers that perform physical tasks for us in the home; computers, robots that will wash the dishes for us, do our laundry, and so on—perform household chores. That's what they would probably say.

This category doesn't even exist yet, and yet already in our minds we have a set of expectations about what that category is going to be like. Science fiction, cartoons, comics, Hollywood has already trained us and educated us about this category. And right now, today there are companies that are working very, very hard to fulfill this vision. Honda has spent billions of yen developing this robot that is designed to perform household tasks for you in the future. Right now it can walk up and down the stairs. It can turn off and on the lights, and so on, but it's obviously not for sale yet. It's an early early-generation product.

Now the question is why aren't they selling it? And the answer is because the technology is so far from our vision of what these things are supposed to do that it would be ludicrous for them to begin selling this high-priced product in the market at this point. They advertise this product, they talk about this product, they promote this product in PR, and so on, but they don't actually sell it to the market.

Imagine that you're a technology company and you buy into this idea that this is the next revolutionary breakthrough; that this is the area in which the next really big change is going to happen. So imagine you're a company like Sony and you're thinking, "What do I do? I know that the next radical breakthrough in computer technology is going to be in this area of robots, but I also know that it's going to be decades before I have the technology that's going to meet consumer expectations about what this category should be like. What do I do?" My first option is to do nothing—to just wait. But, obviously, if you're arguably the world's leading consumer electronics company, you don't want to stand by and wait. You want to do something. The second option is to say, "OK, I'm going to take my best engineers, and I'm going to lock them in a laboratory, and I'm not going to let them out until they produce something like C-3PO." That, of course, is not a very viable option because it's completely unrealistic. You can't develop sophisticated technology like that in a laboratory, and you certainly can't do that to your engineers.

So the third option is to say, "OK, I can't do that. So what I'll do is I'll develop a product and I'll wait until it's just good enough, until I have something. And then I'll put it out on the market and I'll get the feedback, and so on, and so on. This is what Microsoft does all the time. You put early-stage stuff out there. The problem with that, of course, is the Apple

Newton product—the idea that they'll put something out in the market and they're just going to laugh in your face. Imagine if you put something like that—everybody will laugh. In fact, the more revolutionary the vision, the more likely it is that they will laugh at you.

So Sony thought about these options and it decided it didn't like any of them. And it decided instead it was going to adopt a fourth option. And the fourth option was to begin with the assumption that they cannot solve the engineering problem; in other words, to begin with the assumption that whatever they produce, the first-generation product was going to be imperfect. It was going to be really, really, flawed and there was nothing they could do about that. However, they also decided what they could do is they could take that engineering problem and they could turn it into a marketing problem. They can't solve the engineering the problem but they can turn it into a marketing problem.

The marketing problem is this: How do you build enthusiastic demand for a crummy product? That's the marketing problem. And they decided that the way to do it is to take their household robot and disguise it as something else. Disguise it as what? They decided to disguise it as a little pet named AIBO. I don't know if any of you are familiar with this pet. Again, it's a limited-edition product. A couple of things you should know about this. Number one, they sell it in limited edition, maybe 100,000 at a time. When they do, they sell out immediately. So over time, they've probably sold about 800,000 of these because, when they put them on sale, they just go. They started out the price at \$2,500. You can now buy them for about \$1,500 each.

And what's amazing is that you buy this thing at \$2,500, and it's a pet, an electronic pet. It doesn't do anything. And, in fact, you open the box, it doesn't even walk. So you have to work with it. It's like a newborn puppy that you have to train to walk. And it never does anything even after you've trained it, other than kind of walk around, and so on. In fact, the advertisements around this are that this is a pet that has no functional use. It's more than a pet, though. It is a pet that has a personality of its own. You can interact with it. We can't guarantee if you're going to have a cooperative pet or an uncooperative pet because it's got its own personality.

And the marketing around this is really quite remarkable. It said, "This is a product for people who can't afford the inconvenience of a real pet and the messiness that involves, or they live in an apartment that doesn't allow pets. It's an electronic pet. And all the engineering efforts behind this device—and they have spent billions of yen on this—has been designed to work on the mechanical movements of this little four-legged creature so that the movement simulation of a real dog is really quite remarkable.

This is a disguised product, though. What Sony recognizes is that people have two very different categories in their mind. There's one category that we would call robots and there's another category that we would call pets. Some of the robots, when you think of the robot and you see that thing that Honda's creating on the left, a whole bunch of things immediately come to mind. So, for example, robots are very threatening. They're very scary. "I don't want that thing in my house." Pets, on the other hand, are very nonthreatening. They're very friendly. Robots are cold and impersonal. Pets are warm and affectionate. Robots are intimidating and they're difficult to use. They require some kind of expertise. On the other hand, pets are simple and they require no expertise. And most importantly, when you see a robot you expect it to be smart. You just expect it to be smart. On the other hand, pets can be stupid and we'll love them, anyway.

And once you begin to recognize this difference, you realize why Sony has this weird marketing campaign for this product. For example, why do they insist that AIBO has a personality, a life of its own? The reason for that is when you say—it's got voice recognition—"AIBO, come here," and it comes, it's really very cute. It's kind of amazing. If you say "AIBO, come here" and it doesn't come here, then what are you going to say? "Oh, God, it's so stubborn!" The reality is it doesn't work. It's very unreliable. The voice recognition is like any voice recognition. Sometimes it works, sometimes it doesn't.

But the categorization of this as a pet masks those imperfections, and it allows people to develop affection for a product despite those imperfections. The remarkable thing about this product is who's buying it. So, in Japan, the vast majority of people that buy it are elderly people who are lonely. In some nursing homes, in fact, in the United States, they have put this product in nursing homes to play with the elderly. And children, lots of children, are playing with this as well.

