

Customer first thinking.



Brand Positioning

An Interview with Ulli Appelbaum, Founder, First the Trousers Then The Shoes

Ulli Appelbaum:

Ulli Appelbaum is a world-renowned expert on brand positioning and the author of "The Brand Positioning Workbook".



Whiter teeth – or fewer cavities? Longer lasting - or more reliable? Everyday low prices - or quality and selection? Tastes great – or healthier for you? Driving performance – or comfort and luxury? All are examples of brand positioning options in different market categories.

The concept of brand positioning has been part of the marketing canon for over fifty years. Pretty much every marketing organization now uses a positioning statement as the strategic overture to any sort of brand identity work or communication plan. So why, after so many years, do positioning exercises often fail to break new ground or yield much in the way of strategic value?

The method for crafting a positioning statement is taught in every marketing course. It gets explained in every book about branding. There are countless YouTube tutorials. And there are many positioning templates available to follow, all of which adhere more or less to the same construct ("For [name the target segment], Is a [name the market category], Which Provides [name the main benefit], Unlike [name the top competitor]").

For a lot of marketers, however, brand positioning is nothing more than a "fill in the blanks" obligation. Just another hoop to go through on their way to the fun creative stuff. Which is a shame – because the right positioning can pay off many times over in winning a greater share of mind amongst consumers. And that's what branding is supposed to be about – finding a "window on the mind", in the immortal words of Al Ries and Jack Trout.

Those are the two ad guys who popularized the idea of brand positioning in the early 1970s. They wrote a series of articles for Advertising Age in 1972 called "The Positioning Era Cometh", declaring that creativity must take a back seat to strategy (later converting their thesis into one of the most influential marketing books of all time called "Positioning: A Battle for Your Mind"). In an era of "me too" products, they argued, the minds of consumers are overwhelmed by choice, making it hard for them to distinguish one brand from another. To break through the clutter, ad messaging had to focus on differentiation, making clear to people why the brand deserved to be considered ahead of the alternatives. That way, the brand could "position itself" in the minds of busy people by narrowing the main message to why it uniquely meets their needs.

Today that formula for advertising success has become conventional wisdom. But back then, it was heresy. Agencies at that time made their money selling clients on Big Creative Ideas. On expensive image-building ad campaigns. By declaring that creativity by itself is worthless, these two iconoclasts were impugning an entire industry. However, in the end, they won their rightful place in history. The creative guild eventually came around to the idea that strategy should indeed come first.

So you would think that by now marketers would have perfected the practice of brand positioning – that, after five decades, they would

understand what the legendary David Ogilvy once said, “The results of your advertising depend less on how you write your advertising than on how your product is positioned”. But brand positioning is tough slogging. It’s a brain teasing exercise. When marketers merely go through the motions, they end up with vapid positioning statements. Getting it right demands divergent thinking, according to Ulli Appelbaum, an acclaimed expert on brand positioning, taking the time to examine the problem from as many angles as possible. But most marketers think that level of effort is more bother than it’s worth. The purpose of brand positioning, Appelbaum says, is to find the right set of “associations” that you want people to connect with your brand (an “association” being what you want a person to immediately think of when they come across the brand). He’s defined 26 possible positioning platforms that can be used as a springboard for development and lays out his methodology in a very practical guide he wrote called “The Brand Positioning Workbook”.

I started by asking Ulli if he used that methodology to come up with the quirky name of his brand strategy agency.

UA

Ulli Appelbaum (UA): No, it was actually the result of a very chaotic and fun brainstorm. And unfortunately, too much liquor was involved, to be very candid. But ultimately, the name stuck with me, and has stuck for the last...the name is like 20 years old now, because it really captures what I do and what I believe in, which is strategy first. You got to know where you want to go before you start the journey, so to say. But I also believe that strategy is a creative problem-solving exercise. So, it’s when you develop a positioning platform, you develop hypotheses of what the potential solution could be. That is a creative process. And so, basically, “First The Trousers Then The Shoes” is a creative take on saying strategy needs to go first. And that’s how the name came about. And then the following day I woke up with a headache, and loved the name out of the list of all the ones we had generated, and it’s stuck ever since.

SS

Stephen Shaw (SS): Yeah. And would it have been stretching out a bit too far to say, put your underwear on first, I presume.

UA

Yes. That would have been too long. And a little detail which no one really notices, but it’s sort of like this little Easter egg, is when you look at my logo, it says basically “First The Trousers Then The Shoes”, but it starts as a handwritten typography, and then ups with a very formal typography,

which was the designer’s way to express a rough idea evolving into a final thought. No one ever mentioned it or notices, but when I’m bringing it up, maybe I can draw attention to a couple of people to that.

SS

Yeah. Well, hence the brilliance of bringing positioning and design together. So, we’re going to talk a lot about that through the course of this interview. The concept of brand positioning has been around a long time, and some would argue it goes back as far as the ‘50s with David Ogilvy. Certainly, it matured into a discipline in the ‘70s and ‘80s, if I may say that. But all these years, and marketers, by my observation, still struggle to get it right. So, you talk about this idea of divergent thinking, and the importance of putting energy into creating that, looking at the problem from all angles, I think is how you describe it in the book. And my observation is a lot of marketers just treat it as a fill-in-the-blanks exercise. What, in your mind, are the biggest obstacles here why marketers struggle to get this very important concept right?

UA

I think one of the reasons is, and that’s just my theory, is that, yes, we all have this format we are familiar with this. You have to define your target audience, your frame of reference, the benefit, the reason to believe. It looks like a template, like a form, which really seems to say, “Okay, you’ve got to fill that out to the best of your capacity or your knowledge, or to the best of the data you have at your disposal.” I think, for me, the epiphany came a few years back. And I’ve been in the business for over 20 years so, I filled out the form hundreds of times before understanding it, to be honest with you. And for me, the epiphany came when I really asked myself the question, “What are brands and how are brands formed?”.

