

# Confrontation or Conciliation? The Plight of Small Media Brands in a Zero Sum Marketplace

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**ABSTRACT** Small media brands, operating in a highly competitive zero sum marketplace, reach inevitably a strategic crossroads in which they must decide on confrontation or conciliation with larger incumbent brands. Frontal assaults may foster the promise of market share growth but also provoke serious retaliation. Conversely, appeasement maneuvers may foster short-term market survival but also stifle economic growth. This study offers an alternative strategic framework that synthesizes pertinent aspects of niche theory, brand equity theory and judo business strategy. Using the rise of the Fox News Channel as a case in point, a theoretical triad of *context*, *concept* and *concentration* is proposed for deciding how and when a small media brand should disrupt the status quo.

**KEY WORDS:** brands, strategy, competition, differentiation, niche

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While it may be encouraging for entrepreneurs and investors to know that most big businesses began as small businesses, the sobering downside is that most small businesses fail within the first few years of their existence. In a fiercely competitive zero sum marketplace, growing bigger is a prerequisite for long-term prosperity but by definition, growing bigger often means wrestling away market share from entrenched competitors. This challenge is no less true for media brands, wherein the number of available media options in recent years has far outstripped the number of available audiences intending to watch, listen or read.

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Frontal assaults on an incumbent brand may offer the promise of market share growth but also the risk of provoking massive retaliation. On the other hand, a more conciliatory approach may appease a larger brand but also perpetuate economic stagnation for the smaller challenger. The purpose of this paper was to offer a strategic conceptual framework for small media brands. More precisely, the paper defines the circumstances in which a confrontation with a larger competitor might not be as suicidal as some would believe. That is, instead of scavenging for uncontested morsels of business in an environment of stifling coexistence, a small brand, utilizing the notions of *context*, *content* and *concentration*, can confront and overcome significant brand opposition, resulting in market share growth. Picard (2005) reveals how within academia the study of media as a topic of business scholarship (i.e. economic and management concerns) has only recently taken hold. This work contributes hopefully to this expanding body of knowledge.

This endeavor begins by setting the stage with a brief case study of the strategic maneuvers made by the Fox News Network to depose CNN from its once enviable cable monopoly. Part two describes the often precarious position of small media brands competing in a zero sum marketplace that spawns ever more competition and fragmented audiences. Additionally this section looks at the management decision-making dilemma of confrontation versus conciliation with bigger and more established media brands. Part III explores the three major theoretical underpinnings of the context–content–concentration approaches. Context is explicated using primarily niche theory as Dimmick (2003) applies it to the dynamics of media competition and coexistence within an ecological system. Here we explore the need of a small brand to be sensitive to its surroundings and cultivate ways to differentiate itself from direct competitors. This differentiation process is expanded as the study moves to the next section addressing the specific *content* or substance of the brand that makes it unique and valuable. Here we delve into brand equity theory as espoused by Keller (2003) and other scholars and focus on the challenge of being different, not only in terms of what a brand does in a functional sense, but more importantly, in what a brand stands for in a symbolic sense. Finally, the notion of *concentration* is introduced in the form of what has been coined judo strategy, originated by Yoffie and Kwak (2001). Here the strategic use of minimal force is explored as a means for small brands to exploit rather than avoid the strengths of larger brand competitors. This three-phase decision-making framework of context, concept and concentration demonstrates how a small but highly differentiated niche brand can disrupt the ecological balance found in a marketplace and successfully confront larger brands without fear of massive retaliation.

To date, there is no scholarly literature addressing specifically the survival of small media brands. Although each of the three theoretical perspectives individually have received due recognition with academic and professional circles, the merging of these approaches into an

integrated strategy scheme is entirely new and hopefully contributes to the growing body of knowledge concerning media brand management.

A brief look at the dramatic ascension of the upstart Fox News Channel as it challenged the dominance of CNN offers a relevant case in point to set the stage for this discussion. As Fox News chairman Roger Ailes once boasted “No brand in cable has ever come in and taken down a front runner from behind” (Fox, 2003, p.28).

## **HOW TO OUTFOX AN INCUMBENT MEDIA BRAND**

For almost 20 years CNN was the only 24-hour cable news outlet in the U.S. The Big Three television networks (ABC, CBS and NBC), despite their decades-old reputations for broadcast journalism, were reluctant to enter the cable news business and challenge CNN’s comfortable monopoly. By the mid 1990s, Fox had become a viable fourth broadcast network, but while the Fox brand name was certainly familiar to most people, it was associated primarily with irreverent, youth-oriented entertainment programs, such as “Married with Children”, “the Simpson’s” and “The X Files.” As the only major network not providing regular network news programming, Fox possessed the fewest assets for launching a successful 24-hour cable news network. As Fox News President Roger Ailes proclaims “We had no studios, no programs, no talent, no ideas, no news-gathering capabilities, weak TV stations in news, no news history...and no distribution” (Auletta, 2003, p. 59.). Furthermore, MSNBC was ready to launch a cable news channel with all of the aforementioned assets that Fox lacked, plus an affiliation with computer monolith Microsoft. In 1996, within the arena of journalism, Fox was indeed a small brand.<sup>1</sup>

