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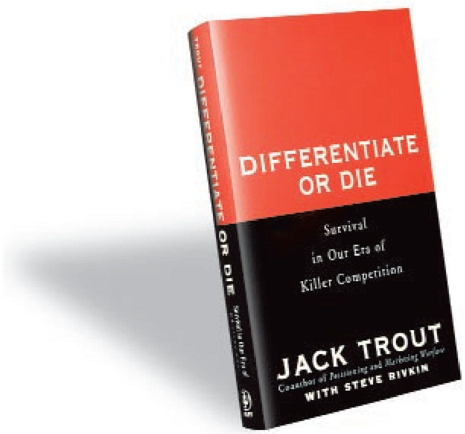

By Jack Trout
with Steve Rivkin

Survival in Our Era of Killer Competition

DIFFERENTIATE OR DIE

THE SUMMARY IN BRIEF

What factors allow a company or product to stand out in an increasingly competitive (and global) marketplace? That's a question Jack Trout has been answering for 30 years as a consultant to Fortune 500 companies. It is a question that he (with co-author Steve Rivkin) uses in *Differentiate or Die* to help readers create solid strategies to get above the crowds of competitors and generate the business required to stay there.

Among the points covered in this summary are:

● **The Tyranny of Choice.** With nearly one million branded products available in the marketplace today, consumers have more choices than they know how to handle. Companies must thus give customers the tools they need in purchasing decisions, to draw them to their products.

● **Losing and Reinventing the U.S.P**. In order to reinvent the idea of a unique selling proposition (or U.S.P.) and differentiate their products from competitors', companies must move away from differentiation based solely on product, and engage consumers in ways that truly reach them.

● **What Differentiation Is Not.** Some differentiation strategies look appealing, but require more effort than is really necessary in order to make the case for a product or company over others.

● **The Four Steps to Differentiation.** Trout lays out the basics of his differentiation strategy in four essential steps.

● **Eight Successful Differentiation Strategies.** Differentiating your business actually has very little to do with creativity or imagination and everything to do with pursuing a logical approach to engaging customers. Trout lays out eight points of strategy that have proven to beget success.

● **Growth and Sacrifice in Differentiation.** Growth can kill differentiation by tempting companies to thin out their product lines in search of mass acceptance. Trout details why you should avoid the distractions growth poses.

● **Being Different in Different Places.** What differentiation strategy will work abroad? This section presents some key considerations.

Your efforts to stand out in the marketplace begin with the next page ...

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DIFFERENTIATE OR DIE

by Jack Trout with Steve Rivkin

— THE *COMPLETE* SUMMARY

The Tyranny of Choice

Differentiating products today is more challenging than at any other time in history. When our earliest ancestors wondered, "What's for dinner?" the answer was clear: It was whatever the neighborhood could run down, kill and bring back to the cave. Red meat? White meat? There was only one choice; it was a simpler time.

These days, the average supermarket stocks 40,000 brand items — or standard stocking units (SKUs) — an explosion of choice in just about every product category. That number is a mere fraction of the estimated one million SKUs available in America. The most interesting thing, though, is that the average family gets 80 to 85 percent of its needs from only 150 SKUs, which means there's a good chance the other 39,850 items in the store will be ignored.

What drives choice is the law of division, which states that a category starts off as a single entity then breaks up into other segments. Computers, for instance, once were their own category; over time, however, this category segmented into mainframes, microcomputers, PCs, laptops, notebooks and so forth. Television programming once meant network television programming; now it, too, is broken into segments — network, independent, cable, satellite, public, and now computer-based "streaming" video.

The explosion of choice has led to an entire industry dedicated to helping people with their choices, whether it be a guide to New York City restaurants or advice on which of 8,000 mutual funds to buy. The World Wide Web has expanded this industry past long-accepted structures and strictures, doling out advice on command and fulfilling needs — any need — instantly.