And it came to the observation, and the conclusion, and it’s that me inventing this, that brands are these networks of associations with a specific offering. And why is that? Because that’s how our brain works. I take a new piece of information, and tie it back to something I’m familiar with. And the more I see this piece of information, the stronger this link becomes. And then I see, let’s say a brand asset, a color scheme, or a shape that is associated with a specific network of knowledge I have, and I combine the two. So, brands are really these networks of associations that we create in our brain.

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When you look at it from this perspective and then think about what is a brand positioning, a brand positioning is really nothing more than the desired brand associations you want to connect with your offering. That's really what it is. Forget the format, forget the framework. So, all of a sudden, you become, what is it, what other two or three association I want or need to associate it with my offering for it to make it appealing within a specific segment? And once you have defined that, then you can fill out the little format because you have done all the thinking required behind it. (10.00)

You have to define who is my audience? Do I know them? What is driving them? How well do I understand them? And then instead of driving yourself crazy with what's the key benefit and the reason to believe, it's really what is it I need to associate with my brand for this specific consumer segment to find me appealing? Once you have defined that, then you can write it down in this template. And I guarantee you, the template is going to be...the outcome is going to be significantly better than if you do like a cut and paste exercise that we are wired to do, or have learned to do, so to say.

SS

Yeah. So, it's interesting because it's not a math formula. It's really combining some amount of left brain thinking, which is strategic positioning in the marketplace against competitors and really a creative exercise to understand what associations will resonate with the people who use my product, or potential people who will use my product.

UA

That's exactly right. And that's one of the foundation of my approach to work is really looking at the strategy process, which is a very rigorous analytical process. We have more and more data to support our rational thinking. But at the core, it's really about identifying potential solutions that you can then examine in light of, does it deliver against the objective I set myself? Is this relevant to the consumers? Can I produce it? Is it feasible to produce it or execute it? So, there's a lot of rational thinking. The part we often cut short is the...you addressed it earlier, the divergent phase, which is the innovative problem solving is really trying to find a novel solution to an existing problem, which is what we do when we position a brand. We try to find a positioning solution to a brand problem that we have defined upfront. And the trick here is really the broader you explore your potential solution, the more diversity you have in your potential solution, the higher the likelihood that you come

up with a truly innovative solution that you can then test and validate. We all learn the consumer, it's about a benefit. You need to give the consumer a benefit. Everyone I've always worked with in any category, even with competing brands, have smart people that have access to the same data. So, we all come up with the first or those are the top four or five benefits the consumer is looking for when buying jam, a car, or something like that.

So, your ability to think, "Okay, let's think beyond these benefits that we're trained to." And if you are more progressive, you start to differentiate between functional benefit, or product benefit, and then an emotional benefit, or maybe a social benefit. So, you start to elevate it a bit, but you're still looking for just the benefit. You're looking at one venue to solve your problem. And I think the trick is really to look at your potential solution from many, many different angles, which is what the method is based on. And as I said, when we use this methodology with my clients, we usually easily come up with 40 to 60 potential solutions.

Now, 90% of them will be crap, but that still leaves you with four to six viable solution that are consumer relevant, that are novel in the category compared to what competition is doing, and that you can then validate to determine which one is the most likely to get the consumer to change their behavior. So, as opposed to if we all focus on the benefit, you'll probably have two or three solution that are generic, and that you would then rely on your creative partner to execute in a fresh way so that it's not as boring as "food product tastes great". Thank you. That's really not motivating.

SS

I first came across your perspective on this in a MarketingProfs article, and I actually kept that article and highlighted it extensively. And so, it was a joy to see that it had been translated into book form. And it still amazes me to this day that somebody hasn't done this before, because I have loads of books behind me on my shelves all about brand marketing. And we might have a chapter on brand positioning, not even a chapter in some cases. And so, this is much needed in the marketplace. But let me ask you, before we jump in to more detail about the methodology and your specific approach, I just want to ask you this question. So, what, in your mind, separates an exceptional positioning statement from a mediocre one? And where I'm going with this is this idea of trying to land the plane

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on the concept of true distinctiveness. So, Marty Neumeier, obviously you'd be familiar with his writings, talks about an "onliness statement". But in the end, when you look at, and you've had, as you've acknowledged it, a long career in building brands, what one thing will separate the truly great positioning statement from a "me too" statement? (15.17)

UA

So, my response might surprise you, but I've learned what really makes a difference is how you react to it when you see it. When your reaction is, "No, we can't do that. No, that's not possible." And then you think about it, and then it unleashes all these potential ideas on what could be done, and raises the energy level. I wish I could tell you there is a mathematical formula that's going to tell you this is exactly... you know when you reach seven that you have achieved an outstanding brand positioning. It's usually a gut reaction, where at first you are like, "You're joking, right? That's funny." It's like, "Oh, you're not joking. Actually you know what, that is a brilliant way to look at it." And it's really an emotional reaction.

And you don't get this...when it's only your brain that kicks in, it's like, "Oh, yeah, that's a really smart thought, that's really well thought through," you know that's going to be a moderate or average positioning statement. If you look at it, and the people in the room look at each other, it's like, "Okay, are they serious here?" then you know you've hit something exceptional. So, that's maybe an unconventional way to describe it. But as I said, there is no mathematical formula. Often what I've learned is these really breakthrough positionings basically reframe the way you look at the category, and all of a sudden, unleash all these, "Oh, and we could do this, and we could do that. And that's a type of part." So, it creates this abundance of new thoughts and ideas. And I often describe my consulting practice as, I give my clients clarity and inspiration. So, all of a sudden, they have a vision of what could be because of the way the brand is positioned, and then a whole bunch of ideas that flow out of that on how to execute this.

