

## The Underground Marketer – Episode 3 - Transcript

Introduction 00:00:02 Marketing, explosive growth, and revolutionary secrets that can catapult your business to new heights. You're now listening to the underground marketer podcast with your host, Tudor Dumitrescu. The one podcast devoted to showing businesses how to market themselves for high growth.

Tudor Dumitrescu: 00:00:22 Welcome to the Underground Marketer. Remember, this is the place where we deliver the real truth about marketing and explore big ideas that can help new businesses thrive and grow into big ones despite the competition. I'm your host, Tudor, and today we're going to discuss the topic of positioning in marketing and how you can position your business for success and for high growth. Now, positioning is one of the most misunderstood concepts when it comes to marketing your business. And the reason for that is that people tend to attribute the success of a marketing campaign to a lot of factors that in the end analysis, aren't that important to its success. For example, the success of a marketing campaign can be attributed to effective copywriting, for example. And the words that are used that are used in the headline, for example, or whatever in the add.

Tudor Dumitrescu: 00:01:27 And a lot of people make this mistake. And they think that if I just hire the right copywriter, he's just going to turn out this fantastic campaign. And my sales are just going to go through the roof. You know, all I have to do is run some PPC ads on Facebook ads, some Google ads, and I'm going to be swimming in money. Whereas the truth of the matter is that it rarely goes like that. And of course, the element that is ignored here is positioning. And other people make the opposite mistake. They think that, you know, if I just build this great product, that's it, you know, I'm just going to get customers and I don't have to do much to do it. You know, they're going to come by themselves. I just have to put this product out there. Customers are going to love it.

Tudor Dumitrescu: 00:02:16 It's just going to spread by word of mouth advertising. And that's pretty much it, of course, that none of these are really true and they're ignoring the importance of positioning. So what is this positioning? Well, let's start by saying that in today's markets, consumers are swarmed by advertising. You know, we see something like 3,000 to 5,000 advertising messages per day. And so the way the mind navigates this is that it tunes out messages that it doesn't consider important. And how does it decide if something is important and it draws your attention to it or not. And it does this by basically you holding certain things in the mind and certain let's call them categories, let's call them statements, in the mind that identify what it has to look out for, you know. And if it sees something that's relevant to that, then it's going to pay attention to it.

Tudor Dumitrescu: 00:03:20 You know, that's where the whole benefit of the first approach to marketing comes from, right? So a benefit is something that somebody already wants. You know, they have their wants inside their mind and you just show the ones to them and they identify with it. Hence they keep reading your ad or whatever it is. So that's strategically and big picture wise, that's where it comes from. So when we try to position a product and I've learned a lot of this by practicing in the market, and also from this really great book that I recommend to everybody starting a new business, you know. And it doesn't matter if you're a new entrepreneur or, you know, entrepreneur who has experience, but you're starting another business from scratch. Even if you're not starting a business from scratch and you're thinking about taking your business in a different direction, marketing wise. I also recommend this book and that book is "Positioning" and it's written by Al Ries and Jack Trout.

Tudor Dumitrescu: 00:04:27 And it's a fantastic read. And it goes over this concept in great detail. And I'll cover some of it in this podcast episode for you in terms of the concept. So the idea is that the, when it comes to differentiating your product and giving people a reason to prefer it, the initial tendency that you have as a marketer and as an entrepreneur is to start with the difference, right? Your tendency is to begin with the difference and then sort of bring the customer back to how the other option on the market does it and make them realize that it's a difference. But that approach is actually not very effective. And the reason for that is that you're not taking into account positioning. And positioning means that people already have products established in certain positions in their mind.

Tudor Dumitrescu: 00:05:27 So if I ask you for example, what's the first thing that comes to mind when you think of social media? I think that most of you are going to say Facebook. And if I ask you, what's the first thing that comes to mind when you think of Cola, you're going to say Coca-Cola. And if I ask you, what's the first thing, when you think about operating systems, you are going to say Windows for most of you, some of you are going to the, the Mac OS, a lot fewer. So, why, why is that? Well, as I said, the mind has already established certain positions and the mind works by analogy, right? So it knows that Windows is number one and it knows that Facebook is number one and therefore everything else in that category is related to number one. Whenever they think about, let's say Pepsi, they will automatically compare it with Coca-Cola.

Tudor Dumitrescu: 00:06:29 So Coca-Cola is the standard that everything else is compared with. And how is that sort of position achieved? Like how did Facebook and Coca Cola and all these companies achieve that position in the consumer's mind? Well, that was achieved basically through getting mass adoption for the product, the first being the first who got mass adoption for the product. And yeah, and then you can consider Coca-Cola. That example is very clear. You know, Coke was the first to take over the market. You can also consider a more advanced example like Facebook. So Facebook was not the first social media platform. We had My space and we had High Five and a few other ones, but Facebook was actually the first to get mass adoption, you know, so My space High five, and so on, they remained valid for a small segment of people, for the early adopters, as they are known in marketing, but they never made the leap, you know, from the early adopters, to mass market adoption.