With so much competition, markets today are driven by choice; customers have so many choices that companies who don't address every whim of the marketplace will lose business and will not survive. Those that don't stand out will get lost in the pack. Indeed, companies must address differentiation in three key ways:

- If you ignore your uniqueness and try to be everything for everybody, you quickly undermine what makes you different.
- If you ignore changes in the market, your difference can become less important.
- If you stay in the shadow of your larger competitors and never establish your "differentness," you will always be weak.

It's an unforgiving world out there, and we haven't seen anything yet. ■

The Explosion of Choice

Item	Early 1970s	Late 1990s
Vehicle model:	140	260
Frito-Lay chip varieties:	10	78
OTC pain relievers:	17	141
Levi's jeans styles:	41	70
Software titles:	0	250,000
Web Sites:	0	4,757,894

Losing and Reinventing the U.S.P.

In his 1960 book *Reality in Advertising,* Rosser Reeves defined the concept of the unique selling proposition (U.S.P.):

- Each advertisement must make a proposition to the consumer. Not just words, not just product "puffery," not just show-window advertising. Each advertisement must say to each reader, "Buy this product, and you will get this specific benefit."
- The proposition must be one that the competition either cannot or does not offer. It must be unique — either a uniqueness of the brand or a claim not other-

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The authors: Jack Trout, president of the prestigious marketing firm of Trout & Partners, was the first to popularize the idea of "positioning" products and ideas in the minds of consumers. Steve Rivkin is co-author with Trout of *The New Positioning* and *The Power of Simplicity,* and heads his own communications firm.

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Losing and Reinventing the U.S.P.

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wise made in that particular field of advertising.

● The proposition must be so strong that it can move the mass millions.

When Reeves wrote of being different, the world was an easier place. Global competition did not exist; in fact, real competition barely existed. Today, many companies have sales figures that dwarf the gross national product of some countries — the top 500 global companies represent 70 percent of the world's trade. And the big keep getting bigger. Mergers and acquisitions are the rule of the day and competitors are tougher and smarter than ever before.

According to Reeves, in order to differentiate yourself from competitors, you must offer an option that the competition cannot or does not. To do so successfully, you should recognize how customers make decisions based on differentiation. Psychologists have come up with four functions that help people make these decisions — intuition, thinking, feeling and sensing:

● **Differentiating with "Intuitives."** This group uses intuition to concentrate on possibilities, avoiding details in favor of a "big picture" view. They are susceptible to a "next generation" strategy of differentiation. For example, when Advil positioned their ibuprofen tablets as "advanced medicine for pain," they perfectly differentiated themselves for the "big picture" crowd.

● **Differentiating with "Thinkers."** This group is analytical, precise and logical. They possess a lot of information, often ignoring the emotional or feeling aspects of a situation, and often act in response to the facts about a product. BMW's differentiating strategy of "the ultimate driving machine" and discussion of ergonomic design and maneuverability plays well with "thinkers."

● **Differentiating with "Feelers."** This group dispenses with intellectual analysis in favor of following their own preferences, an ideal group for third-party endorsements from experts who look and sound real. Miracle-Gro's "choice of experts" campaign (nice people surrounded by flowers) is the perfect "feeler" strategy.

● **Differentiating with "Sensors."** This group sees things as they are and has a great respect for facts, an enormous capacity for detail and a knack for putting things into context. Hertz's differentiating strategy of leadership ("There's Hertz and there's Not Exactly") is a great program for "sensors," who accept it as common sense that the company is the best.

Reinventing the U.S.P.

Regardless of approach, it is more difficult for companies today to hang onto a U.S.P. or product difference or benefit, as the Reeves model suggests. There are three explanations for what has happened:

● A torrent of new products has washed over consumers, each with conflicting claims and the smallest points of difference ("Now! Tartar control with the great taste of fresh mint gel!")

● The number one response amongst competitors is "me-tooism." Technology enables competitors to tear apart and reconstruct knock-off products before companies even have the chance to establish their differences.

● The speed of technology has enabled companies to reinvent themselves as quickly and as often as they desire, making it difficult to differentiate on product differences alone. Intel, for example, increases data storage and performance each year, at astounding rates.