SS

And it's getting people to have a comfort with leaving what would be safer, conventional ground, and moving into higher risk territory to come up with some of these concepts.

UA

And that's a great point too, Stephen. The interesting thing is, in our industry, and in our culture, actually, this notion of creativity is on such a high pedestal. Of course, I'm a

creative person. We all want to be creative. We all aspire to be creative. But being creative is actually something very scary. Being creative is having the guts to stand up in a meeting with 20 people, including 15 executives you report to, and say, "Ladies and gentlemen, I think we should do something completely different, completely novel and I want you to embrace my idea and give me \$3 million to execute it." One person out of 99 would be willing to do so.

So, it's weird because we adore creativity as a value, we aspire to creativity. But it's a scary thing, you're uncomfortable, you are...you get out, you get judged by others because your idea is new. So, it's like a weird tension that happens in creativity. And one of my friends described the book as it's a safe...the book or the methodology, it's a safe place to think up scary thoughts, because it will give you a space where you can literally experiment, and really think about what the future could be without boundaries. But it's a safe space because it's embedded in a process and that then gets validated. So, I'm always fascinated by that.

SS

And we're going to get into the process shortly because that interests me as well. But let me ask you, let's start with, if you can, just give me a brief overview of the...obviously, I've read the book, but for the audience here, a brief overview of your methodology.

UA

Yeah, absolutely. I had an 'aha' moment, and that was literally 20 or so years ago. I was working in Europe for Procter and Gamble brands on the agency side, and I was working for different brands in different categories in different geographies. And one thing I noticed early in my career is like there are patterns. Some brands succeed based on a specific pattern. And then you can find the same pattern in a different time zone, in a different category, in a different geography. A typical example would be some brands were very successful in positioning themselves on the sort of hook of country of origin. And then you see another brand in another category somewhere 20 years earlier that also tapped into this country-of-origin platform. And so, I started to identify these different patterns and I asked myself, "How many of those are there out there?" Very simply, I'm not an academic. I'm like a practitioner. (20.23)

So, I literally started to go through hundreds and hundreds of case studies, and identified 26 patterns, or as I learned afterwards, that actually 26 sources of brand association,

coming back to my definition of a brand. So, that was the ‘aha’ moment. And then the interesting thing is when you start to develop and you think about positioning processes, if you use these 26 sources of brand association and ask yourself, “How would this source apply to my specific situation? So, can my brand claim some kind of source...country of origin claim, or origin claim to make its perceived value higher, or to make it more appealing in consumers’ perception? Can I tie my brand to a specific usage occasion, like the headphones, Beats by Dr. Dre did? Can I involve myself in an existing consumer ritual to make it more relevant for my consumers?”

And the three examples I just mentioned are three sources of brand association, but there are 26 of those. So, the idea became, “Okay, if I explore these 26 sources of brand association, for one, these 26 sources are not available anywhere.” But you, Stephen, are a very experienced marketer, and I’m sure you’re brilliant, but if I ask you, “What are all the options at your disposal to position a brand?”, you maybe come up with 12, 13, 14 based on your experience, based on the variety of your experience. But I wouldn’t come up with the 26 on my own ever without having done this exercise.

So, once you start to explore your brand assignment, your positioning assignment from these 26 associations, the amount of ideas you are able to generate is mind-blowing. And the amount of perspectives and different points of view you’re able to take on your brand is absolutely mind-blowing. It challenges your brain out of its rails.

SS

Takes it out its grooves, yeah.

UA

That’s exactly right. And because every territory is described in the book, and then supported by three or four questions meant to inspire your thinking, your brain doesn’t really resist. If I tell you, “Okay, Stephen, you will give me three ways to position the brand. Give me another one, a different one, one you haven’t talked about right now.” Your brain is spinning. If I tell you, “Well, think about a consumer ritual now, or think about the sensorial experience your brand provides. Is that a source of income?”. Your brain just follows along and is able to produce all this output without resistance. And that’s how I said you come to these 40 to 60 potential solutions, which we usually develop into part of a workshop.

And then you see themes appearing when you look at these 40 solutions, you have themes. So, you start to group them by themes. And one has to do the way the product is manufactured, and who is involved in the manufacturing seems to be really something that is standing out. Or the role that my brand plays in the culture is really something that stands out, and where several ideas gravitate towards.

And then all of a sudden you have four or five or six potential territories that you can then research qualitatively, quantitatively, whatever your organization likes to do, which is way more powerful than simply say, “Okay, what are the consumer benefits, and what is unique about our brand? Let’s try to come up with ideas.” Nothing wrong with that. But the problem is all your competitors do exactly the same. And the type of solution that will come up are the ones you are used to, the ones you are familiar with, the ones that have worked for you in the past. So, there isn’t this lateral thinking.

So, that basically describes the process, define your problem in this divergent phase, use the 26 territories to explore options for your brand. And the truth is, Stephen, 40% will not apply to your brand. But that’s okay. You still have 60% that do apply. And then kick in your rational brain and validate your hypotheses and positioning platform.

SS

So, that was a question because if I’m starting a brand from scratch, do we start with the assumption that we’re going to explore all 26, and then ultimately winnow that down to a smaller number that we can manage we deal with? Or do you recommend that we always walk through all 26 in order to actually arrive at that determination? What is the process around that? (25.15)

UA

So, no. So, typically in my consulting practice, what I start usually with is a series of stakeholder interviews about the ambition of the CEO or the senior executive team of the organization, about the feasibility, the technical capabilities of the brand, and these kind of things. And in parallel to that, we do a deep dive into the consumer and a deep dive into competition. And this gives me already a picture which automatically eliminates a whole bunch of potential sources of association. So, any given exercise, I start with...I don’t know, usually 12 to 16. And even when we do these types of exercises as part of the group, some will lead to no output because it’s not inspiring enough, or the group, it just doesn’t them excited or stimulated.