Tudor Dumitrescu: 00:07:34 But Facebook did. And because Facebook got there first, they own that position in the mind. So the position is owned by getting there first. And the truth is that it's not possible to, or it's, it is theoretically possible to knock down somebody who was first, but it's almost impossible, almost impossible. And the reason why that is because they would just have to make so many mistakes for you to even have the chance to knock them off. So, for example, there was Virgin Cola, which tried to compete with Coca Cola and of course they failed, right? They didn't succeed. That market was owned by Coca Cola. Coca Cola was the standard, right? So trying to go head to head with a brand that owns the number one position in the customer's mind is bound to make you fail. And the reason why is because that's just how the brain works, it will work by analogy.

Tudor Dumitrescu: 00:08:39 It will always relate to the category that it already has established. It takes a lot of cognitive power from the human brain to basically establish a new category. That's why we create these categories, these ladders of products and hold on to them, right? And you cannot basically fight against that and win. The way to win, you know, is by doing some jujitsu and repositioning your brand in terms of how that number one is

positioned. So we can take a look at some companies who took the role of let's say, the second biggest in the industry. So for example, for Coca Cola, that's easy. That's Pepsi, right? Pepsi is the second leader in the market, and then everybody else is pretty much non-existent. So how did Pepsi do it? So if we look at their ads and if we look at marketing campaigns, Pepsi started really being successful by positioning itself against Coca-Cola.

Tudor Dumitrescu: 00:09:50 So Coca-Cola was the standard and they're also the old, right? So what Pepsi did, which was genius, was that instead of fighting Coca-Cola well, head to head and basically try to say, we're the real color with a better color. And nobody would have believed that because Coke, Coca Cola was already there first in the brain, and they would compare it with that. They would see a contradiction. So nobody would believe it. Instead of doing that, they repositioned Coca-Cola, they said Coca-Cola is not just the standard, Coca-Cola is the old thing. You know, this is for old people, the new generation, you know, the generation Pepsi, that's how the advertising actually went, drinks, Pepsi. You know, the young people, the young, full of life, people, adventurous people, they drink Pepsi, you know, Pepsi's for the young. So they've basically repositioned the old category, the Cola category and fractured it, you know, they fractured it in this case into two. So you have the Coca-Cola people, the not - Coca-Cola people, which are Pepsi.

Tudor Dumitrescu: 00:11:07 And the same thing you happened, for example, with operating systems where you pretty much have the Windows people and the Mac people, right? The Windows people, Windows is first, and then Mac is second. Then pretty much there is just Mac, of course, there's Linux as well, coming in third, but Windows and Mac dominate by far. So Mac was also positioned in terms of Windows. They started by repositioning Windows. How did the advertising go? So they were like, Windows is for boring people. Like you remember the ads, the Windows guy, the windows person, was this guy dressed in a suit, you know, a boring, old style lacking in life, you know, lacking in energy. That what windows was repositioned as and Mac, well, it was for the new, the hippie guy, the fancy guy, the fun guy, the smart guy. And that's how they created a position in the market.

Tudor Dumitrescu: 00:12:05 So if you want to go head to head with somebody who already owns that position in your competitors, it's not going to be possible. And your marketing is going to fail, you know? And it doesn't matter that you hire the best copywriters out there. It doesn't matter that you have the best product out there, right? That's going, that's the wrong strategy, and it's not going to take you anywhere. So you actually need to adopt a different strategy. And the strategy that you need is to reposition the competition. That's how you start, right? You start by asking yourself, what's already there in the mind? Well, Pepsi and Coca-Cola are already there in the mind. So how do I reposition that? How do I start from, you know, in star, instead of starting from what's different about your product, we discussed, you start from what the customer already knows from the competition, you know, and you reposition the competition.

Tudor Dumitrescu: 00:13:00 You tell them what's wrong with the competition. You reveal something. Think to them that they don't know about the competition or that they do know, but it's not really clear. Mac, for example, revealed that windows is clunky, boring, stupid, right, and complicated. Whereas Mac is simple, elegant, easy to use and for smart people. You know, you don't waste your time with the blue screen of death and whatever else. So that's the right approach. You reposition the competition. And I mean, if you go into the Cola market and you find that the number one and the number two spots are already taken, what you have to do is that you have to break the category even further. So both Coca Cola and Pepsi, they are in the

Cola category and they've divided into two, the color category itself finds itself in the soft drinks category.

Tudor Dumitrescu: 00:13:57 Well, you can segment the soft drinks category even more. And you can actually create a third here, which is what Seven Up did. So Seven Up said that this is the un-Cola soft drink, right? So the Cola for people who don't drink Cola, all right. So for people who don't choose neither Pepsi or Coca-Cola, and that's how you can create a new position for yourself, be first, because remember, that's the goal. You have to be first in the customer's mind, and that's how you make it work. So whenever you're trying to scale your business, and you have dreams of making this into a billion \$ company, you know, you have to start over adopting this kind of thinking. This kind of thinking isn't necessarily the most useful if you are always thinking that business is going to be a small part of the industry, but if you truly want, and you have the ambition to make your business the biggest in the industry, then you have to create new markets.