Given these supposed handicaps, Rupert Murdoch had the audacity to launch the Fox News Channel. From the beginning, this endeavor would not be a timid strategy of conciliation, opting for small audiences on the periphery of CNN’s core following. Instead, FOX took a highly confrontational approach that leveraged the incumbent’s supposed strengths into weaknesses. While CNN prided itself on being disciplined, thoughtful, and trustworthy, the Fox News Channel cleverly portrayed its rival as stodgy, pedantic, passionless and insufferably liberal. Without actually using such derogatory language, Fox positioned its brand as a “scrappy underdog” and a much needed antidote to not only CNN, but the alleged “elite” mainstream news media in general (Auletta, 2003; Collins, 2004; Steinberg, 2004). While never admitting publicly that it caters to ideological conservatives, Fox News has continued to encroach on CNN’s audience base.

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<sup>1</sup> It is recognized that Fox News is owned by the News Corp. and it can be seen as a new asset in a large media portfolio. That relationship did not affect the Fox News brand except to provide resources and opportunities for cross promotion, so it can be seen as a small startup brand.

This is not to say that the rise of Fox News has not been without criticism. Fiercely defending its slogan of “fair and balanced”, the nascent network has received broadsides from a variety of journalists, politicians, academics, media critics, citizens groups and business leaders (Collins, 2004; Fox, 2004). Probably the most vitriolic accusations have come from Ten Turner, the founder of CNN, who accused Fox of being a propaganda tool for the Bush administration, similar to that used by Adolph Hitler in prewar Germany (Finkle, 2005). Reminding the reader that this case study is not about journalism but rather the business of journalism, one must concede that, despite the controversy, the ratings and revenue success of Fox News has been remarkable.

CNN’s response to Fox has been a series of unproductive management overhauls, aborted programming ventures (Remember Connie Jung?), and seemingly desperate marketing efforts, all intended to persuade audiences and advertisers that the network’s predicament really isn’t all that dreadful. Internally, as Fox gained inexorably on its prey, a study conducted by Daniels and Hollifield (2002) found CNN employees to be anxious, confused and questioning the judgment of their superiors. To the contrary, Fox News top management has remained basically in tact and resolute in its withering assaults on CNN (Martel, 2005). So far, keepers of the CNN brand have been unwilling to become “more like Fox” because, in many respects, the reputation of Fox News is the very antithesis of the CNN’s brand (Collins, 2004; Fox, 2003). Fox has created a highly differentiated niche and, similar to the maneuvers of a Judo master, has leveraged its opponent’s strengths into weaknesses, stealing away audiences, while almost taunting the rival network to retaliate.

This paper uses the Fox News story as a departure point for a more theoretical examination of the context, content and concentration dynamics involved in challenging an entrenched brand rival. Throughout the discussion, the Fox /CNN tussle will be used as an exemplar, along with other anecdotes.

Before embarking on our theoretical journey, the question of what’s wrong with being small must be addressed.

## **THE PRECARIOUS POSITION OF SMALL BRANDS**

The decades-old assumptions surrounding mass communication have fragmented into the far more complex world of satisfying esoteric needs of audiences. The old homogenous mass audience is becoming divided and subdivided into an ever-changing array of new demographic and psychographic *niche* categories (Bianco, 2004; Lin, 2002). A fundamental problem is that, under most circumstances, niche implies *small* and small is seldom an advantage in business.

For many important business decisions, size matters. Within the field of consumer behavior research, the notion of big brands having

disproportionate advantages over small brands is not new. From the financial advantages of economies of scale in reducing costs to the benefits of cultivating customer loyalty, bigger is usually better. Against this backdrop, small media brands face the devilish choice of a) coexisting with competitors, hoping to protect market share, but forfeiting opportunities for growth or b) confronting competitors, hoping to steal away market share, but risking retaliation. As will be discussed later, over the long run, the first option may be as threatening as the second. Incursions into forbidden territory are, of course, dangerous and a disruption of market stability but conversely, acquiescing continually to incumbent market leaders can lead to an unconditional surrender.

Dimmick (2003) maintains that as competition becomes more intense due to the increasing number of organizations, a kind of natural selection occurs favoring the larger more efficient and competitively superior organizations. This phenomenon is similar to the concept of economies of scale in which the average cost of production declines as the number of units produced increases. For instance, the radio industry for several years now has experienced massive station ownership consolidation, whereby up to eight stations within a single market can be owned by one company. Typically this has led to a series of cost-saving measures, including reductions in staff and sharing technical facilities (Keith, 2004)

Another advantage to becoming bigger is that customers tend to become more loyal. Scores of consumer behavior studies have confirmed what has been called a double jeopardy effect, in which brands earning small market shares attract not only fewer customers but also experience less customer loyalty than more popular brands. This two-fold plight of the small brand also has been detected among consumers of media, such as newspapers and television programs (Ehrenberg, Goodhart & Barwise, 1990; McDowell & Dick, 2001).