That said, it's not impossible to differentiate based on product, just difficult. Gillette, for instance, reinvents shaving every few years: with two-bladed razors (Trac II), adjustable two-bladed razors (Atra), shock-absorbent razors (Sensor), and now with three-bladed razors (Mach 3).

Mach 3, in particular, may seem like just a new product, but it is actually the result of $750 million in research, patents, testing and all-around excruciating hard work.

Gillette's attention to detail and differentiation is spreading to its acquisitions. Oral-B, which Gillette acquired, hadn't introduced a new toothbrush in 27 years. Gillette assigned a team of 150 people to research manual plaque removal and create new products to address their findings, resulting in a stream of new implements. By improving, upgrading and reinventing their products, Gillette has become an excellent model in differentiation.

Will competitors get their arms around razors and toothbrushes? Most likely. "Me-tooism" remains a dominant force in competition, since being competitive so often means cashing in on a competitor's successes. Inventing and hanging on to a truly different product is hard work, but it can be done. ■

What Differentiation Is Not

There are any number of ways to differentiate products; many of them have been proven successful (if executed properly). There are, conversely, several "yellow flags" to avoid — ideas that look appealing, but will rarely differentiate you.

Quality and Customer Orientation

The 1990s witnessed a war on quality. You couldn't walk into the business section of your local bookstore

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What Differentiation Is Not

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without seeing dozens of books on quality with acronym-strewn titles (TQM, SPC, QFD, CQL, etc.). While companies focused on quality improvement programs to meet the demands of their customers, customers simply got more demanding and not necessarily any more loyal to quality-centric organizations. A Gallup survey done for the American Society for Quality Control found that only 28 percent of executives had achieved significant results (in profitability or market share) from their quality initiatives. That doesn't mean companies should (or can) abandon their quality improvement efforts. Customer expectations aren't going away, regardless of how much it costs companies to keep pace.

Indeed, "Do whatever it takes to satisfy customers" became every company's mantra in the 1980s and 1990s. Every complaint was a gift, a clue you needed in order to keep your customers "for life." Frequent buyer programs popped up, first in the airline industry (with American Airlines' AAdvantage program in 1983, then at nearly every airline). What airlines failed to do was to differentiate themselves for frequent travelers to the degree that justified the costs and drawbacks of the program; such programs were, and are, too easily imitated.

What airlines (and, indeed, many industries in the "Quality Decade") should have done was draw the line between operational effectiveness and strategic positioning. Operational effectiveness means performing better the same activities your competitors perform — a common short-term strategy. Positioning, however, dictates that you find unique and meaningful points of differentiation, and use them to competitive advantage.

Creativity

Rosser Reeves railed against "puffery" and ineffectual advertising — "the best taste ever," "incredibly smooth," etc. While such bits of fluff were not up to Reeves' standards, at least they made the attempt to sell. Puffery has, today, been replaced with vagueness — "Start something," "People drive us," "Expanding possibilities." These "slogans" are creative, even entertaining, but it's sometimes hard to tell what companies are advertising.

One argument for such ads is the belief that advertising has lost its effectiveness in an age of over-communication and cynicism. Ads that are emotional or bonding or "cool" connect with consumers, forming a bond with them. The more unconventional your ads, the more success you'll have at differentiating yourself from your competition.

Yet, one factor remains true: If people think you have an important message to convey, they will generally open their eyes and ears long enough to absorb what you have to say. The trick is not to bury that information in what some call "creativity."

Price

Price is often the enemy of differentiation. When price becomes a focus of a message or a company's marketing, you begin to undermine your uniqueness. If you make price the main consideration for picking you over your competitors, you set yourself up to lose, since anyone can mark down a price. Cutting prices is insanity if the competition can go as low as you can.

There are, however, several methods you can employ to get around a price attack:

● **Do something special.** The leader can go to its biggest customers and do something special. Nike, for instance, offered the athletic shoe store chain Foot Locker the Tuned Air, a $130 shoe made exclusively for the chain. So far, so good: Foot Locker has ordered a million pairs thus far, and expects to sell $200 million worth.