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So, I account for that as well. And if that happens, I just move on to the next one because I know another one will generate so many ideas that I'll have to slow down the energy in the group to manage the whole process through. So, typically, we look into 12 to 16. And in addition to that, Stephen, what I often do is, as I describe it as a creative problem-solving exercise, sometimes even with the right questions, you still don't get ideas. So, what you need to do is you need to bring in tricks and little creativity exercises to get people to think.

So, let me give you an example. A couple of years ago I did a global positioning workshop with a lot of German engineers of a big pharmaceutical company. Now, trying to get them to think creatively, extremely difficult. First, they want to talk. Then they challenge everything they hear, "Why do you say that?" It's like, "No, guys, this is like a blue sky thinking. We don't challenge the ideas." They couldn't take it out of their DNA. So, that was very unproductive. And so, what I did is I did a brainwriting exercise. So, I said, "Everyone shut up. Everyone take a piece of..." in a more polite fashion, obviously. "Everyone take a piece of paper, and write down five ideas that these questions triggered."

And so, everyone...so, complete silence, everyone was writing down the idea. Then I said, "Okay, now take this sheet of paper, give it to your neighbor to the right, and take the sheet from your neighbor from the left. And then look at their list and build on it, add five more." So, all of a sudden, that is what I mean. This is a creative technique exercise that allows to change the group dynamic, allows the group to still come up with ideas, but that needed to be implemented for the group to be able to...basically to stop talking and stop challenging each other, and focus on the task at hand.

So, those are like little tricks you can build in as well. And that I also described in the book on how to trigger the thought process whatever the dynamic, or something doesn't work in just sharing the questions.

SS

So, it's an interesting challenge, isn't it? I mean, this is another one of the questions I had when I was reading the book is, how do you form these teams? What is the mix of people? How broadly does that mix have to be? Do you have a selection of people from different areas of the company participating together in a group? What is the process for determining the size of those groups, the composition of those groups, how they interrelate, etc.?

UA

Yeah, that is always difficult. And the size doesn't really matter because if the group is becoming too big, I just divide them in subgroup. And if I cannot manage, let's say, six subgroups at the same time, I bring in a partner who helps me facilitate. The name of the game for me is always extreme variety. So, for a national client, this would be R&D people, marketing people, market research people, sales force. If it's, let's say, a national brand or something, I'd ask to invite maybe an external category expert. We did, not too long ago, a positioning workshop around...for a bourbon brand. So, there we had the master distiller, literally the master distiller part of the workshop, but we also had three bartenders who were part of the ambassador program.

So, the more variety you can bring in, the better it is. And I'm not afraid of divergent thinking and variety, because these different points of views are really where the magic comes from. And then purely from a political point of view, Stephen, sometimes you have people within the organization who resist a new initiative, and it's the same with the positioning. So, I typically ask who those people are. I try to interview them as part of the stakeholder interview as well, and invite them into the meeting and the process. So, again, not afraid of resistance. (30.28)

Creativity is messy, it's dirty, and there's tension involved, so might as well throw everyone in the same pot, and try to figure it out as you go along, because the magic of that is you need to create a shared understanding, and an understanding for others' point of view. But what you also do is you create buy-in, right? It's like, "Guys..." The way I always say it is, "If the process is successful, you guys must come up with...you must believe that you came up with the solution yourself. I'm just the facilitator to guide you to the solution." So, then there's a sense of ownership.

But as for national clients and for international clients, I apply the same principle, but then there you always have the geographical differences as well, right? So, bring me the key representative of the key geographies, and then there's always someone, it's typically the French. Sorry for the French-Canadian listening to this. But typically the French who would tell me, "In our market, it's very different. Things cannot work the way they work globally." So, my natural tendency is to say, "Let's bring in the French team into the group and have them work with us."

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And I'm joking, of course, but there's always one country or one geography that says, "Ooh, no, no, no, that doesn't work for us, what you're trying to achieve here." So, bring them into the process, absolutely manageable and feasible.

SS

So, functionally, do you bring the accountants into the process as well?

UA

To be honest, I mean, there is a creativity exercise that consists at looking at your problem from various perspectives, consumer perspective, but also from the perspective of the CFO and the accountant, because you need to understand how the company makes money, and where it makes money. And the interesting thing is talk to a CFO, they're actually usually typically smart people that understand how the business works and that gives you a great insight on where the money is really made versus where the energy is wasted.

Now, if the CEO's attitude is, "I don't believe in marketing, it's all about cost-cutting and I'm going to try to take the budgets away," there you might have a bit of a problem. But the truth is, even a CEO that thinks like that, if you interview him during a stakeholder interview upfront and ask him, "How do you guys make money," you're going to get so many insights that can fuel your process that is absolutely fascinating. So, I've never had anyone that I couldn't break through or I couldn't learn from as part of a process like that.

SS

Well, I was just going to say, if the CEO doesn't believe in marketing, I rather think they're probably not going to hire you, are they?

UA

Probably not.

SS

You have a biased example there, I would suggest.

UA

That's right.

SS

But it is an exercise, as you're talking about, in consensus building. And it sounds like, the more grassroots this is, the more expansive the participation, the likelihood of success, if I may put it that way. But once it emerges, if you will, from that nurturing, incubation state, and makes its way into the boardroom, do you find that occasionally it'll be overturned by the CEO who says, "No, that's not our positioning?" Is there that resistance that you'll get at the more senior level? Especially, the more risky that brand positioning statement is?