In addition to enhancing customer loyalty, earning bigger shares in audience tends to generate disproportionately bigger shares in revenue. In other words, the distribution of audiences throughout a media market is not congruent with the distribution of advertising dollars. This is precipitated by the fact that rarely do major advertisers buy all available media in a market. Instead, they choose only the top ranked players (i.e. based on ratings or circulation). Media competitors not making "the cut" are denied completely any portion of the advertising budget. This leaves small media brands to cater to small businesses that cannot afford high-priced advertising (Warner & Buchman, 2004).

For electronic media, there is a general assumption among professional buyers that buying the top ranked stations is the most financially parsimonious means for reaching a desired audience. McDowell and Dick (2005) found this attitude reflected statistically in disappointing station power ratios among small radio stations as compared to large stations; a power ratio is defined as a station's share of revenue divided by its share of audience. Instead of earning roughly their

“fair share” of available advertising revenue, the small stations earned far less.

The afore-mentioned lopsided allocation of advertising dollars resonates conceptually with a common business phenomenon known as the 80/20 Principle. In 1906, Italian economist Vilfredo Pareto created a mathematical formula to describe the unequal distribution of wealth in his country, observing that twenty percent of the people owned eighty percent of the wealth. After Pareto made his observation many others observed similar phenomena in their own areas of expertise. Quality Management pioneer, Dr. Joseph Juran, working in the US in the 1930s and 40s recognized a universal principle he called the "vital few and trivial many" inferring that in most economic situations few (20 percent) factors are vital while many (80 percent) are trivial. This observation has since been coined the 80/20 Rule or sometimes Pareto's Principle. From a broad definitional standpoint, Koch (1998) maintains that throughout all kinds of human endeavors a minority of causes exert a majority of effects. For businesses, the principle means typically that roughly 20 percent of the products sold are responsible for 80 percent of a company's profit.

This disproportionate 80/20 pattern is found to some degree among all electronic and print media in that, within any given market, only a small handful of large media firms control the bulk of advertising dollars spent. Picard et al (1988) revealed several examples of large dominant U.S newspapers that temporarily lowered ad rates to force smaller competitors out of business. Once the marketplace was devoid of any real competition, these newspapers then raised their rates. In this same vein, Gustafsson (1978) found that smaller publications became entrapped in a downward “circulation spiral” whereby fewer readers resulted in disproportionately fewer advertising dollars allocated to the already struggling newspapers. Comparing the television and cable industries as another example, one can see readily that despite all the doomsday rhetoric aimed at the broadcast TV networks, the six major TV networks still manage to control almost half of all television viewing and more than half of all advertising dollars spent on television and cable advertising in the U.S (TVB, 2005). The remaining hundred or more cable channels must scavenge for the residual revenue.

An obvious conclusion drawn from these observations is that, even in a continually fragmenting business world, choosing to remain small in order not to antagonize a larger competitor can result in not even earning one's supposed “fair share” of business. The economic principle of perfect competition, wherein a market hosts many competitors, none of which is large enough to control prices, is seldom seen in the real world. For small media brands, operating in the shadow of one or more large incumbent brand competitors, conciliation is not an option. Economic survival and growth depend on shrewd strategic management decisions. Ironically, in a later portion of this text addressing judo strategy, the 80/20 rule will again surface but with a more positive connotation.

Returning to our Fox News case study, in 1996 Rupert Murdoch and NewsCorp executives knew that merely dabbling in cable news would be unacceptably expensive and pointless. Either the effort was to be on a grand scale or not at all (Auletta, 2003; Collins, 2004). Admittedly, the network was fortunate to have the financial deep pockets of its parent corporation but Murdoch has never been in the business of losing money. In order to become big, he and his newly appointed Fox News president Roger Ailes had to a) understand of the competitive context in which they were to introduce their new brand, b) cultivate highly differentiated brand content emphasizing intangible assets, and finally, c) exploit the incumbent rival brand (CNN) by concentrating on the competitor's alleged strengths rather than its weakness.

## **CONTEXT, CONCEPT AND CONCENTRATION: A SYNTHESIS OF THREE THEORETICAL APPROACHES**

### ***Niche Theory and the Notion of Context***

Dimmick (2003) poses the following question: "How is it that media firms as well as entire industries exist and persist over time, despite what often seems to be intense competition for resources such as audiences and advertisers?" (p. ix). The answer is an ecology-based niche theory that responds to the "multilayered processes" of media competition and coexistence. Introducing the niche concepts of dimensions, breadth and overlap as a means of differentiating niches, the theory asserts that media firms must adapt and evolve through their business environment. Within this context, niche similarity can lead to destructive competition, while niche differentiation can lead to coexistence and survival. That is, rather than competing head to head with all brands within a product category, niches are created to allow the brand to essentially sidestep potentially lethal direct confrontation. Dimmick (2003) warns that this particular use of the word niche should not be confused with the conventional business usage of the term, implying that there can be conspicuous market voids or "empty" niches in a market. Instead, Dimmick's niche theory rests on an ecological paradigm, whereby a niche is fundamentally a relationship between an individual element and its surrounding population. While this population can be biological, socio-cultural or economic, the shared dynamic is the competition for scarce resources. These circumstances are identical to the economic concept of a zero sum marketplace. Dimmick asserts that "In short, these populations have evolved differences in niche that limit the inter-population competition for resources and allows them to coexist" (p. 37). These evolved differences are based on opportunities for satisfying the needs of media-related audiences and advertisers. Borrowing from uses and gratifications literature, within this context a dimension can be conceptualized as a specific type of gratification. Niche-breadth is a