● **Cause some confusion.** The leader wins when the market is confused about competing offers. AT&T countered MCI's "Friends and Family" discount program with an aggressive advertising campaign that challenged whether their competitor's program indeed saved consumers as much money as it claimed. The resulting confusion led the bulk of the market to simply stay with AT&T.

● **Shift the argument.** Introduce the concept of total cost as opposed to initial cost. In some categories, the

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Southwest Builds a Price Advantage

One of the few success stories of using price as a differentiating factor is Southwest Airlines. By using one kind of airplane, they saved on training and maintenance costs. By offering no advanced seats, they avoided expensive reservation systems. By offering no food, they eliminated expense and time. By avoiding expensive hub airports and using less expensive, smaller airports, they avoided high gate charges.

Southwest used the savings incurred from these efforts to construct a system with the lowest cost per air mile than any other airline, then passed that savings onto their customers. They have differentiated themselves as a low-fare airline and have become big enough that they can't be forced out of a market by a bigger competitor that lowers their price. Many airlines have tried to use Southwest as a model for their own operation; most, if not all, have failed.

What Differentiation Is Not

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costs you incur after you buy a product (an expensive car, for example) can be substantial. If your product performs better, you can build a cost-for-cost ownership versus cost-of-purchase comparison.

● **Differentiate with high price.** High prices tell the consumer that the product is worth a lot; in essence, the high price becomes an inherent benefit of the product itself. High quality should be more expensive; high-priced products offer more prestige.

Breadth of Line

People are overwhelmed by choice, causing confusion and making decisions difficult to come by. For some businesses, however, big selection works as a differentiator. Charles Lazarus, the founder of Toys 'R' Us, noted "When parents have no clear idea of what to buy, they go to the store with the biggest selection."

"Biggest selection" is a mantra in retailing, with superstores (or "category killers") becoming successful by using an everything-under-one-roof approach and deep discounts to cater to different niches.

But "big" can be too big, as such one-time kings of category killers like CompUSA, Sports Authority and Party City have found out. You have to manage endless selections of SKU inventories; you alienate core consumer groups with endless mazes of aisles; you alienate older consumers with huge parking lots and massive floor space; you alienate parents with cranky kids in tow who don't have time to figure out your store layout.

What's really needed is guidance on what and where to buy, something the Web provides in spades. Breadth of line is nowhere near as strong a differentiator as leadership or preference or product difference. Breadth of line can be copied easily by a competitor, leaving you with only price (another easy copy) as a differentiator. ■

The Four Steps to Differentiation

Differentiating your business does not mean being cute or "creative" or imaginative. It has everything to do with logic — the science that deals with the rules and tests of sound thinking. Here is a four-step process you can follow to successfully differentiate yourself from competitors.

Step 1: Make Sense in Context

Arguments are never made in a vacuum; there are always competitors swimming around you, making arguments of their own. Your message must make sense in the context of the category; it must start with what the marketplace has heard and registered from your competitors.

You need a quick snapshot of the perceptions that exist in the market; from that snapshot, you can discern the perceptual strengths and weaknesses of yourself and your competitors as they exist in the minds of your target customers. You must also pay attention to what's happening in the market, to gauge whether the timing is right for your differentiating idea. For example, Nordstrom's idea of "better service" played perfectly into the context of a department store market that was reducing its people and service as a way of cutting costs.

Step 2: Find the Differentiating Idea

Your "differentness" does not have to be product-related. There are many ways to set your company apart; the trick is to find that difference and use it to set up a benefit for your customer.

Consider Hillsdale College, near Detroit — one of thousands of post-secondary institutions in the United States. Hillsdale has constructed a differentiation strategy based on the fact that it does not accept any Federal aid for grants and student loans. The college's pitch is "We're free from government influence" — a successful argument that has positioned Hillsdale as a mecca for conservative thought.

Step 3: Have Credentials

To build a logical argument for your difference, you must have the credentials to support your differentiating idea, to make it real and believable. If you have a product difference, you should be able to demonstrate it; that demonstration, in turn, becomes your credentials.

