Major marketing failures grab a lot of attention. But why such failures occur is often overlooked. N. Craig Smith tells how society often creates marketing nightmares.

“Most new products fail” is a familiar lament of marketers. Failure to gain consumer or trade acceptance - because the product doesn’t offer a perceived superior customer value - explains most new product failures. Sometimes, however, failures of new products and other marketing programmes are the result of unanticipated and adverse societal reactions. Recent examples of these previously quite atypical and “out of left field” marketing failures include the following:

**Better than tap water? - Dasani in the UK**

Coca-Cola’s £7 million (media cost only) UK launch in 2004 of a new bottled water backfired because the company misunderstood public sentiment on bottled water, especially when it is from the same source available in their homes. “Coke sells tap water,” the Daily Mirror complained when it became known that the water, at £1.90/litre, was “purified” tap water (cost: 0.06p/litre) supplied by Thames Water. Moreover, Coca-Cola implicitly criticized Thames Water as impure in its Dasani advertising (“as pure as bottled water gets”), resulting in a
complaint to the Food Standards Agency. This failure was compounded by evidence of product contamination that emerged a matter of days later. Thames Water was no doubt delighted to confirm that water supplies into the Dasani plant were free of a cancer-causing chemical, bromate, found in the filled Dasani bottles leaving the plant. Coca-Cola voluntarily recalled 500,000 bottles of Dasani. This otherwise successful global product was withdrawn from the UK after only one month on the market. Introduction into France and Germany was postponed (though a natural source was to be used for Dasani in France) and reintroduction to the UK appears unlikely.

**Eat chocolate, get fit - Cadbury’s fitness promotion**

Cadbury’s 2003 “Sports for Schools” promotion attempted to emulate the highly successful “Computers for Schools” promotion by the retail chain, Tesco, by offering to buy fitness equipment for schools in exchange for tokens from Cadbury’s confectionery. The promotion was withdrawn because it was seen to be a perverse incentive to eat more of a product associated with obesity, the condition the fitness equipment was intended to reduce. As the Food Commission, a nongovernmental organization (NGO) put it: “Cadbury wants children to eat two million kilograms of fat – to get fit.” It estimated that a £5 netball would require a £38 spend on Cadbury confectionery to generate the 90 tokens required and the consumption of more than 20,000 calories and over 1,000 grams of fat. The promotion also drew unwelcome attention to the potential adverse health effects of eating confectionery. Cadbury’s “Get Active” campaign continued, but without the problematic token programme.

**Sweatshop labour is not our problem - Nike’s supply chain difficulties**

In the mid-1990s, reacting to allegations of worker mistreatment in the Indonesian factories of its independent contractors, Nike insisted that it was none of the company’s business: “I don’t know that we need to know,” said one Nike representative. Following extensive protests from NGOs, consumer boycotts and picketing of Nike stores, Nike did an about-face, terminating three Indonesian suppliers in 1997 over unacceptable working conditions. Phil Knight, founder and CEO of Nike said, “Good shoes come from good factories, and good factories have good labour relations.” Now Nike has an extensive monitoring organization, with independent verification, to evaluate and publicly report on working conditions of the 650,000 employees around the world at the more than 800 factories of its contract suppliers. In 2005, it embarked on an effort to increase disclosure and collaboration across the footwear and apparel industries by publicly disclosing its supply chain.

**Misaligned marketing**

The cause of marketing failure in these three examples is not primarily product quality or poor execution of a marketing promotion, but “marketing mistakes” that reflect a misalignment with societal expectations. In each case, there was an adverse reaction – and not just from the target market – with negative consequences for the brand and corporate reputation as well as the marketing initiative.

Societal issues are resulting in unanticipated failures of products and other marketing programmes.

This suggests an expanded version of the familiar concept of “product-market fit”, one that accounts for the broader societal context.

Thus, Cadbury underestimated public and informed opinion on obesity. Nike confused its own hands-off perception of its independent suppliers with the consumer view that a product carrying the Nike brand came from Nike. Coca-Cola misunderstood UK public sentiment with regard to bottled water and assertions of the purity of tap (versus spring) water. Marketers at major consumer brand franchises, in particular, must give greater attention to the threats posed by this type of issue.

I bring up these examples for three reasons: First, to illustrate how societal issues are resulting in unanticipated failures of products and other marketing programmes, primarily in new marketing initiatives in a B2C (consumer marketing) context. Second, to provide a framework that identifies the areas of risk, with illustrative examples. Third, to highlight the consequent brand and corporate reputation risks and to suggest that firms need to better anticipate and manage these risks.