UA

This hasn't happened to me, actually. I was brought in as sort of the second consultant in a situation where this has happened, where an agency developed a global positioning platform with the key client team. And then two months prior to launch, they present that to the business unit leader of a global business, or basically the CEO of that business unit, who said, "That's all crap, start from zero." And that's how they reached out to me and said, "Okay, you claim that your methodology is faster than other methodologies. Can we try to apply it?" Like next week, I had to fly back to Europe, like within a week, and prepare the workshop within a week. And the interesting thing is what we did is we developed potential territories within two days of workshop, and then brought the CEO into the workroom on the afternoon of the second day, walked him across the different options we had come up with, and then walked him through the logic on why we thought this would be the right solution. He immediately bought into it, which was my big success moment, to be honest with you, because you never know how it's going to turn out. (35.17)

But no, this typically doesn't happen to me, Stephen, because that's why I do the stakeholder interviews. I often try to speak also to the CEO, and if the CEO tells me things like, "I want the solution to look like nothing we've done before," then I have the license in the workshop to push the team and say, "Guys, your boss wants novel ideas. This is generic. This is what..." So, it gives me the ammunition or the energy to push the group into the right direction. But it also teaches me about, "Okay, here are red flags, here are things we will never be able to do."

So, the purpose of these stakeholder interviews, besides getting consensus, besides understanding the organization, is also to understand where the rail guards are within the project, which, to be honest, as a consultant, it's nothing more than spend too much on a project, and then you have the CEO of your stakeholder say, "That's all crap. What, guys, did you do?" So, you try to assess it and navigate it as you move forward.

SS

And success seems to me to correlate highly, as you're describing it, to your skills, certainly as a facilitator. Been there, done that, sort of understand the obstacles. But I'm presuming they don't want to bring you in every time

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they're faced with a positioning exercise. Is it feasible then to train somebody in these techniques so that they can repeat the exercise, make it replicable?

UA

It's almost like I gave you \$500 for you to ask me this question, because that is totally feasible.

SS

I'll take that, by the way.

UA

I meant Canadian, of course, right? Canadian dollars.

SS

Oh, yeah. That's about \$200.

UA

Actually, since the book came out, I've had several organizations that reached out to me and asked me if I can spend a day training their teams. And to the point where I've decided now that's going to be one of my products for this year to really offer full day, a course in positioning development, what it is. Also use the client's brands to do this exercise, so we don't work in a theoretical environment. We work on a specific project. So, yes, that's definitely something that I've started to do, but that I want to do more again this year as well.

SS

Yeah, it makes total sense to make it scalable. And where's the agency in all of this, the ad agency, or agencies as the case may be? Do you invite them to be equal participants, or are they sort of more in the backend evaluating what comes out of these exercises?

UA

So, it's really interesting. I always invite the agency, because I believe there is a gray zone between the strategy and the creative springboard. And I firmly believe, I've worked in agency long enough, that your creative team needs to embrace the strategy to really come up with great ideas. And one way to do that is to involve them in the process. Now, that's my attitude. The same with the research companies, external research companies my clients work with. I have no problem involving them. Sometimes I see a bit of resistance on the agency side, on sort of the who has the thought leadership in the process. Sometimes I see agency that have already preconceived ideas on what the solution should be. So, that's a bias basically that I have to work against then.

And once I even had an agency who...a client reached out to me. They wanted me to...they were about to launch a new brand in a grocery store environment and brought me into pressure test their positioning. So, they had creative concepts that were about to be produced, and they had some pushback from the senior executive on whether the strategy was

correct. So, what we applied is we applied this methodology just to pressure test it, and see whether this idea was the most robust one in the portfolio of options. (39.30)

And it turned out that there was a slight tweak to be done to the strategy to make it more relevant, and it was simply changing the frame of reference. So, instead of saying, "I'm competing against all the other brands in my category," there was more potential in saying, "I compete against an alternative category," because it's a bigger opportunity. It allows me to highlight my product benefits more, etc., etc. And then, at the end of the workshop, everyone turns to the creative team and say, "What do you guys think about this new idea versus the existing idea?"

And I thought that was so lame, the creative team folded in and said, "Oh, no, we think our current idea is the better one, blah, blah, blah." And it was to the point where afterwards they came to me and apologized after the workshop because they knew the new idea was better, but it was also more work, more challenge the internal processes. I've been in the business long enough, I've seen it all. In 90% of the case bringing the creative team in or the agency helps tremendously. And frankly, they're typically very thankful for my contribution as well, because I push for more extreme ideas, or more edgier solutions than the traditional mainstream one, which every agency appreciates because it gives them a better springboard to better creative. (40.54)

I don't have any fear in bringing diverse people with diverse interests into the process. I've learned to like it. It's challenging sometimes to manage, but it leads to better results. At the end of the day, that's what I'm measured by.

SS

Sure. It sounds like a lengthy process. It sounds like this takes a lot of time. And most marketing organizations I've ever run into never seem to have time. How do you balance those two things? The degree of investment of time required by a lot of different people, the consensus building process, the approval process. It sounds like it takes months. What, in your experience, is an adequate amount of time, appreciating it depends on the size of the teams, etc.?

UA

It's going to sound weird, Steven, but it can literally be anything from a week to six months. And let me give you an example. So, I mentioned earlier this global positioning project where I came in as number two because the CEO rejected the idea. Literally, after I had a talk with them on

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Wednesday, the Wednesday the following week, I was in Europe facilitating this workshop. And that included doing the homework with the competitive analysis, and all this kind of thing. So, you can do that very quickly, and you work with the available information or the information that has been gathered already. And because in that case, we brought the CEO into the second day to look at the outcome of the workshop, we got the decision right there. So, there it literally took a week, maybe a week and a half to then finalize the content of the workshop into a strategy, very, very quick.

In other cases, and it depends on the assignment the client has, you may want to bring in some research. And so, where all this...you lack a basic understanding of your consumers, or the brand does, or they have a very narrow way to look at their consumers. And you need to do additional research to broaden the way to get new insights. And so, there I have done project which lasted six months where we did qualitative research, where we did a segmentation study, which then led to the positioning workshop. So, this takes longer, and is, of course, significantly more expensive. But it really depends on the situation.