Claims of difference without proof are simply empty claims. A "wide track" Pontiac must be wider than other cars. As the "world's favorite airline," British Airways should fly more people than any other airline. When it's "Hertz or Not Exactly," there should be some unique services that others don't offer.

Step 4: Communicate Your Difference

If you build a differentiated product, the world will not automatically beat a path to your door. Better products on their own don't win; you must build a strong perception in the marketplace to succeed. Every aspect of your communications should reflect your difference — your advertising, brochures, Web site, sales presentations, etc. You cannot over-communicate your difference.

A real differentiating idea can be a motivational bonanza. When Avis said "We're only Number Two; we try harder," their employees were motivated to do just

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The Four Steps to Differentiation

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that. They were proud to be underdogs. You must give employees something they can latch onto and let them run with it. Come up with a differentiating idea and challenge them to bring it to life.

But there's more. Differentiating does not stop with a simple idea. You must have the resources to build a solid communications program to broadcast your idea. Indeed, an idea without money is worthless; if you don't have funding to put behind your idea, be prepared to give away a lot to get the funding. Steve Jobs and Steve Wozniak had a great idea, but it took Mike Markkula's $91,000 to put Apple on the map. For his investment, he got one-third of the company; he should've held out for half. ■

Eight Successful Differentiation Strategies

● **Be First.** Getting into the mind with a new idea, product or benefit is an enormous advantage. People tend to stick with what they've got, and if you're there first, any copycat measures by a competitor will just reinforce your idea. Being original translates into more knowledge, more expertise. Studies show that, in most cases, being first to the market provides a significant and substantial market share advantage over later entrants. It also forces those later entrants to find their own distinctive positioning strategy.

Being first is one thing; staying first is another. It takes hard work and enormous energy to stay on top with a new product or idea. Continued innovation is key; Gillette pioneered razor blades and remains the leader, thanks to their endless improvements in product and technology.

Not-So-Great Firsts

Successful firsts come from good ideas; unsuccessful firsts tend to stem from bad ideas:

✓ RJ Reynolds spent a fortune on the first smokeless cigarette, thinking that smokeless cigarettes would appeal to non-smokers. Unfortunately, non-smokers don't buy cigarettes.

✓ The makers of Frosty Paws (billed as "the first ice cream for dogs") never took into consideration the fact that Rover will eat anything you throw on the floor. Why would anyone buy premium-priced fake ice cream when dinner scraps will do?

Being first with a stupid idea will get you nowhere.

Getting Credit for Attributes

Visa has dominated the credit car world by taking possession of the attribute of being "everywhere." It accounts for 53 percent of the $1.16 trillion annual credit card transactions, more than MasterCard by a two-to-one ratio. MasterCard, on the other hand, does not own an attribute of its own. It tries to act like Visa (a mistake), rather than staking out some other attribute for competitive advantage. Even American Express has seized upon a separate attribute, as an everyday usage card in grocery stores, gas stations, and the like. Not owning an attribute has been an expensive lesson for MasterCard.

● **Maintain Attribute Ownership.** An attribute is a characteristic, peculiarity or distinctive feature of a person or thing; persons or things are comprised of a mixture of attributes. Each toothpaste, for example, is different from other toothpastes in terms of cavity prevention, plaque prevention, taste and other different attributes.

What makes a person or product unique is being known for one of these attributes. In fact, attribute ownership is probably the Number One way to differentiate a product or service. There is one caveat: You cannot own the same attribute or position that your competitor owns; you must seek out another attribute. Many companies attempt to emulate a leader, when it is much better to find an opposite attribute that will allow you to play off against the leader. To be most effective, attributes should be simple and benefit-oriented.

● **Be a Leader.** Leadership is the most powerful way to differentiate a brand, because it's the most direct way to establish the credentials of a brand. Credentials are the collateral you put up to guarantee the performance of your brand.

Powerful leaders can take ownership of the words that stand for their category. When you think of computers, copiers or chocolate bars, chances are you think of IBM, Xerox and Hershey's. An astute leader will go one step further to solidify its position. Heinz, for example, owns the word *ketchup*, but it also owns the word that describes the ketchup's most important attribute: *slow*. Owning that one word helps Heinz maintain a 50 percent market share.