measure of how encompassing the dimension is, implying that a population can support both specialist and generalist niches. However, Dimmick (2003) concedes indirectly that size still matters when the author asserts that “The generalist population or industry is better equipped by its broad niche to weather an adversely changing environment than the specialist” (p. 55).

Niche-overlap refers to “ecological similarity” among the components of a population (i.e. degree of differentiation). The notion of competitive superiority is designed to answer whether one or the other of a pair of media firms (or industries) provides greater gratification utility. In summary, according to Dimmick (2003), “The gratification – utility niche of a medium is defined by the breadth of gratification obtained (GO), the degree of overlapping GOs with other media, and its relative superiority...compared to other media”(p.78).

Using a biological metaphor to better understand business and economics is not unique to Dimmick (2003). In recent years several articles and books have revealed an appreciation for the ecological ramifications of managing a business. Taking a more evolutionary approach in describing the ecology of business competition, Moore (1999) speaks of “predators and prey” (p. 1). Similarly, Lehman-Wilzig and Cohen-Avigdor (2004) in their analysis of what they call the inter-media struggle for survival in the internet age, propose a “natural life cycle for new media evolution” (p.2). Stressing the interdependence of business networks, Iansiti and Levien (2004) maintain that companies, products and technologies of a business network are, “like a species in a biological ecosystem, increasingly intertwined in mutually dependent relationships”(p. 1).

What these writings and others all share in common are the precepts found in general system theory and cybernetics, which promote the notion that the whole is more than the sum of its parts. That is, a system is the outcome of the interactions among its essential parts. In a complex system, many variables interrelate with one another in a web of influences that vary in strength. It is surprising that Dimmick’s (2003) book on niche theory makes no reference at all to general systems theory and its originator Ludwig von Bertalanffy (1969), yet the theoretical underpinnings of contemporary niche theory certainly have their ancestral roots in general system theory.

System theory has been used to make holistic assessments of a wide range of organizations and phenomena, using both quantitative and qualitative methods. One important feature of systems theory that is often misunderstood is that the parts operating within a system are not necessarily of equal influence.

Bertalanffy (1969) speaks of progressive centralization in which certain parts gain a dominant role and so determine the behavior of the whole. Using the analogy of the human nervous system, the author asserts that interaction among all parts continues but “certain parts of the system influence it decisively and therefore can be denoted as

‘centers’ for that function” (p. 74). Extrapolating this notion into niche theory we can see that some niches will have a more profound influence on a marketplace than others. Furthermore, Bertalanffy (1969) asserts that, in addition to observed or tangible systems found in nature, there are also conceptual systems which essentially are man-made *symbolic* constructs. This perspective coincides readily with the upcoming discussion of the content aspect of our model and its emphasis on intangible brand assets.

At this juncture it is important to note that most contemporary media firms operate using an advertiser-based business model, meaning that the firm must attract and retain not only audiences but also advertisers. As a result, one can envision two overlapping environments or systems, in which a media firm must manage two niches. To date, academic research in this area of business-to-business media brand marketing has been sparse. One recent contribution has been McDowell (2004a) who analyzed cable network business-to-business niche brand differentiation strategies for over 60 cable networks, including CNN, Fox News and MSNBC.

As the adage goes no man is an island and so no media firm is an island. As such, any contemplated strategic decision must be evaluated for its impact and consequences on surrounding business competitors and other system players, such as policy-makers and government agencies. Therefore, the first component of our strategic framework for small media brands is an appreciation of *context*.

Media brand managers must have an understanding of the function of their brand in relationship to marketplace dynamics. A bold move might provoke an equally bold retaliation. On the other hand, a properly conceived bold move might catapult a firm into a dominant position.

Looking at the Fox News Channel saga, for nearly two decades CNN maintained an exclusive niche within the larger context of cable television. According to Bae (1999), few if any cable networks during the 1980s and 1990s positioned themselves to do battle with an incumbent genre. Instead, following the precepts of Dimmick’s version of niche theory, each network found ways to avoid serious collisions by creating highly differentiated program concepts (e.g. MTV, The Golf Channel, the History Channel, and The Weather Channel). Then in 1996 along comes Fox News with every intention to disrupt the status quo by offering attractive gratification opportunities for a disgruntled audience segment already using a similar but not equivalent brand.