So, I've done both, and can really adjust and adapt. Sometimes, and I had that recently, actually, a client of mine wanted to do it right before the holidays way too quickly without the necessary rigor, because we still need to look at the competitive space at the consumer. So, there's a base of information we need to gather before we can apply the methodology. And they weren't willing to do that. So, that's why I had to say, "I'm sorry, guys, I can't do it for you. Do it your way." And I suspect they're going to come back to me in three months because it didn't work out. But then there are limits to what I think I can deliver or not deliver. So, yeah, literally, it can be a week, it can be six months. It really depends on the assignment of the timelines and these kind of things.

SS

I want to ask you a couple of other things, too, around this idea of product positioning, which may focus on a functional/emotional benefit of some kind to that specific target audience. But also the idea of master brand positioning, and the importance of linkages there. And you referenced P&G earlier. Certainly they are an example of that. Unilever, I could go on, all the CPGs face this

challenge. What's your perspective? Does it require different methodologies or does it require fewer territories to explore based on whether you're dealing with a master brand positioning versus product positioning?

UA

It requires similar ones. The outcome might be different because if you have a master brand, that probably means you have a bunch of sub-brands that speak to different consumer segments with different benefits and value propositions. So, the spectrum of solutions that your master brand needs to encompass is much broader. But you still want to try to be competitive or differentiating versus competition and you still try to be consumer relevant. You try to find a common element amongst the, "I sell peanuts." "I sell peanut butter." "I sell a jam." "I sell juices." What is the core competence? What is the...again, coming back to what is the one association at the master brand level that will help all these business groups be perceived as more appealing? And on the other hand, what are the association of this different business unit that can feed the master brand? I don't think it's more complex or simpler. It's just you have a broader lens because the solutions you need to encompass under your master brand are more numerous. So, you elevate your thinking a little bit. (46.06)

SS

Which takes me into this whole idea of brand purpose, which has had a lot of traction and currency of late, particularly with its focus on doing societal good or being seen as a good corporate citizen. You do reference it in the book, although you don't appear to be a big fan of the idea. I'm just wondering where it fits in all of this. And does the positioning statement have to ladder up to a purpose statement of some kind?

UA

No. So, I look at that... It's great you bring that up. Thank you, Stephen. I'm actually a huge fan of the brand purpose, if it's done right and for the right reasons. So, if indeed there is an individual somewhere or an organization that really wants to better the world beyond making money, and that really has a mission and an objective to whether it's sustainability, social justice, and all these kind of things. What I'm very cynical about is how marketing has used the concept of a brand purpose for commercial purposes, to sell soda, to sell... So, there is this genuine...we use it as a communication trick as opposed to really something meaningful meant to make a difference. So, I'm a huge fan

of the brand purpose, and actually quite a few of my clients naturally gravitate towards a brand purpose, or I gravitate towards recommending a brand purpose to them because of what they do, not because it's trendy, or because the consumer would like to contribute to sort of the betterment of the world.

But I look at a brand purpose really as 1 of 26 sources of brand association. So, there are cases where you indeed have a founder, and that's typically the story that decided to launch a new brand, a new product, because you felt there is a gap in the market. You see that a lot in the food category right now where a lot of healthy, clean ingredients, simple ingredients, and these kind of things. So, people think there are better solutions out there that can sell better solutions than what's available right now. Or companies that said, "There's a lot of processed food out there. We're going to come up with an organic alternative because we want people..." So, those are naturally...that brands are naturally inclined toward more brand purpose approach. But even a brand purpose, I think that that's what people tend to forget is it's not just a lofty idea. Brand purpose needs to be grounded and rooted in your product or in what you have to offer, and then elevate. Right? So, if it's really about bringing health to people, you better make sure that your product is healthy, doesn't have unnecessary ingredients, that it's sourced in a sustainable and ethical way.

You better make sure all that is...and that it tastes better so people actually want to eat it. So, you better make sure this is done and guaranteed before you then go out there and say, "We want to make the world a healthier place, blah, blah, blah." Do that with...McDonald's doing that would be a bit ludicrous, and a bit ridiculous if they were trying to do that. But the truth is, a lot of companies try to use the purpose to sell stuff, to just appeal to customers. Luckily, customers are not dumb either. So, they see through it fairly quickly. So, yeah, a huge fan of purpose if done properly, but very skeptical on how it's being used nowadays. (49.54)

SS

Sure. Of course. Now the other question I had around position statement development is, should it be built to last? They say that about corporate vision statements. It should be BHAG, it should be something that you can say 100 years from now about the company equally well. And certainly there are positioning statements that have survived the test of

time. Nike certainly stands out as one of them. There aren't many, though. Is the idea we need to...this needs to survive the short term. It has to be somewhat aspirational. What's the trade-off there between the competitive context today versus what it could be in 10 or 15 or 20 years from now?

UA

Well, I think that the general rule of thumb is you say your positioning should be valid for three to five years. But that's a very abstract notion. It all depends on do you maintain your consumer relevance over time? If you still satisfy a need that you satisfied 20 years ago, the chances that you can stick to your positioning platform is very high. You may have to execute it differently. A typical example is sneakers, humble satisfaction. How long have they been playing that platform, 20-plus years? They changed the execution every few years. Now it's, what, you're not yourself when you're hungry, but it's still based on tying it to the hunger satisfaction needs. So does it maintain relevance over time, and are you executing against it in a way that stays relevant?