● **Have a History**. Heritage has the power to make your product stand out. It can be a commanding differentiating idea because there appears to be a natural psychological importance to having a long history, one that makes people secure in their choices. Heritage also

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Eight Successful Differentiation Strategies

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gives people the impression that they are dealing with an industry leader; if not the biggest, they certainly are a leader in longevity.

Tradition isn't always enough, though. Companies must strike a balance in their marketing between consumer-comforting tradition and progressiveness that is crucial to continued success. A good example of this is Tabasco, the longtime leader in the pepper sauce business, which both honors its heritage and looks forward (through, for example, its trendy neckties, Cajun cooking festivals and Tabasco-laced drinks that originated in Louisiana oyster bars).

● **Specialize in Your Market.** People perceive those who concentrate on a specific activity or product as experts on that activity or product, giving them more knowledge and experience than they sometimes deserve. Conversely, the generalist is rarely associated with expertise in many fields of endeavor, regardless of how good he or she may be. Common sense dictates that a single person or company cannot be expert in everything.

Consider a big food name like Kraft, which, when taken out against specialist brand names (such as Hellman's in mayonnaise or French's in mustard), is trounced every time. In retail, the biggest names that are in trouble today are department stores like Macy's, Hills and Gimbel's — all of which have ended up in bankruptcy court. The big successes are the specialists. Gap, Victoria's Secret and Foot Locker have all succeeded by focusing on one thing.

● **Be the Preferred Provider.** More often than not, people buy what they think they should have, like sheep following a herd. The main reason for this kind of behavior is insecurity. People are more likely to purchase a product that other people think is the correct one to buy. This is called "preference," and it is widely used by companies to differentiate their products from competitors'.

Tylenol, for example, has become the number one pain reliever in America in part because Johnson & Johnson promotes its product as "the pain reliever hospitals prefer." Science Diet, a premium-priced dog and cat food, is "what vets feed their pets." The list goes on and on. Companies use the preferences of others to establish authenticity and to set themselves apart from the competition.

● **Make Your Products in a Special Way.** Companies spend millions of dollars and thousands of man hours developing, producing and testing new, innovative products, only to have their marketing departments hide all evidence of this work in their messages to consumers. Marketers dismiss such information as too complex, preferring to focus on the lifestyle experience associated with the product.

The problem with this strategy is that many competing products can provide the same lifestyle experience; focusing on the unique design or technology in the product, on the other hand, can help distinguish the product in the marketplace. Give the design element a name, and package it as the magic ingredient that differentiates the product from all others. If you've got it, flaunt it, as the following companies found out:

- ✓ Sony started its dominance in television by making a fuss over its "Trinitron." Did anyone know what it was? Nope, but it sounded impressive.
- ✓ When Crest introduced its fluoride cavity prevention toothpaste, they made sure everyone knew it contained Flouristan, though no one knew what that was. However, it sounded impressive.

● **Be Hot.** When you're hot, the world should know you're hot: Word of mouth is a powerful force in marketing. While people love underdogs, they usually bet on winners. It is surprising, then, that so many companies are shy when it comes to telling people about their success. While a few may carp that bragging is pushy, the real reason they're reluctant is the fear that they might not stay hot forever.

What they don't realize is that getting a product or company off the ground is a lot like getting a satellite into orbit: It takes a lot of thrust to get it off the ground, but once it's in orbit, it's a whole different ballgame. Being hot or experiencing tremendous growth can get your product or company some altitude; once you're there, you can figure out something else to keep you there. ■

Schwab's Preference Strategy

Charles Schwab unleashed the ultimate preference strategy by taking out a three-page ad in the *Wall Street Journal* and quoting six authorities (including *Money* magazine, *Smart Money*, and the *Financial Net News*) who named the company the Number One online broker in the field. That wasn't enough; they also noted that 2.5 million investors chose Schwab to help them invest online; that Schwab handles more online trades than any other broker; and that they handle more online assets than any other broker.

By the time Schwab was finished, there was no doubt it was the most preferred online broker.