Returning to Dimmick’s seminal work, the ultimate goal for a media firm is to cultivate a niche that prospers without exhausting its energies fighting too many similar competitors for the same limited resources. In summary, similarity in niches leads to strong competition, whereas niche *differentiation* leads to coexistence. But what does one mean by differentiation? In our case study, Fox had no intention of simply mimicking CNN (i.e. offering the same gratifications). Rather, the

network circumvented CNN by providing unique brand concepts that indeed set apart the network from its rival.

Regrettably, Dimmick (2003) seldom if ever uses the term brand in the author's discussions of niche theory and yet, much about niche theory can be utilized within the conceptual framework of branding studies. For example, renowned brand scholar David Aaker (2004) begins his book on brand portfolio strategy by stressing the notion of context and quoting architect Frank Lloyd Wright; "Always design a thing by considering it in its next larger context – a chair in a room, a room in a house, a house in an environment, and an environment in a city plan" (p. ix). Additionally, Aaker's earlier works used the term "brand systems" to describe how portfolio brands must work together to form a coherent whole and that "...a business does not exist in a vacuum. It must not only decide what its scope should be but have a point of differentiation from its competition" (Aaker 1991, p. 10).

Although Dimmick (2003) and a basic systems approach provide a good theoretical underpinning for the topic of this article, there remain areas that can be expanded, in particular, the concept of brand differentiation as a means of assessing the essential functional and abstract *concept* of a media brand.

### **Brand Equity and the Notion of Concept**

Chan-Olmsted (2005) defines media strategy as the examination of one or more aspects of the financial, marketing, operations, and personnel functions that lead to the sustainable competitive advantage (SCA) of a firm. Indeed all of these business functions can contribute to the building and maintenance of a powerful brand. Strong brands enable small companies to grow bigger at the expense of competitors (Hoeffler & Keller, 2003). Although, brand equity is the holy grail of brand management, it is difficult to find agreement among scholars or professionals as to its exact definition. However, there is universal agreement that equity enhances a product's performance in the consumer marketplace. That is, equity helps reinforce consumer loyalty, attract new customers, and insulate the product from competitive attack (Hoeffler & Keller, 2003). Many companies leverage the familiarity and comfort level of an established brand name to a new product line. This brand "extension" is intended to reduce the consumer's perception of risk (Aaker & Keller, 1990).

Fierce competition is the catalyst for most businesses to look beyond short-term sales goals and focus on the more enduring advantages of consumer-based brand equity. In an effort to cope with unprecedented competition, audience fragmentation, and declining market shares, media firms have looked to the highly competitive consumer goods industry for inspiration. The result has been the eager adoption of the jargon, if not always the substance, of brand management. Therefore, the

specific study of media as brands is relatively new and fertile ground for research (McDowell, in press)

According to Keller (2003), brand names communicate attributes and meaning that are designed to enhance the value of a branded product beyond its functional value. Because consumers often lack the motivation, capacity, or opportunity to process all product information to which they are exposed in a thoughtful or deliberative manner, they opt for quick resolution techniques stored in memory. Strong brands assist in this heuristic process by reducing the risk of making the wrong decision. It is the unique, valuable, and hard-to-imitate characteristics of a product that form the backbone of a successful brand. These characteristics are often thoughts and feelings that enhance the value of a product beyond its product category and functional value. From a marketing perspective Keller (2003a) defines concisely brand equity as the differential responses by consumers that are attributable exclusively to a brand name. All things being equal in terms of conventional marketing mix activities (namely product, price, place, and promotion), a product exhibiting strong brand equity will foster different consumer responses than those of a weak or anonymous brand. The specific responses can be derived from a range of attitudinal and behavior measures but in all cases, knowledge of the brand name alone is identified as the causal factor in altering consumer responses to marketing mix activities. For example, going back to our original case study, in the early days, Fox News was available on far fewer cable systems than CNN and consequently, Nielsen national cable ratings would rank Fox as a consistent number two (much to the delight of CNN). However, NewsCorp argued that given a level playing field in terms of distribution, in which both CNN and Fox brands were available in the same cable market, the ratings race was typically neck and neck (Collins, 2004). Later, as Fox gradually acquired carriage on more systems, the ratings gap closed dramatically, reflecting audience choice based more on brand preference rather than on the mere brand availability.

Continuing along this line of thinking, the enemy of brand equity is the notion of what Keller (2003a) calls equivalent substitutes, wherein several competing brands are perceived by the consumer as equally satisfying. Dimmick (2003) would assert that under these conditions, the excessive overlap of a niche enterprise with nearby competitors discourages coexistence and disrupts the overall equilibrium of the market. Operating under conditions of no genuine brand differentiation and minimal consumer risk, competing businesses often succumb to mutually destructive pricing wars (Emons, 2000). Under these price point circumstances, the larger brand competitor will have the advantage.

One primary reason why brands inadvertently become equivalent substitutes is an over emphasis on innovation and what Porter (1996) calls a myopic obsession with operational effectiveness at the expense of

true strategic thinking. Product innovation is important but not a guarantee of survival, particularly when an innovation can be copied readily by an aggressive competitor (This can be particularly perplexing in the news business, when most competitors are compelled to cover the same story using essentially the same news gathering technology and the same reporting techniques) .

