

Failed innovations



Innovation Failures Author: Izabela Kowalska Table of Contents Introduction2
Mineral water: Bonaqua vs. Kropla Beskidu2 Jams in tubes4 Chocolate Jams5
McDonald's failed products6 McPizza and McSpaghetti6 Hulaburger6 McDLT6
Arch Deluxe and McLobster7 McLean Deluxe7 McAfrica7 Dog in the Fog8
Marketing campaign8 Product9 Discussion9 Conclusion11 References: 12

Introduction In this paper I am going to present a few examples of product failures that happened because of flaws in the strategy, neglecting to research local consumers' preferences or simply an ill-conceived idea.

I am going to prove that innovations are not always good ' by default' unless they are carefully thought over. Mineral water: Bonaqua vs. Kropla Beskidu
Bonaqua is a global brand of American company Coca-Cola and its image is designed to be the same in every country. However, the taste and mineral content of water differs depending on the spring it is acquired from. To prevent a situation of using the water from the American spring and then exporting it worldwide (to keep the taste uniform across the world), the company applied a production technology tailored to the local conditions.

It contained in a few steps: first the local water is filtrated thanks to osmosis and hence a clear distilled water is obtained, then it is enriched with a ready concentrate of minerals. Bonaqua mineral water was introduced to the Polish market in 1994. With the use of good and proven marketing techniques, despite its relatively high price, it quickly became a leading product among other brands of mineral water. Then in 1997 it only ranked as the 3rd and in 1999 – as the 5th. This gradual fall of Bonaqua brand was accompanied by some unfortunate gossips and events.

First of all, it was rumoured that some research in America proved that the water in some of Bonaqua bottles is just plain tap water. Even though the said research was performed in America, the customers in Poland seemed to believe in it and started to distrust the brand. Secondly, in one of the Polish Bonaqua factories (in Sroda Slaska) it was rumbled that glass bottles contained traces of mould. Thirdly, one of the people from Radio Maryja claimed that the logo of Bonaqua (sun), along with logo of Polsat and the Free Masonery, are satan's signs.

These elements, however, appeared to be just minor scares on the image of Bonaqua brand. The main threat were the competitors, spring mineral waters like Naleczowianka, Muszynianka or Krynica Zdroj. These companies did not have to filtrate their water (less money spent), so they could afford to set competitive, lower prices, and even though their marketing was not as immense as Bonaqua's, they appeared to be more successful. What was the key? It turned out that Polish consumer prefers to drink Polish water, from the crystal clear highland springs.

They do not want to pay more for some artificially mineralized, foreign-sounding and globally sold water. Furthermore, the idea of filtrating the water and then adding minerals to it was not particularly well-seen in Poland. Especially that, according to Polish legal regulations, mineral water has to be acquired from a deep spring well, so that it is of good quality. Why filtrate such water? This step was not adding much value to the product, but it was definitely absorbing lots of money. Also, Polish customers did not want to drink water deprived of their natural mineral elements.

An extensive marketing campaign involving a Polish singer (Anna Maria Jopek) starring in commercials did not help to fix the situation and in 2006 the brand Bonaqua disappeared from the Polish market. However, the Coca-Cola company did not want to lose their share in the Polish market of mineral waters. In 2003 they decided to follow the trend for popularity of 'Polish' waters in Poland and bought a mineral water factory in Tylicz (Beskid Mountains), where they started to produce another mineral water – Kropla Beskidu.

The name conjures up very local and pure associations and that was what the Polish customer was looking for. What is important, it was not necessary to filtrate it, so the production costs decreased, allowing for the price to be more competitive. Kropla Beskidu is still on the market and is one of the leading brands. Conclusions that can be drawn from this example are the following: * Innovations have to be tailored to the local conditions and expectations. * What proves successful in many countries does not have to prove successful in another one. It is important to carry out market research before launching a new product. * The necessity of applying procedures and technological solutions needs to be considered in details in every case, not assumed by default. * Some types of products work better if they appear 'local' than 'global'. * Logo can mean a different thing in different countries or social clusters, it is important to consider all possible associations people can have with it. Jams in tubes In October 2008, a big Polish groceries producer Argos Nova introduced a new product to the market – jams in tubes.

