

BOTTOM-UP MARKETING

Building A Tactic Into A Powerful Strategy

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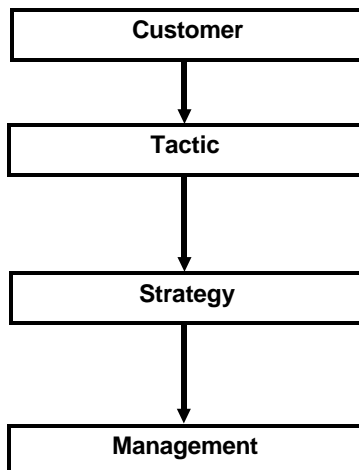
MAIN IDEA

Most traditional marketing is carried out top-down. That is, the senior management decide on a strategy the company will follow and the middle managers decide on the tactics to achieve that strategy.

However, history's most successful companies have invariably developed strategy from the bottom-up. In this method, the company first identifies a tactic that is delivering a sustainable competitive advantage in the minds of consumers. The company then focuses its resources on exploiting that tactic to the greatest possible degree by building the tactic into the company's entire marketing strategy.

Bottom-up marketing suggests that the best and most effective way to become a marketing strategist is to put your mind into your marketplace and to find inspiration where customers come into contact with your product or service. By immersing yourself in the tactics of whatever works in reality, you can develop a highly effective marketing strategy.

BOTTOM-UP MARKETING

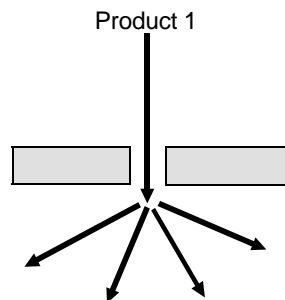


Step 1:
The management analyzes which tactic currently in use produces the best results.

Step 2:
That tactic is integrated into the company strategy by strengthening and building on its success.

Step 3:
The management organizes the company to bring all available resources to bear on exploiting the strategy.

The bottom-up marketer takes the successful tactic and focuses on other ways to build on and strengthen that single tactic. This will be viable and profitable despite any moves the competition may make, or any other external factors.



HOW TO DEVELOP BOTTOM-UP MARKETING

1. Go down to the front.

The most crucial step in developing marketing strategy is to go down to your company's marketplace - your customer front line - and find a competitive mental angle for your service or product which works.

2. Monitor the trends.

Monitoring the trends means to watch for long-term shifts in consumer lifestyles that may influence your markets. It also means to make the important distinction between short-term fads and long-term trends.

3. Narrow your focus to find a tactic.

A tactic is a competitive mental angle in the mind of a prospect. Marketing is a battle of ideas rather than products or services. An effective tactic is a marketing approach producing results.

4. Build the tactic into a strategy.

Turning a tactic into a strategy takes time. The tactic must become an integral part of the company's operation over the long haul - in fact, the tactic must become the company's entire reason for existence.

5. Sell the strategy to top management.

A successful tactic which has been built into an effective strategy is powerless until your company's top management (and most of the employees) are sold.

6. Launch the bottom-up program.

While the development of an effective marketing program should be made from the bottom-up, the launch must be made from the top-down.

7. Pour it on or cut your losses.

Reinforce success. Abandon marketing failures quickly before they drain too many of your resources.

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1. THE CONCEPT OF BOTTOM-UP MARKETING

Main Idea

The most effective and profitable business strategies are developed from a knowledge of and involvement with the actual tactics of the business itself. Tactics dictate the most effective strategy for a company - not the other way round.

Supporting Ideas

Marketing

In essence, marketing is the strategy of a business. It is the battle of ideas taking place in the minds of potential customers. Whenever your company wins the marketing battle, you gain one more client or customer. When your competition wins, that client or customer buys from someone else.

Tactic

A tactic is an idea, a competitive mental angle which differentiates your product from all others on the market. A tactic is the benefit your customer considers your product delivers better than any other alternative.