Tudor Dumitrescu: 00:14:58 You know, there's also another great book, which I often recommend to people which is called Blue Ocean Strategy. So Blue Ocean Strategy is absolutely fantastic as a book. And the reason for that is that it points to this fact that if you truly want to be successful as an entrepreneur, you have to find a new market. You have to open new markets you have to create new wealth. You have to go to markets where profits are still possible, right? Because remember how economics goes, perfect competition means zero profits and markets. Over time, they tend to perfect competition. So the profits get wiped out. So you always have to create new markets and create basically innovation. That's where that's where new profits can be found. So blue ocean strategy is a great book. It's by Chan Kim and Renee Mauborgne. I hope that I'm not mispronouncing those names too badly.

Tudor Dumitrescu: 00:16:03 You can search for it. It's a great read. And it actually explains to you how by creating an alternative market, and it can be combined very well with the positioning strategy and then positioning yourself as the first in that alternative, you can dominate it and you can extract most of the profits from it while it lasts. And I mean, that's what a lot of companies have done, like think about the smartphone with Apple and how much profits Apple was able to extract out of the smartphone market with the iPhone, which really revolutionized the market or with the iPod, for music players, the first, nano product to get no or nano iPod like product. The first, let's say MP3 player, which was pocket-sized to get mass market adoption. And it was all because Apple invested in its positioning campaign and it was the first in the market.

Tudor Dumitrescu: 00:17:05 So it's very important that you approach your marketing with this mindset. You're going to find it very helpful. It is not great copywriting, or I don't know what is going to be the biggest reason for your success. I mean, the fact is, and I know by running my direct response agency, the fact is that with the right positioning, even if you get a substandard copywriter to execute on that positioning and to implement that positioning so long as that positioning is clear, you know, even if he doesn't pick the right words or the most effective words or the best ways to frame it and to explain it, you're still probably going to get decent results. Whereas if you have the best copywriter in the world, but the positioning is all wrong, then you stand almost zero chance to succeed. You know, you'd need a miracle in order to be successful in those conditions.

Tudor Dumitrescu: 00:18:04 So, positioning is very important. The strategy you have to adopt once again, I will summarize it, you know, start by identifying what's already in the mind of

your customers. And those are the things, things, the fact, the statements that you're going to use. And first of all, to reposition the competition. So to show the problems with the competition and then to insert a new category that you can dominate and be number one. So that's how the strategy works and that's how you can pretty much use it to implement it in your business. Again, I recommend the Positioning book, a great read. It's going to go in a lot more detail into all of this. And I also recommend the Blue Ocean Strategy. So they really approach the same problem, but from two different angles. One of them from the marketing angle, which is positioning and the other one from the innovation angle, you know, and that's what the Blue Ocean is about.

Tudor Dumitrescu: 00:19:03 It's about creating a value innovation. So an increase in value, both to the producer and to the consumer. So new wealth and basically launching a new market around that, that you can dominate. So the two strategies combine very well together, and you can use both of them to really take your business growth to the next level. And remember, this is for the most ambitious marketers and entrepreneurs, you know, who really want to break the sales charts and build million and billion dollar companies. You know, it's not for the small producer, the guy who just wants to make a few more pieces of bread, then his competitor across the street. So these are very powerful strategies, make sure that you get them right. You know the time that you spend doing your positioning, you shouldn't be greedy with time.

Tudor Dumitrescu: 00:19:58 You know you shouldn't try to get it done faster because a mistaken position is going to carry out through all your marketing. Because once you have your positioning, once you understand what's already in the customer's mind and how you're going to reposition that and how you're going to create a new category that you can dominate. Once you understand that you have to implement it through all your marketing materials, including in your unique value proposition and in your ads and your landing pages in everything. So if that's bad, you know, and if that sucks, then you're not going to get good results, even if everything else goes perfectly. So making sure that your foundation is solid is absolutely essential at this point, in order to get the sort of results that you expect out of your marketing. So that's about it. Remember to start by finding out what's already in the mind of your customer, the most effective way to do this is again to ask them, you know, you can talk with your customer, ask them, what's the first thing that comes to mind when you think about whatever industry, and they're going to have an answer, you know, like I asked you, what's the first thing, when you think about Cola and you said a Coca-Cola.

Tudor Dumitrescu: 00:21:20 So, that's about it. So really stay tuned for the next episode. And until next time, keep growing your business, providing massive value to the world and making everybody richer. Because that's what you guys, entrepreneurs, do all the time. And that's really, what's taking the world forward and giving more freedom to all of us and the ability to enjoy a richer and more meaningful life. Until the next time.