### **Brand Differentiation**

As Dimmick (2003) emphasized the importance of niche differentiation within a dynamic marketplace, so brand equity researchers also recognize the value of being different. With the advent of technological convergence, remaining truly different has become a daunting branding challenge. For decades, conventional media, such as newspapers, magazines, books, radio programs, television programs, movies, and sound recordings, were distinct technologies that generated equally distinct consumer behaviors and brand marketing strategies. However, with expanding digital technology, the partitions separating one medium from another are disappearing. This blurring of conventional media boundaries has fostered a new interest in the intangible assets of a brand that can be applied across several media platforms. An example of a company that is currently wrestling with this issue is the New York Times. Acknowledging that today more people read the Times on-line than through convention newsprint, Publisher Arthur Sulzberger Jr. calls himself a “platform agnostic”, asserting that the future of the New York Times rests on its intangible brand reputation and not on any particular distribution platform (Bianco, 2005, p. 64)

Furthermore, Keller (2003b) maintains that different dimensions of brand knowledge are likely to have interactive effects, prompting the author to affirm that “holistic approaches are thus needed that attempt to capture more dimensions of brand knowledge, both in terms of methodology...and models for creating mental maps”(p. 3). Here again, we see congruence with many aspects of Dimmick’s (2003) holistic niche theory but on a much smaller scale. In this case, a single brand can be understood by what Keller (2003b) terms a multi-dimensional brand synthesis. This synthesis would include items such as awareness, attributes, benefits, images, thoughts, feelings and experiences, all of which can be manipulated by brand marketers.

Considerable research addressing consumer-based brand equity theory has found that the most powerful and enduring brand associations are those that deal with intangible, emotional or other abstract characteristics, rather than functional or utilitarian attributes (Bhat & Reddy, 1998; Elliot & Wattanasuwan, 1998; Lynch & de Chernatony, 2004; Tan Tsu Wee & Chua Han Ming, 2002). Examples of how media products can be differentiated from distinctly different paradigms are two studies examining CNN, Fox and MSNBC. On one hand, Bae (1999) takes a more concrete and quantitative perspective,

looking at external features, such as the diversity of program formats, scheduling tactics and age/sex audience segmentation. McDowell (2004b), on the other hand, looking at the same three competitors, takes a more qualitative perspective, using an audience-based free association technique to reveal abstract brand associations such as personality traits and emotional attachments.

One of the most renowned examples of a rather mundane consumer product being elevated from a tiny enterprise operating out of the founder's garage to a cultural icon recognized throughout the world has been Nike. The brand's "Just do it" marketing strategies say far more about the character of the person who wears the footwear than the functionality of the shoe itself. As a case in point; the head of a major national advertising agency once described the essential difference between Nike and its faltering brand competitor Reebok as "Reebok is about selling shoes, while Nike is about the soul of the athlete" (Buss, 2000, p. 42). Similarly, one can argue that Fox News has avoided purposely differentiation strategies aimed exclusively at functional assets. Recognizing that CNN still maintains more bureaus, more reporters, better technology and a larger operating budget, Fox News has taken a more abstract approach by tapping into the mindset of a restless and disgruntled group of conservative-leaning viewers who have been easily persuaded to shift loyalties (The Pew Research Center, 2004).

From context and content, we now make our final transition to the notion of *concentration*. Perhaps this is the most pivotal component of model in that it deals with the precise application or point of attack for a challenger brand.

### ***Judo Strategy and the Notion of Concentration***

Taking a second look at the earlier discussion of niche theory, one finds a philosophical subtext that assumes that the main objective of any ecosystem is equilibrium or stability. Additional articles coming from the same eco-system paradigm also inject conciliatory phrases, such as "So how can you promote the health and stability of your ecosystem, determine your place in it, and develop a strategy to match your role" (Iansiti & Levien, 2004, p. 1). Even Dimmick's (2003) work seems to imply that niche strategy is more about conciliation (or more precisely coexistence) than confrontation; the veiled recommendation being that for the sake of the firm's survival, and for the sake of the equilibrium of the market, don't rock the boat. However, true systems theory recognizes the fact that systems change and evolve towards a kind of ultimate efficiency that favors certain parts over others. Paradoxically, the result is imbalance as evidenced in the 80/20 principle.

While Dimmick (2003) and others offer recipes for survival by essentially avoiding confrontation and finding one's ecological place within a market, other scholars take a more aggressive stance by challenging the small entrepreneur to take advantage of bigger

competitors. In particular Yoffie and Kwak (2001) of the Harvard Business School have championed a business strategy that uses principles of judo as a metaphor in which battles of mere strength are avoided in favor of battles of quickness and agility. The plight of the small brand is recognized by the authors when they assert the following.

Most judo strategists will find themselves at a disadvantage in a pure contest of strength. In any given market, the balance of power rests with large, established firms that have spent years amassing customers, building partnerships...honing competencies, and accumulating cash (p.19).

