

CHAPTER
19

Ries & Trout's Product Ladder

LEARNING OBJECTIVES

After examining this chapter, readers will have the ability to:

- Realize that healthcare marketers must direct attention to the manner in which consumers perceive their product offerings relative to those of competitors.
- Understand that significant efforts are required to ensure that consumers view given healthcare products more favorably than competitive offerings.
- Recognize that consumers tend to rank products in their minds.
- Appreciate the value of Ries and Trout's Product Ladder as a tool for visualizing and understanding the product rankings formulated by consumers.

INTRODUCTION

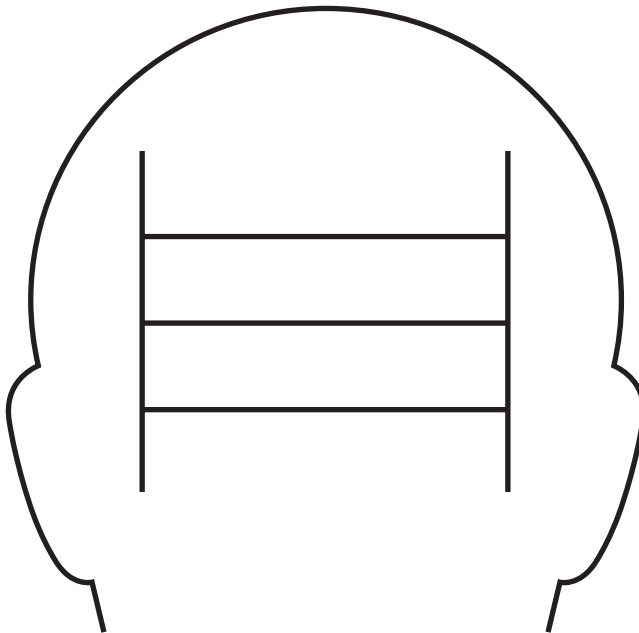
Given that marketers ultimately seek to effect exchanges with target markets, they must constantly focus on the manner in which consumers perceive their products in relation to competitive offerings. Ideally, marketers would like for their goods and services, rather than those of competitors, to be viewed most favorably by consumers. Achieving such prominent positions in the minds of consumers is a difficult task, but if attained, yields significant benefits.

130 CHAPTER 19 RIES & TROUT'S PRODUCT LADDER

For insights into attaining such lofty positions in the minds of consumers, marketers frequently refer to the Product Ladder, a useful tool developed by Al Ries and Jack Trout. Illustrated in Figure 19-1, the Product Ladder consists of an outline of a human head, representing a consumer's mind, with a ladder situated inside, representing the consumer's rank order of brands within a particular product category.

Ries and Trout developed the Product Ladder to illustrate that, given the limitations of the human mind coupled with the proliferation of available goods and services in the marketplace, consumers are forced to rank products in their minds.

These rankings can be depicted as a series of ladders in the minds of consumers, with each ladder representing a different product category and each step representing a different product brand. Products situated on



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FIGURE 19-1 Ries & Trout's Product Ladder

higher steps rank higher in the minds of consumers than products situated on lower steps.

Product Ladders may consist of as few as one step to many steps, although Product Ladders with seven or more steps are considered to be quite lengthy. Product Ladders are also consumer-specific—they are based on the particular views of given individuals.

Some consumers may not be aware of brands within particular product categories and would, therefore, not possess associated Product Ladders. Consumers who, for example, have never had a need for surgery may not possess a Product Ladder for surgical services. When consumers develop needs for unfamiliar goods and services, however, Product Ladders form rather quickly as consumers actively solicit information regarding given product offerings through both formal and informal channels.