The idea of the innovation consisted in jams designed for children, in colourful tubes, easy to squeeze out of the tubes without using any cutlery and easy to spread, so that the children could prepare their own meals with jam. In order to make such container usable, the pieces of fruit in jams had to be finely mashed, making the jam's consistency even. The jams came in three flavour (strawberry, cherry, peach), were low in sugar and contained no preservatives.

Another feature that was supposed to make parents buy this product were extra added vitamins C and E. Suggested retail price was 3.20zł per tube. The idea seemed brilliant at first. Colourful and easy to use product for children containing good and well-known brand of jam was expected to catch on quickly. However, what happened in reality was a bit different. Jam did not become popular and soon had to be removed from the shelves as it was not bringing profits. Why? The suspected reason was first of all, that the customers associated even consistence of the jam with a large amount of technological processing, which was not seen as 'healthy' for children. The note about lack of any preservatives did not help, neither did the extra added vitamins. It still seemed like the better batches of jam, with whole pieces of fruit, were packed into jars, while the remains were mashed and packed into tubes. Customers want to buy as little processed products as possible, that is for example why Jogobella yoghurts with 'extra big pieces of fruit' are selling well.

The same is expected of jams - the bigger pieces of fruit, the less technological processing is associated with it and the more pure and organic it appears. Even though it was the same jam as in glass jars, only finely

mashed, it did not catch on. Parents preferred to feed their children with regular type of jam in jars, which seemed more ‘ healthy’ to them. Another reason for that could have been the price: unit price of one tube of jam was comparable to the price of a jar, but the tubes were smaller (200ml), compared to jars containing as much as 280g of the product.

Consumers are shopping consciously now and they do compare prices per 100g, especially that now they have to be displayed on the price tags as required by the UE regulations. To conclude, on this example we can see that Polish consumers choose products that do not seem highly processed and contain visible pieces of whatever they are made of. We prefer to eat natural and healthy things and also feed our children with such products.

Chocolate Jams Another idea of Agros Nova was introduction of a totally new type of product to the market.

We do have a grocery sector that sells jams and we do have a grocery sector that sells chocolate spreads like Nutella, but this invention created a new category, a mixture of both, introducing a product called CzekoDzemi. This product came in four flavours: strawberry with chocolate, cherry with chocolate, blueberry with chocolate and banana with white chocolate. It was also targeted at children – small containers, shaped so that they fitted into a little hand.

It was advertised as both nutritious and healthy, satisfying the children’s appetite for chocolate and their parents’ wish for children to eat fruit and vitamins. The said advantage of this product was that it had half the calories of a regular chocolate cream (thus appearing healthy), but it was failed to

mention that they had more calories than a regular jam. Building a new category of products is very tempting for the companies, as it automatically makes their product a leader in the category. However, in this case, it did not succeed. CzekoDzemi managed to keep on the market for 1. years before it was withdrawn. Even though Agros Nova claimed that it was a purposeful step to introduce the product for a short period (to freshen up the company's image), it did not seem so. There was no demand for such an unusual product. The idea of mixing jam and chocolate spread just did not appear tasty enough for the consumers to try it, they preferred to stick to the regular categories of products – either jams or chocolate spreads. The conclusion from this example is that innovative ideas do not only need to be innovative, but also well-thought according to the consumers' taste.

McDonald's failed products Now let me discuss a few product failures that happened to the biggest global fast food company – McDonald's. They introduced new products periodically, to freshen up their products assortment, however some of them proved to be just plainly wrong: McPizza and McSpaghetti McPizza was introduced in Italy in the 90'. It did not last long on the market, before it was noticed that if consumers are in a mood for pizza, they go to a pizzeria (especially in Italy). They go to McDonald's when they fancy a hamburger.