Second thing is, and you see that a lot in the technology, the world of technology, which moves much faster, if all of a sudden, you have a competitor comes in and changes the dynamic of your category, and that can happen within three months or six months, then you may want to reconsider your positioning platform because the context has changed in which you operate. So, three to five years is sort of like a benchmark, everything being equal. But as soon as something changes, or it could be that there's a new consumer segment type. Gen Z, for example, coming in and changing the dynamic of many categories. Then you have to ask yourself, "Okay, do I need to adjust to this new consumer segment and their efforts to change the expectation and the needs towards the category? Or can I stick with my current segment, and wait until they die out in the next 20 years and still make a lot of money in the process?" So, those are all criterias that would... or, as a company, if you acquire new technology that allows you to provide a benefit beyond anything that has been provided before, then you may reconsider.

So, if there is a major condition in the market that changes, then you can change it. When you think about GEICO, the insurance company, 15 minutes can save you 15%. They've done that for, what, 30 years or something like that. Again, they refreshed their advertising, but the positioning platform

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is and has been the same over and over and over. So, it's hard to say, really. Coke has been the same for 100 years. So, very loose answer to your question, Stephen, but as I said, frame of reference is three to five years at least, unless something really drastically changes in the way you do your business basically.

SS

Or there's a new CMO whose attitude is "not invented here" syndrome, therefore we need to revisit the brand positioning.

UA

And that is the worst. And that is the worst. Absolutely.

SS

I want to move on to now just sort of a more general brand marketing questions. I have been in this business a long time and seen it all. What are some branding myths or zombie ideas that you really hate that you wish would never come up in a conversation by a client? What are those ideas that you just like to see have worn out, or obsolete, or antiquated, and should never be talked about ever again?

UA

Oh, you're getting me started here. A couple of things. One is the brand purpose, we alluded to it previously, or the misuse of the brand purpose. The second is this notion that the consumer owns your brand, and that came with the advent of technology and social media, right? The consumer owns your brand. Well, if that's the case, you don't have a job, number one. And the consumer doesn't own your brand. You own the decision on what associations you want to create with your offering, and how to build those associations. Whether the consumer buys into that or not, it's up to him or her, and that's perfectly fine. But it's not something new that all of a sudden...it's not because a consumer makes a little video about your product that, all of a sudden, he owns the product. So, the consumers owning the brands drives me nuts. It's ignorant. (55.04)

The second thing is that consumers...that social media allow brands to have conversations with their consumers. Now, I don't know about you, Stephen, but I've never had a conversation with the brand of peanut butter on Facebook, on Instagram. I may follow them, I may think they have funny content, I may like them, or make a comment or something like that, but I don't want a conversation with my brand, even not with my car which is the second biggest, highest value item in my household. I don't want to have a conversation with my car manufacturer on social media. So, this notion of social media as facilitating conversations

between consumer and brands, in my perspective, it's BS. I just don't buy it.

So, those are two examples, which...two and a half with the purpose, where I'm like, when someone comes to me with these sort of generic standardized accepted beliefs, I switch off automatically, or my reaction is to say, "Okay, you haven't really thought about what marketing and brand building is, have you?" So, those type of things.

SS

But just on the social media front, and I happen to agree totally with you on this. And I did have a conversation with Mark Schaefer on my most previous podcast, and he's just come out with a book about building brand community. But his point, I think, is if you find your purpose, and you share values with customers, and passions, and interests, and can turn them into advocates, then you can build that community. But without that, and when you think about that, that's really all about the positioning of your brand. He gives the example, I think it's a great one, of YETI, which is a beer cooler, he says. How do you create such brand advocacy around a very expensive product that normally people would never have thought of paying a premium for? You do it through marketing and positioning as you're describing it.

UA

And that is 100% true. And that is, for me, shared interest, right? That is a bunch of people who are fed enough about the offering that they want to also congregate, and they have similar hobbies, or similar activities, or a similar passion for the brand. That is different of me having an in-depth conversation with the peanut butter my kids eat in the morning. You know what I mean? So, it's category specific. And a great place to look for these type of communities, I've learned, is Reddit and YouTube. YouTube is full of these communities of people with shared interests and shared passion that literally love to discuss every single detail about every new product, etc., etc. But that is, again, it's different than me talking to a brand of peanut butter that my kids eat in the morning.

SS

Well, you referenced Coke earlier. I mean, there is a whole massive marketplace of Coke memorabilia that people trade in. That is strictly brand marketing.

UA

Absolutely.

SS

Perfect example.

Podcast

UA

Yesterday, I watched a documentary on Netflix called “The Pez Outlaw.” The Pez are these little candy dispensers. And was basically about this guy who catered to the collectors market here in the U.S. by importing product from Hungary that were not allowed by the U.S. Pez organization here in the...because the CEO of the Pez company didn’t like the different...they have a clown, you have a ninja, you have a horse head on your little Pez dispenser. And the CEO of the U.S. Pez organization shut down a lot of these ideas, and this outlaw imported them on the gray market basically, and made millions selling them. So, I’m like, “Okay, if you can create passion for a little candy stick dispenser, I mean, there is an inherent opportunity to build this community feeling.” But again, it’s not an online conversation with the brand on Facebook.

SS

Exactly. Yeah.

UA

So, there’s a different dynamic going on here.

SS

So, I also want to ask you that...given your experience, and across many different brands over the years you’ve been working, if you have an example of a brand you’ve worked on in the past which really nailed its brand positioning statement, which you hold up as a paragon of positioning. And maybe there’s more than one brand, obviously, that must stand out in your mind over time. What brands would you cite as being paragons of this process? (59.48)

UA

So, the challenge is a lot of my assignments are confidential under NDA, so I cannot say, “And here’s the answer that we came up with.” One example, which has been published a little bit, is a Claim This [SP] methodology. It’s going to sound weird, but it was for a state lottery, the National State Lottery. State lottery here in the U.S., like a lotto-type thing. And the client had approached us and said, “We’re growing by 2 or 3% a year. That’s not enough for us. Can you help us reposition the brand and unlock new growth opportunities?”