Now, imagine that you've bought one of these instead of an AIBO. And you spent \$2,000 to \$3,000 for what Honda claims is the personal assistant in the home that's going to take care of your household chores. And you say, "I bought the first generation of this, guys. Come over and check it out." Your friends come over and you say, "OK." And they're looking at you like, "Are you out of your mind?" And you say, "No, this is really cool. ASIMO, walk up the stairs and turn off the lights." And ASIMO starts going up and, boom, falls over on its head. How would you feel? You would feel completely ridiculous and you would probably be pretty ticked off at Honda for selling it.

Imagine if you were a journalist and you had to write a review on the world's first household robot. And this is what Honda sent you and you discovered it works about 40 percent of the time. Imagine the kind of scathing review you would write and imagine how much fun you'd make of this particular product. The AIBO is Sony's first household robot, and yet this is what the *New York Times* wrote about it. The *New York Times* writes "AIBO doesn't always respond to commands. These displays of 'attitude' are scarcely distinguishable from 'not working.'" But then, later on in the article: "The AIBO is an impressive, entertaining, and often joyous little beast." And they encourage you, if you can afford it, to go out and buy one. They're very hard to get. They don't sell too many in the United States. Most of them are in the Japan. But, if you can get one, it says go get one.

Here's the *Independent*, in London: "'Move back!' I commanded in a clear voice. To no avail. In the next hour, I was to discover that this was a robot with a serious attitude problem." But later in the article: "With batteries running low, I had to hand 'Rolo' back to one of Sony's representatives. I must confess to a pang of regret. We were just beginning to build a bond." The AIBO got reviews like this consistently from every single journalist that reviewed this particular product.

Now, notice what's happening here. They're marketing this product in a way that product imperfections are being marketed as proof that the dog has a personality. Product flaws have been transformed into product features.

Why insist that it's a useless product; that it has no functionality; that it's for entertainment only? They really make a strong effort to convince you of that. In fact, the great thing about this is that Sony recognizes something very fundamental about the psychology of pet owners. And that is, if you know any pet owners or if you are a pet owner, then you know that pet owners take almost unbearable delight when their pets perform the most trivial tasks. If a pet owner says, "Sit," and their dog sits, they're just so happy. Or if they say,

"Go fetch the newspaper," and the dog actually goes and fetches the newspaper, they're really happy. Then if the dog doesn't go fetch the newspaper, it's not that big a deal either. They don't love the dog *because* it fetches newspapers, they love the dog. And the fact that it fetches newspaper is just added delight.

The beautiful thing about this particular positioning is that it allows Sony to play with functionality. It has different versions of this and they're always adding new pieces. Wireless technology: they put a digital camera behind AIBO's eyes so that, as it walks around, you can click a button and it will take pictures of whatever it sees. But it's buggy, it doesn't always work, and it's very unreliable. But because of the particular way they framed this for consumers, they are much more likely to forgive that unreliability. And when it works, it's fabulous. It's fabulous.

Another question is, why set the price so high? Why price it at \$2,500? The answer is that, when you open AIBO up, what does it do? It does nothing. It just sits there. You have to work with it, not for a couple of hours; for days before it will take its first steps. Now, if you've paid fifteen bucks for this thing, how long do you think you're going to work with that before you put it in the closet? But if you've paid \$2,500 for that, you're going to work until that thing walks.

By setting the price so high, they're accomplishing two things. Number one, they're filtering out the skeptics. If you were at all skeptical about the idea, they don't want you in their test market. They don't need people buying the device. They're losing money on this. This is product development. What they do need are people using the device, interacting. And they don't need early adopters using this. They don't need to know what the engineering geek from MIT thinks about it. They already know that. They have lots of these people working for their company. What's really valuable to them, from a market research perspective: what does the grandmother think of this device? What does the small child think of this device? What does a parent think of this device? And that's the kind of market feedback they're getting. And they're guaranteeing that kind of investment in a product by pricing it so high.

They have a very similar long-term vision that Honda has about what a robot of the future is going to look like—that is a robot that performs useful household chores and provides fun companionship. But Honda is going about that vision in a very predictable way. They're developing the robot that we expect first and, at the end, they'll probably add on some fun features as well. What Sony's doing is they're taking a very different path to that vision.

And in the process, Honda has taken a conventional positioning approach. They're trying to meet the expectations consumers have about this product by positioning within the category boundaries. And they're trying to achieve competitive advantage by achieving quality superiority within the category. What Sony is doing is they've taken a different approach. They're trying to influence those expectations that you bring to the product by positioning outside the boundaries. And they're trying to achieve competitive advantage by avoiding the category's quality standards. It's a very, very different approach to marketing.

Apple and handhelds

Oh, this is a question: What if Apple wanted to get back into handhelds? What would they need to do? They'd need to minimize comparisons to the Newton because they don't want to remind people of that fiasco. They'd want to create a completely different look and feel. And they'd have to create significant differentiation from existing handhelds out there.

Fascinating to talk to Apple about their plans for this device. What's interesting about this MP3 player is that it syncs with your computer. It plays music, displays photos. It does all of these things. Apple recognizes that the PDA of the future is one that will perform productivity functions but also entertainment functions. They originally decided to go about it the same way that Palm and everybody else was going about it. And now they have decided to take a very, very different path to that market.

Wrap-Up

What all of these have in common is the fact that when you position a product, there's this tendency to assume that there are certain category rules that are fixed; that the boundaries of the category are set; the segmentation within the category has already been established; and that you have to keep pace with competitive trends within the category. There's a tendency to position within the confines of that positioning map. And I think what all of these have in common is that they go beyond that standard category positioning approach and they show all the different ways that you can defy conventional logic about how to position in a category.

I'm going to stop there because of time, but thank you very much for your attention.