McDonald's franchised branches were left with expensive and useless special stoves for baking pizza. The same mistake was repeated with selling pasta in McDonald's, introduced on the American market in 1991 under the names of McLasagne, McFettucine and McSpaghetti. There also was no interest in them. These example shows that when a particular type of product is

associated with a certain retailer (hamburgers – McDonald's) it is better to stick with this image and not try to blur it by diversifying the products range with another powerful product.

It does not mean that they should fear innovation – it means that introducing a new type of product has to be well thought over, especially if this products has always been associated with another place of sale. Hulaburger It was introduced in 1963 because McDonald's noticed lower sales of meat burgers on Fridays and they wanted to offer something to their Catholic customers on that day. This product was a burger with a slice of pineapple instead of meat, designed to bring up exotic, sunny and Hawaiian associations.

However, pineapple is not similar to meat in any way, especially not in the nutritious value, so these customers went for fish burger instead (called Fillet-O-Fish). On this example we can see that introducing a product alternative that is in no way similar to the original product (and probably tastes much worse), it a failed idea at its basis. McDLT This innovation consisted not in the product itself but in its packaging. It was noticed that putting a hot piece of meat on to a cold tomato and lettuce leaf makes the latter wilt quickly so that it is not crispy anymore, while the meat loses its heat.

So what the specialists from McDonald's decided to do was to pack two halves of the roll separately into a special packaging called McDLT (McDonald's Lettuce and Tomato); on one half of the roll there was the sauce, lettuce and tomato, while the hot piece of beef was put on the other half. The customer was expected to put both halves together right before

they eat the sandwich. What happened in reality was that because the ‘meat half’ was not covered with anything, the meat was losing its heat quickly and customers were eating their burgers lukewarm.

They also did not find the idea of putting their sandwich together by themselves particularly attractive and the idea did not catch on. Arch Deluxe and McLobster Next ideas of McDonald’s were introductions of products targeted at customers looking for more sophisticated flavours. In 1996 McDonald’s attempted to introduce a ‘luxury’ hamburger containing red onion, cheese, smoked bacon, double portion of lettuce and a special honey-mustard sauce. They spend \$100 mln on advertising campaign for Arch Deluxe and soon they had to withdraw it from sale due to lack of demand for it.

The same mistake was repeated with another product, McLobster, being obviously a lobster burger. Exclusive product was priced at 5.99\$, which was too high a price for the usual McDonald’s clientele. It also missed the original idea of McDonald’s products – cheap and simple fast food.

Customers at McDonalds look for such food and they would not be interested in paying more for a so-called, ‘luxury’ burger. If someone wants to go out for a sophisticated meal, they choose a fancy restaurant, not McDonald’s. Expecting epicures to visit McDonald’s was an ill-conceived idea.

These products did not match the target customers group at all. However, it seemed that McDonald’s eventually started to learn from their mistakes and they decided not to introduce burgers with caviar, which they planned to be their next step. McLean Deluxe A diet version of a hamburger – a burger with

less fat content than the usual one. The attempt to decrease a burger consisted in replacing most of the fat with water. As a result of that burger were not juicy and tasted worse. The idea did not catch on as customers associated McDonald with tasty hamburgers - when they tried this one, the impression was broken.

Eventually, the product had to be withdrawn from the market and healthy salads appeared instead of it. McAfrica This burger, introduced in 2008, differed from the regular one by two slices of beef which was supposedly a reference to the 'African tradition'. It tasted well, but what was controversial was its name. Putting associations of food, McDonalds and Africa next to each other conjured up images of starving African children. McDonald's, being a great global fast food concern, where people stuff themselves with burgers, by mistake brought up images of African famine.

Product was quietly removed from the market and part of its profits from sale was devoted to organizations helping Africa. Burgers McAsia and McAustralia did not cause any similar problems. Dog in the Fog Dog in the Fog was brand of beer produced by a Kompania Piwowarska, introduced to the Polish market in March 2005. What was interesting about it, was an innovative, controversial and ingenious marketing campaign. Their campaign, using ambient media, was the first of this kind in Poland.