**The challenge of new marketing initiatives**

I am highlighting a specific type of marketing failure, in which marketing activities are unsuccessful because they are inconsistent with societal expectations, particularly in relation (but not exclusively) to appropriate and responsible corporate conduct. The focus is on new product
introductions or other new marketing initiatives (mainly marketing communications and promotions). Although societal issues may result in the failure of an on-going marketing programme, marketing failure is more likely to occur with a new initiative primarily because it is new to the firm and the market. Further, these “left field” marketing failures are more typically going to be found in a B2C context. Often where they arise in a B2B (business to business) context, they originate further down the value chain with pressure coming from consumers (for example, do-it-yourself retailers rejecting suppliers’ wood products not certified as being from sustainable forests).

There is an extensive literature on new product failure, not least because new product development is costly and failure rates can be as high as nine out of ten. New products fail mostly because they don’t offer a perceived superior customer value (the key new product success factor is having a unique superior product). In the case of Dasani, product quality ultimately killed the product, with tap water judged superior let alone other bottled waters. However, the brand was damaged well before, given the missteps at launch, and may well have failed to achieve the forecasted annual sales of £35 million absent any contamination problems. This is despite Coca-Cola’s marketing and distribution muscle: Dasani is a major global brand and the number two bottled-water brand in its home market.

For new products to be unique and superior generally entails a considerable investment in innovation. New products are rarely new to the world (in about 10 per cent of cases, according to a study by the consulting firm, Booz Allen and Hamilton), but even me-too products are new in some important respect (for example, new to the brand) and this newness increases the marketing risk linked to societal issues.

Sources of marketing mistakes

Marketer anticipation and avoidance of these left field marketing mistakes is more likely through an appreciation of the different forms it can take (see Figure 1). Some new product failures are due to a misalignment with societal expectations despite clear technical superiority, and in some cases the failures have had profound effects on the companies and individuals involved. Consider the fate of Monsanto and its former chief executive, Robert Shapiro, who championed the company’s strategy of innovative biotechnology in the 1990s. Monsanto’s genetically modified (GM) seeds offered a superior value to farmers in the form of increased yields, but the public roundly rejected GM crops. The company was ill prepared for Europe’s refusal of what the UK media called “Frankenstein foods” and the accusation from the Prince of Wales that it was “interfering with the realms of God”.

One hundred UK food and restaurant critics signed a statement opposing the introduction of genetically engineered foods into the food chain. Supermarkets promised to ban the products from their shelves. GM crop trials were sabotaged, and the European Commission imposed a moratorium on GM crops. In 1999, 65 per cent of UK consumers surveyed by Taylor Nelson said they would not knowingly buy genetically modified food. A few months earlier, 80 per cent of German consumers had indicated disapproval of GM foods and criticized what they saw as a disregard for the German consumer.

Monsanto had not met this reaction in the US, where consumers had far less exposure to the BSE (mad cow disease) crisis. Speaking at a business conference organized by Greenpeace, one of Monsanto’s fiercest critics, Shapiro was forced to admit: “Our confidence in this biotechnology and our enthusiasm for it has been widely seen, and understandably so, as condescension, or indeed arrogance…. Because we thought it was our job to persuade, too often we forgot to listen.” This failed and costly strategy ($8 billion spent on acquisitions of seed companies alone) ultimately resulted in Monsanto’s merger in 2000 with Pharmacia and in Shapiro losing his job.

Other examples of products poorly aligned with societal expectations include a diverse range of contenders. Consider the challenges faced by alcopops. Alcopops are spirit-based alcoholic lemonades (for example, Bacardi Breezer, Smirnoff Ice) that have been described as “an alcohol delivery system for the Pepsi generation” because of their widespread use in binge drinking by teenagers, especially girls, who find the taste more palatable than that of other alcoholic drinks. The industry was obliged to introduce a code of practice governing alcopop marketing. The code notwithstanding, some UK retailers banned alcopops from their shelves.

Product failures due to a misalignment with...
societal expectations are not restricted to new product introductions, though they are more likely with new products because generally the product is unfamiliar to the market and to the company. Product failures can occur with established products where consumers and others are mobilized on an issue because an accepted business practice has become less acceptable, awareness increases or new information emerges about the practice. With Nike, all three factors were evident: through NGO activism, awareness increased about labour conditions in contractors’ factories; with Nike’s defensive response, new information emerged about its unwillingness to investigate sweatshop allegations; and, given continued protests, this attitude became increasingly untenable. In a mea culpa looking back on the issue in 2005, Phil Knight wrote: “After a bumpy original response, an error for which yours truly was responsible, we focused on making working conditions better and showing that to the world.”