And so, that was, for example, a case which I mentioned earlier, where it took us six months to go through the process because here we, all of a sudden, had to understand the lottery player category from a different perspective than what the client understood. And then reframe that category, and then reposition the brand across that category. It basically came down at the end of the day to...it was about draw games, like the Mega Million, and these kind of things

where you pick numbers, on Saturday or twice a week, you see whether you won.

And our research allows us to reframe that as...that you weren’t in the category of playing lottery games, you’re in the business of managing your mood. So, because we looked at all the emotional motivators for playing lottery, and across many different occasions, and we talked to like 60, 70 lottery players to understand what motivated them. And then formalized this knowledge into a quantitative survey which allows us to quantify it.

And what we started to realize is that people play the lottery to manage their mood. So, it’s either, “I got a late payment reminder this morning in the mail, and I realized the rent is due at the end of the month.” So, it’s like all of a sudden, you have this financial pressure on you and what you want is you want to sort of dream and say, “Well, if I win the lottery, or this...” So, I try to change your mood from depression to hopefulness. Or it could be...and a lot of people are like that, you saw the bus with the number seven just drove by. And then you realize, “Oh, the first letter I saw in my newspaper this morning was a seven too. So, I’m in a lucky streak right now and I’m going to play the lottery.”

And the interesting thing is because you buy the ticket, and the results come three or four days later, you basically buy yourself three or four days of hope, of dream, of positive things. So, that’s why we said the lottery business is actually the business of mood management. And by reframing that under this perspective, and then quantifying it through the quantitative survey, we were able to show our client that what he thought was a \$1 billion business...and at the time, they were selling...they were doing \$700 million to \$800 million in revenue per year. So, they thought, “We have 20% to go and then we are stuck.”

We showed them that if you reframe this under mood management, and then you have identified your opportunities, the size of the category was actually \$2 billion, so twice as big as what they thought it would be. And that was a couple of years ago. And today I think their revenue is \$1.3 billion, so \$500 million more than it was when we started the project. And not only thanks to the repositioning, obviously you need the products to support the playing and all these kind of things.

But here was for me an example where we literally applied the whole rigor qualitative workshops with the client, quantitative segmentation study, ideation, new product ideations coming out of that, where we're able to show them, "Your market is twice as big as you think it is. Here's the way you need to position it, and here's how that translates into different products you have at your disposal." And the irony was, when we went through this after six months, it was a big project. I was thinking like, "Okay, those are executives that have been in the luxury category for 20, 30 years. They're going to rip my head out when they hear my presentation." And they listened to us diligently, took their notes. And then when we were done, the CEO of that organization looks at me and says, "So, what new product ideas do you have to bring to life this new positioning?" He immediately had embraced this new way of looking at the category. And I was then on the defensive because I was like, "Guys, the assignment was not new product ideas. The assignment was you reframe the market and identify the growth opportunity, not develop the product." So, this led then to a new product development process.

But it was brilliant to see how within 30 seconds, the CEO embraced this new way of looking at the category because it made so much sense. So, that would be an example where... which also, I would say, had the biggest financial impact because that was \$500 million later. That's a lot of money as well. (1.05)

SS

I do have a question. Toward the end of your book, you make this statement, "Marketing has evolved from being a highly strategic discipline," much as you've just finished describing, "to become a mainly transactional one." Are you referring to this tension that exists today between performance marketing and more traditional brand marketing?

UA

I am referring to what the internet has done to us. All of a sudden, it's click-through rates. All of a sudden, it's number of visitors. All of a sudden, it's number of likes. And it has almost shifted the focus on, "Uh, our post needs to generate the most engagement." That is the objective. Or, "Here are the type of headlines you need to come up with to improve your click-through rate." And simply because it added this discipline, the focus has shifted a little bit. And this whole

notion of, "Well, at the core is the brand needs to deliver something you really desire, or aspire to, or gives you something you really want." And then it may be executed online, and then you can measure the click-through. It almost changed the focus on what really matters in brand building and business building.

Luckily, over the last few years, there's more and more literature and research that has been done on effective brand building that brings back the strategy part of the process, luckily. But for a long time, it was literally about beating the SEO game, these vanity metrics in social media, click-through numbers, and an engagement number through digital, etc., etc., which as a strategy just drives me...bores me to death.

I realized that one of my last agency jobs was literally sitting in meetings for two weeks in a succession of three or four meetings where we discussed with three people on the client side and four people on the agency side the creative execution of a stupid banner. Where then it was like, "Okay, are we going to improve our click-through rate from 0.00006% to 0.000061%?" And is that really how I would have spent my life and my time? So, that was for me the trigger moment to say that's not what I want to be in.

SS

And we're fortunate that you made the decision because, as I said, your workbook is fantastic. It should be in the hands of anybody involved in brand marketing, and certainly is an easy read as well, I might add. So, I want to thank you so much for the time today. It's been brilliant. And I, as I said, learned a lot. I've been at this game a long time myself, and I've been in many meetings where we've struggled over creating, hashing out brand positioning statements. So, this book is a tremendous tool for people and certainly deserves to be on everybody's bookcase. So, thank you so much, Ulli. It's been a privilege

UA

And you're very modest. You're a great interviewer and a great listener because you're an experienced marketer as well. And I'm sure that 60% or more of what I said is something that you have learned as well, and experienced as well. So, thanks for letting me...giving me the opportunity to talk about that.

Podcast

That concludes my interview with Ulli Appelbaum. As we learned, a brand is defined by fixed associations in people's minds. The process of defining a positioning statement begins with understanding those associations – how people immediately react when they think of the brand – and to figure out if those are sufficiently differentiating and meaningful to the consumer. And if those associations don't allow the brand to stand out in the market, if they don't occupy a unique space in the minds of people, if they are the same as every other competing brand, marketers need to consider which associations might work better, exploring and evaluating as many options as possible. The brand identity work and campaign development process should not begin until that positioning platform has been defined and shown to work.



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