The centerpiece of their arguments is that Judo depends for success upon the skill of using an opponent's own weight and strength against him, thus enabling a weak or light individual to overcome a physically superior opponent. This is accomplished through the intertwined principles of movement, balance and leverage. Movement throws competitors off balance and neutralizes their initial advantages. Balance helps a firm to absorb an attack (i.e. Roll with a punch). Finally, and most importantly for this article, leverage allows a firm to magnify one's strength by concentrating on the point of attack. The key is to look for opportunities where a presumed asset can be converted into a liability.

The principles of judo strategy also recognize the notion of context. For instance when discussing the principle of movement, Yoffie and Kwak (2001) stress the importance of defining the competitive space in which an economic battle will be fought. This is analogous to Dimmick's notions of niche overlap, only the Judo strategists place more emphasis on exploiting potential weaknesses through confrontation than avoiding risk through coexistence.

The metaphor of space is also similar to the long-standing marketing concept of positioning in which consumer perceptions of competitive brands are presumed to occupy psychological space (One could easily substitute the term space with niche). Using various criteria, the goal of positioning is to determine the relative proximity of different brands (Reis & Trout, 2000). Statistical positioning tools, such as multi-dimensional scaling (MDS), attempts to arrange "objects" in a space with a particular number of dimensions so as to reproduce the perceptual "map" (Churchill,1999). Certainly such tools can be used to properly "position" a challenger brand that wishes to employ judo strategy.

Judo strategy advocates propose that the challenger use its assets of maneuverability "to drive the competition in a direction that makes it hard for rivals to do what they do best"(p. 20). Furthermore, this agility can be introduced as a defensive tactic to handle attacks. The second principle of balance refers to the need to maintain ones' own balance while under attack. This is accomplished by sidestepping, deflecting or redirecting the aggressor's energies, similar to how a matador survives the charges of a bull, not by falling down or running away but by

maintaining his or her balance and making the bull miss repeatedly. Admittedly, this is a principle of avoidance, similar in some respects to Dimmick's ideal of coexistence, but this is only one component of an integrated Judo strategy. The third principle of leverage allows a firm to not only avoid or absorb a blow, but to transform the momentum of the attacker's actions into a strategic asset. At this point, defense becomes offense.

It should be noted that at the very heart of Judo strategy is the assumption that within the outward manifestations of a rival's strengths there always are hidden vulnerabilities. This idea of assets becoming liabilities is somewhat contrary to more conventional assessments of a competitive market, such as the typical SWOT (Strengths, Weaknesses, Opportunities and Threats) exercises recommended by many business schools. Revealing and taking advantage of obvious weaknesses of a competitor is certainly a worthwhile pursuit, but judo strategy takes a different conceptual spin by looking at an opponent's strengths, not as areas to be avoided but rather areas to be attacked. Instead of chipping away at vulnerable but inconsequential shortcomings of the incumbent brand, judo strategy goes for the win.

**Concentration and 80/20 Rule** Returning to our earlier discussion of the 80/20 Principle, the core tenet is that a minority of causes exert a majority of effects. Consequently, most businesses offering an array of products or services find that there are only a small handful of items that generate the bulk of the company's revenue and subsequent profits. For example, typically only about 20 percent of all active advertising clients yield 80 percent of a radio or television station's annual revenue. Furthermore, this sizable revenue is generated from roughly 20 percent of a station's programming hours (Keith, 2004; Warner & Buchman, 2004), similarly, from an audience perspective, a relatively small group of station's "heavy users" are responsible for the majority of the station's earned ratings (Webster, Phalen & Lichty, 2000). In summary, the 80/20 Principle fosters the apparent paradox that small is big. Therefore, it is prudent for a media firm to identify, nurture and protect these special assets. Conversely, a market challenger should apply the same diligence in uncovering these "leverage points" for planning a confrontation. Once these points of attack have been identified, the exact timing of the confrontation must be contemplated. Sometimes it is more advantageous to provoke the incumbent to make the first tactical lunge, enabling the challenger to leverage this momentum.

The 80/20 Principle can be applied readily to analyzing a brand concept. Of all the many tangible and intangible elements of an established brand, typically only a small portion is responsible for the brand's status with audiences and media buyers. Using the statistical jargon of multiple regression analysis, one can say that only a few independent variables will exhibit sufficient "explanatory power" to define a product's brand equity. In essence, an 80/20 analysis is an

exercise in parsimony, intended to concentrate a firm's branding and counter-branding efforts.

A suitable analogy would be the strategies used by demolition experts to bring down huge buildings. These engineers examine the vital structure of the building; analyzing the most effective leveraging points to place the fewest number of explosive charges (e.g. less than 20 percent of a building's support system is responsible for more than 80 percent of the building's stability). The explosives themselves are not intended to blow up the building but rather, to enable the building to self-destruct under its own weight. Rather than disassembling the building floor by floor over a period of months, these experts orchestrate a sudden implosion, wherein adjacent buildings are not bothered but the targeted building disintegrates in a matter of seconds. Similar to our discussion of Judo strategy, these engineers concentrate their energies on the supporting structure of an opposing force. The term leveraging can be found in brand marketing literature, such as Tan Tsu Wee and Chua Han Ming (2002) who examined the practicality of "leveraging on symbolic values and meanings."