Further examples of product failures due to societal concerns over established products include “dolphin unfriendly” tuna and the StopEsso boycott. Awareness increased of fishing practices that inadvertently killed dolphins, so leading brands introduced a “dolphin friendly” tuna. ExxonMobil, US parent of Esso in the UK, was until recently an outspoken critic of climate change theories and efforts to reduce climate change, such as the Kyoto Protocol. This led to a consumer boycott that campaigners claim attracted the support of over one million British motorists.

Marketing failures attributable to mismanagement of societal issues extend beyond product-specific problems to other marketing activities, especially advertising and consumer promotions. Cadbury’s acknowledged that its fitness campaigns were controversial but argued that it was important to get activity back on the agenda in the UK, particularly for children. Controversy can be useful in marketing communications, especially given the challenge of cutting through the clutter; however, the “Sports for Schools” promotion, with its linking of fitness equipment donations to chocolate consumption, was clearly a step too far. Arguably, criticism in 2001 by the UK consumer watchdog Which? of the “Free Books for Schools” promotion by Walkers Crisps and News International (because it encouraged unhealthy eating) provided an early warning that went unheeded.

The obesity issue has led to other marketing failures for the food and drink industry. McDonald’s “super-size-it” promotion was caricatured in the 2004 documentary Super Size Me by Morgan Spurlock. The film shows Spurlock eating nothing but McDonald’s food for 30 days, his weight increasing and health deteriorating to alarming proportions. When asked by McDonald’s unwitting employees if he would like to “super-size” his order, he always agrees. McDonald’s quietly dropped the promotion and has introduced healthier alternatives to its menu and increased nutritional information about its products.

Finally, there can be marketing failures of ongoing marketing communications or promotions. This is

<table>
<thead>
<tr>
<th>Left Field</th>
<th>New (proactive, new product/campaign)</th>
<th>Ongoing (steady state, business-as-usual)</th>
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</thead>
<tbody>
<tr>
<td>Product</td>
<td>Dasani</td>
<td>Cell 1</td>
</tr>
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<td></td>
<td>Monsanto and GM food</td>
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<td>Alcopops</td>
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<td>Tesco Express and new stores</td>
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<tr>
<td>Cause of Failure</td>
<td>Cadbury’s and fitness promotion</td>
<td>Cell 2</td>
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<td>Promotion</td>
<td>Walker’s crisps and books for schools promotion</td>
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<td></td>
<td>McDonald’s “Super-size-it”</td>
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<td></td>
<td>• Pub happy hours (and binge drinking/antisocial conduct)</td>
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<td></td>
<td>• Nestlé boycott over marketing of baby formula in LDCs</td>
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<td>• VW Polo ad agency spoof suicide bomber ad</td>
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Figure 1. Examples of left field product failures
exemplified by the recent announcement of the British Beer and Pub Association that pubs will eliminate certain happy hour promotions because they encourage binge drinking (for example, entry fee for unlimited drinks).

Thus, laid out are four alternative forms of marketing failure attributable to a misalignment with societal concerns. First, as shown in Figure 1 (Cell 1), are new product failures (for example, Dasani). Second are failures of new marketing promotions (for example, Cadbury, Cell 2). Third are failures associated with existing products (for example, Nike, Cell 3). Fourth are failures of ongoing promotions (for example, happy hours, Cell 4).

Lessons for marketers

It is challenging enough to develop successful new products in the highly competitive environment most companies face today. Marketers don’t need further challenges, especially those they might least expect that come from a misalignment with societal expectations. However, such challenges are more likely to increase than diminish. Attention to business impacts on societal issues has grown markedly in the last five to ten years, with increased expectations of corporate social responsibility, a concern that underpins most of the examples discussed in this article.

New products are a particular concern. Newness means that problems are more likely to arise and they may be more significant, with bigger or outright failure more likely. While an established product might well be able to weather the storm, new products are far more fragile and might not survive. However, and more positively, because new marketing initiatives typically entail detailed planning and close management attention, there is likely to be greater opportunity for formal and systematic risk assessment.

My message is that marketers need to give explicit attention to possible adverse societal reactions to new marketing initiatives, campaigns as well as products, as part of marketing planning. Trends suggest that these left field marketing failures are set to multiply unless marketers become more attuned to societal issues.

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