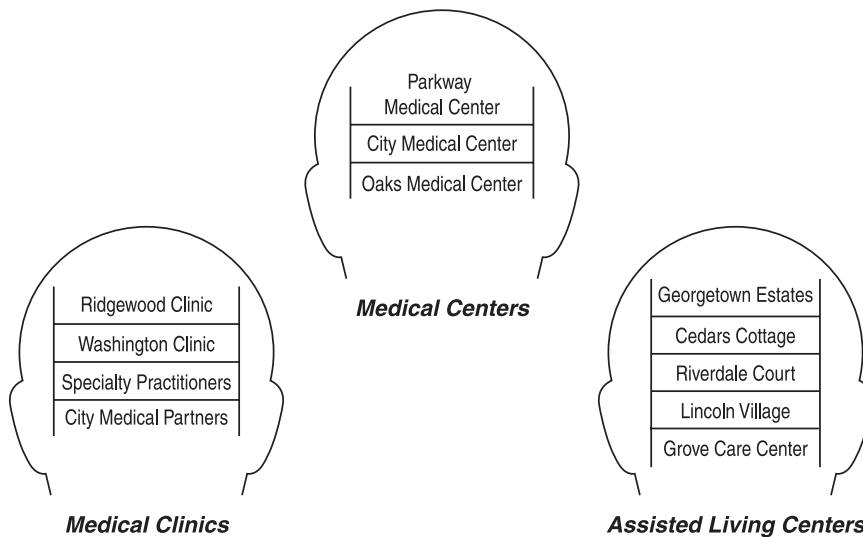
OPERATIONAL MATTERS

To assess products using the Product Ladder, marketers simply (1) identify the product category to be evaluated, (2) gather data pertaining to the consumer perceptions of product brands within the identified category, and (3) construct a Product Ladder that is representative of the findings. This visual representation is then analyzed to gain product insights.

Figure 19-2 presents a series of Product Ladders illustrating a particular consumer's perceptions regarding a variety of healthcare offerings; namely, medical centers, medical clinics, and assisted living centers. The products occupying the top rungs of these Product Ladders represent those offerings that, in their respective product categories, the consumer views as most favorable. Products at lower levels, however, are not as highly regarded by the consumer.

Of course, these particular Product Ladders represent the perceptions of only one individual whose views may or may not coincide with prevailing perceptions in the market. Marketers seeking more extensive, and thus useful, perspectives of consumer perceptions would need to acquire representative samples of product rankings for given product categories from targeted consumers. The data could then be aggregated and used to construct "market representative" Product Ladders that marketers could, in turn, use to determine strategic and tactical priorities.

132 CHAPTER 19 RIES & TROUT'S PRODUCT LADDER



Constructed using design methodologies in Ries, Al, and Jack Trout. *Positioning: The Battle for Your Mind*. 20th anniversary ed. New York: McGraw-Hill, 2001.

FIGURE 19-2 A Series of Product Ladders for Health Offerings

MOVING UP THE PRODUCT LADDER

Marketers whose products occupy lower-level positions face an extremely difficult challenge as they pursue the top steps of Product Ladders. Although the outright dislodging of top-rung brands is usually impossible, marketers can make inroads toward these positions by relating their products to market leading offerings.

A newly established medical clinic, for example, might feature in its advertisements its enhanced scope of services in relation to the market's leading clinic. A pharmaceutical firm might tout in its advertisements that its pain reliever works faster than the leading product. Sales representatives for a durable medical equipment manufacturer might tout their product line's enhanced durability, better warranty, and more comprehensive customer support policy relative to the market leader's offerings. By relating lower-rung products to market leading offerings, marketers exploit consumer familiarity to leverage their own product positions.

NEW PRODUCTS & THE PRODUCT LADDER

It should be mentioned that when marketers introduce *new-to-the-world products*, those products that define entirely new product categories never before offered to the public, consumers must formulate new Product Ladders in their minds. Marketers can assist consumers in the construction of these new Product Ladders by relating totally new product offerings to existing products. Ries and Trout note that this approach was used with the introduction of the automobile, which was initially referred to as a “horseless” carriage, allowing consumers a familiar point of reference to understand and evaluate the new-to-the-world product offering. Once again, marketers exploit familiarity to gain a foothold in the minds of consumers.

SUMMARY

Ries and Trout’s Product Ladder provides marketers with a useful tool for understanding the manner in which consumers perceive products in relation to competitive offerings. Notably, this tool directs attention to the fact that consumers rank products in their minds, with higher rankings indicating more favorable product offerings. The useful insights generated by the Product Ladder provide great assistance to marketers in their endeavors to achieve prominent positions for their product offerings in the minds of consumers.

EXERCISES

1. Define and comprehensively discuss Ries and Trout’s Product Ladder, providing insights regarding its uses, features, meaning, and value, accompanied by an appropriate illustration. Be sure to include in your discussion an overview of the instrument’s importance as a target marketing device in the healthcare industry.
2. Secure a copy of a telephone directory for a municipality of which you are familiar. Select a particular medical category (e.g., eye surgery centers, nursing homes, etc.) and view the listings provided in the directory. Then, based on your knowledge of the given establishments,

134 CHAPTER 19 RIES & TROUT'S PRODUCT LADDER

construct a Product Ladder for the particular medical category. If any of the listings are unfamiliar to you, seek information about the given entities in an effort to assign them an appropriate place on the Product Ladder. Provide a brief narrative explaining your illustration.

REFERENCE

Ries, Al, and Jack Trout. 2001. *Positioning: The battle for your mind*. 20th anniversary ed. New York: McGraw-Hill.