Just as a judo master waits for an opponent to lunge in a certain direction, a challenger brand can take advantage of this momentum. At the beginning this advantage does not necessarily have to be a big advantage. On the contrary, a small media brand often can begin its assault with only the slight advantage.

### ***The Power of Slight Advantages***

A slight advantage is all that is necessary to begin a successful confrontation. Epidemiologists have an appreciation of the power of small beginnings. Monitoring the outbreak of an initially small but highly infectious disease, these scientists can predict the often monumental outcomes as the disease spreads exponentially throughout a vulnerable population. Likewise, accountants are familiar with the financial rewards of compound interest in which a relatively small investment grows systematically into an impressive payoff. Biologists examining an ecosystem will witness situations in which one inhabitant may have a small but significant advantage in the battle for scarce resources. Inexorably, this competitor prospers relentlessly at the expense of other inhabitants of the system. Small advantages can have a multiplier effect over time.

The same phenomenon can be found in brand marketing. Remember, sportswear giant Nike began in somebody's garage. What catapulted Nike into the spotlight was symbolism, the idea the Nike brand stood for something more than canvas, rubber and laces. Similarly, present day media giants such as ESPN and MTV had humble beginnings but nurtured brands with cunning management decisions that challenged the status quo. Fox News, although certainly not poor in financial terms, started small in terms of having no reputation for news but it took

advantage of the festering discontent many people had with mainstream media.

Returning to earlier discussions of the 80/20 principle, one can assert that “small” is not necessarily small. Koch (1998) maintains that “most of the time, we do not realize the extent to which some resources, but only a minority – the vital few - are superproductive while the majority – the trivial many - exhibit little productivity” (p. 12). A small amount of additional effort can reap huge rewards. While CNN continues to invest millions to enhance its operational effectiveness, the Fox News brand, with far fewer technical and human resources, continues to push the powerful intangibles of attitude and ideology.

Developing and nurturing small advantages brands in today’s electronically configured world may require a break with conventional thinking. In the 1960s Marshall McLuhan made the following strikingly prophetic statement.

Our electronically configured world has forced us to move from the habit of data classification to the mode of pattern recognition. We can no longer build serially, block by block, step by step, because instant communication insures that all factors of the environment and of experience coexist in a state of active interplay (McLuhan & Fiori, 1967, p 2).

Given these circumstances, the notions of context, concept and concentration should not be regarded as a sequential process but rather, as a nonlinear or holistic “state of active interplay.” In particular, the configuration of a brand niche might well be a matter of pattern recognition and an appreciation of the *gestalt* of a brand.

Declaring that “Brands are not understood, they are experienced,” Holt (2003, p. 2) recommends that brand researchers borrow paradigms and concepts from the disciplines of anthropology, history and sociology to understand properly the brand as a cultural artifact as well as a marketing device. Similarly, Urde (1999) asserts that “A product can be objectively described, explained and analyzed while a brand with emotional and symbolic values is experienced and interpreted”(p. 124). Going further, Lawes (2002) invites marketing researchers to explore the brand / culture connection through the intellectual prism of semiotics. Regardless of the intellectual approach, the goal is to find a sustainable competitive advantage that exasperates the competition.

## CONCLUSION

A concluding real world look at a new Fox cable adventure is a good way to bring this theoretical discussion back to earth. As the hand-wringing continues at CNN, Fox executives are scanning the horizon for new prey. Now that CNNfn has officially folded and CNBC has been in a ratings

tailspin for some time, NewsCorp is contemplating the introduction of a Fox Business Channel. Fox plans to enter an arena in which several media firms hold much more impressive credentials for financial news, such as the *Wall Street Journal*, *Barron's*, *Forbes*, and Bloomberg, and yet these established brands appear conciliatory towards the incumbent CNBC. On the other hand, Fox is poised for confrontation. An excerpt from an article appearing in the New York Times says it all (Motavalli, 2005).

Rupert Murdoch and his combative lieutenant, Roger Ailes, who leads the Fox News division, are considering whether to add their own cable business channel. And in typical fashion, their goal would be not to compete with CNBC, but to crush it (p.BUS5).

This article does not advocate the hubris of an undersized challenger attacking with reckless abandon an entrenched rival brand. Military, sports and business histories abound with romantic but foolhardy adventures that were doomed from the start. However, this article does assert that a small brand need not live in mortal fear of a confrontation with a larger opponent. In fact, if a small brand is to grow substantially in a zero sum marketplace, it must abandon its conciliatory approach and begin to intrude into the sanctuary of a nearby "niche." While some media scholars seem to favor coexistence, one can argue that this approach is for timid late arrivals to the big game, players unable or unwilling to break out of the minor leagues. And everybody knows it's the major leaguers that make all the money.

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