Growth and Sacrifice in Differentiation

Brands often lose their uniqueness to the desire to be bigger. Indeed, the urge to grow seems almost like a reflex action, in part because that's how businesses tend to reward employees and management. The question of whether growth is indeed necessary is rarely brought up. In the words of economist Milton Friedman, "We don't have a desperate need to grow; we have a desperate desire to grow."

Negative Effects

Growth negatively affects differentiation in two key ways:

- **The company becomes distracted.** Rather than pouring on the resources and preempting a differentiating idea, companies in "growth mode" tend to focus those efforts on growing their businesses. When they do this, they miss out on opportunities to improve their niche development, pursuing instead a broader (and, in most cases, less rewarding) line of growth.
- **The company overextends its product lines.** In an effort to pursue "endless" growth, companies fall into a line extension trap, trying to hang their brand in as many related or unrelated categories as possible. McDonald's, for instance, built a successful business on inexpensive, high-speed cheeseburgers. When the company decided to branch out into pizzas, chicken and kid's menu items, its growth slowed and its hold on the fast food market weakened.

Companies must recognize that maintaining focus on their basic business makes more sense in the long run than watering down their efforts in search of wider growth.

Conversely, giving up something can, on occasion, be good for your business. When you study categories over a long period of time, you can see that adding more can weaken growth, not help it. Phillip Morris, for example, sought to maintain growth by adding products to its flagship brand, Marlboro. Soon, Marlboro Country was filled with Lights, Mediums, Menthol and Ultra-Lights. Sales went down (real cowboys don't smoke Ultra-Lights), so Phillip Morris returned to the tried-and-true red and white packaging, focusing once again on the main Marlboro brand.

The more you add, the more you risk undermining your basic differentiating idea. ■

Being Different in Different Places: Five Rules for the Road

Making your brand a global brand is a tricky, though not impossible, proposition. Before deciding that one differentiating idea can take your brand around the world, consider the following:

1. The current idea may be the wrong idea. Coke inexplicably got rid of its powerful slogan "The Real Thing," only to bring it back in another form when they cracked the Russian market, where there's a rediscovery of roots and a respect for authenticity. "Drink the Legend" is Coke's slogan there.

2. Attributes can change when you cross borders. In Mexico, Corona is a low-rent, humble brand of beer; you can pick up a six-pack in Mexico City for about $2.50. In America, Corona has a spring break, palm trees, drink-it-with-a-lime image, and can usually be found for $6 to $8 a six-pack.

3. Your market leadership may not translate. Nescafe is Nestle's top selling coffee brand in the world, except in India where the company's specially made Sunrise coffee (made with chicory to give it a familiar flavor) outsells the flagship brand.

4. Your heritage may not be respected. Kellogg's is a proud old name for breakfast food, but the cereal giant got a cold shoulder in India, where hot food is preferred for breakfast. So much for heritage.

5. Your specialty may get blurred. What is Lux? In Indonesia, it's a soap; in China, Taiwan and the Philippines, it's a shampoo; in Japan, it's both. It's difficult to convince the world you're a specialist when your expertise varies, according to geography. ■

Who's in Charge Here?

Top management has to be in charge of making sure that differentiating strategy is generated, communicated and maintained. They cannot leave those duties to marketing people and ad agencies in a hands-off capacity. The pages of business publications are littered with tales of CEOs who were misguided in their strategy or who pursued no strategy at all.

In contrast, when you study success, you tend to find that the best CEOs do their own strategy, in their own specific ways. Herb Kelleher of Southwest Airlines helps maintain his company's success by being intimately involved in all aspects of the business. Jack Welch of GE can't go to every meeting and be involved with strategy; instead, he trusts his top business unit leaders to figure out the best way to meet corporate goals.

In 1966, Peter Drucker defined leadership as "thinking through the organization's mission, defining it, and establishing it, clearly and visibly." In a new age of killer competition, the foundation of leadership is "thinking through the organization's *difference*, defining it, and establishing it, clearly and visibly."

Rosser Reeves would have agreed with that revision. ■