Examples of tactics include:

- The U.S. pizza chain Domino's promises consumers free home delivery of pizza within 30 minutes of ordering. Home delivery is Domino's tactic to win sales.
- Federal Express offers next day delivery of packages anywhere in the United States. FedEx's tactic is dependable next day delivery.

Tactics are neither "good" nor "bad" in the real world. They are either effective - they generate sales, or ineffective - more sales could be achieved by using a different tactic.

Strategy

A business strategy is a coherent marketing direction. It is a program developed and run by a company to systematically organize all marketing activities in an effort to maximize sales. In effect, the strategy is the big picture combining all the individual tactics the company may be using to achieve its objectives.

Examples of strategies:

- Christopher Columbus wanted to find a shortcut to India (the strategy) by sailing west from Europe instead of east (the tactic). His strategy was unrealistic, but his tactic resulted in the discovery of a new continent.
- A dedicated surfer Jack O'Neill got tired of being cold while surfing (the strategy) so he developed a wet suit (the tactic) which is the main product of a multimillion dollar company.

A strategy is the big picture (where the company wants to go) while a tactic is the details (what to do to get there).

Strategy develops over a long period of time. For example, a sale is a commonly used retail tactic. A store which runs a sale every day is a discount store - an example of a strategy. The strategy is built on the ongoing specific tactic.

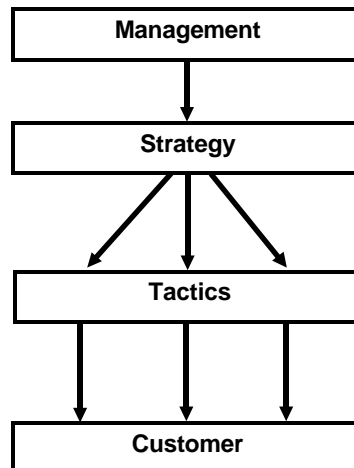
Tactics are communications-based. Strategies are product-, service- or company-based.

Analogy

If a tactic is a nail, strategy is the hammer used to drive the nail home.

The Traditional Top-Down Approach To Marketing

For most companies, the standard approach to developing marketing strategy has usually been:



Step 1:

The senior management meet together and decide a grand strategy for the company.

Step 2:

The middle managers take the strategy and break it down into numerous tactics they hope will be effective.

Step 3:

The company's front line employees put the tactics into action.

The problems with this top-down approach to marketing are:

1. The senior management of the company are generally the most isolated from the real world of the consumer. They are the most unlikely people in the entire company to be able to understand what customers are thinking.
2. The senior management may dictate a strategy which cannot be efficiently executed. There may be no workable tactics which can successfully achieve the specified strategy.
3. The middle managers may be tempted to provide a comfort level by adopting a number of tactics in the hope that one will come through. That spreads the company's marketing resources over a number of different fronts, thereby weakening effectiveness.
4. The company is trying to make the consumer fit its strategy. Companies which have attempted to achieve this in the past have been unsuccessful.
5. The planning process fails to allow for the moves of competitors or other unanticipated market conditions.
6. The top-down approach fails to acknowledge that failure may result. Managers believe that any strategy can be achieved with the right tactic. A continual search for the magic tactic can be a major waste of capital and resources.
7. A top-down approach lacks the flexibility for the company to exploit success.

Examples of top-down marketing approaches:

- In the 1950s, General Electric made a strategic decision to go into computers, like IBM. 14 years and \$400 million later, General Electric abandoned the strategy.
- Xerox tried to move out of photocopiers in the 1980s (the strategy) by buying a computer manufacturer (the tactic). After losing hundreds of millions of dollars, Xerox again went back to concentrating on photocopiers.
- General Motors has lost considerable market share in the luxury car segment of the market to BMW, Mercedes-Benz and other imports. GM's top-down strategy was to introduce two small and expensive models, the Seville and the Cimarron. Both have been sales failures, and GM has continued to lose market share to Ford while it fights the expensive imports.

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