Marketing campaign The first move, in April, was to organise... lash mobs in eight big cities in Poland. At the same time in the afternoon, in particular points in the city centres, groups of people gathered walking their dog on leashes. It would not be strange if it was not for the fact that the dogs were invisible and each leash was stiffened so that it looked like there actually

was a dog pulling the end of it. These mysterious people appeared for just five minutes and, if asked a question, behaved like they really were walking their dogs - they talked about their pets as if they were real.

Photoreporters from Sigma agency (the organiser) were at the same time trying to interest the public with the initiative. As a result, 20 publications appeared in different media: TV, radio and the press. These flash mobs also caused a storm of speculations in the Internet. Even some Internet forums were created (probably by the advertising agency Sigma, which was managing the project) encouraging people to discuss about the phenomenon. Speculations varied, but no one guessed right. Another way of taking over the Internet was listing an 'invisible dog' on an auction on Allegro. I. At the same time, Internet users could come across banners featuring main elements of the brand (dogs, bowler hats, zeppelin airships), but not mentioning its name, which turned up the curiosity even more. Clicking them directed you to the webpage www.foggy.pl. It was designed in form of a game; once the webpage loaded, one could see a cartoon city with double-deckers passing, people walking, dogs running around and zeppelin airships floating above the city. After a while of clicking on various elements of the page, some letters popped up, creating a password.

One could also win computer wallpapers and screensavers there. Using the site required lots of patience and, after all, it did not make much sense and did not give any information about the product at that point. It was just an interesting set of more or less meaningless games. The last element of this teaser campaign were the billboards presented on the right. These billboards were the first hint that the campaign may promote an alcoholic beverage,

because of the legally required note about health damaging influence of alcohol.

All the speculations were explained once and for all on a press conference of Kampania Piwowarska on 27 April, when the company admitted that it is a marketing campaign of their new brand of beer. Also the TV commercials were unusual. The first commercial spot showed the world from a perspective of a dog being led on a leash by its owner. The owner buys a beer, sits down to drink it and with the first sip a cloud of fog appears.

Another advert shows two men on a very windy day, being pushed by a gust of wind into a pub, here they order beer called ‘ Dog’. All TV adverts are in English and only the last one is dubbed into Polish. This gave a false impression as if the product was originally an English brand now appearing on the Polish market. Such an impression, however, was desired from the point of view of the marketing campaign. The last TV commercial of Dog in the Fog was a very controversial spot, presenting a scene of electric chair execution. However, the scene is not grim at all – the wardens are telling jokes, both them and the convict are smiling.

They are putting electrodes on the convicts head, taking a last picture of him, all is done in a very light and cheerful atmosphere. The slogan at the end of this commercial is ‘ Let’s not take life away too seriously’ (‘ Nie odbierajmy zycia zbyt powaznie’), which is a paraphrase of another Polish sentence ‘ Let’s not take life too seriously’ (‘ Nie bierzmy zycia zbyt powaznie’). TVN24 refused to broadcast this commercial. Product The taste of Dog in the Fog was sweeter than other beers, but not deprived of the bitterness specific for this type of products.

Apart from a distinctive sweet taste, the beer did not differ much from other leading brands - it was amber in colour and had 5.1% alcohol content. It was sold in bottles of 0.33l and 0.66l and cans of 0.5l. The beer was available in shops since March 2005, so throughout the whole marketing campaign, starting at the point when it was not known to the public yet. Standing on the shelves, it was not marked out in any way - it was either somewhere between beers like Lech, Tyskie or Tatra or put next to beers more expensive than beers like Miller.

There was a definite lack of product placement strategy. Discussion The features of the marketing campaign that stood out were the 'Englishness' of the product and intelligent, quirky and autoironic sense of humour of the kind popularized by the Monty Python comic group. The consumers targeted were well-off men, gentlemen, the so-called premium customers. But do the Polish gentlemen fancy playing games offered on the website www.foggy.pl? Would they walk around the city centre in the afternoon, able to spot mysterious crowd walking invisible dogs?

Do they really appreciate the English culture and Monty Python kind of humour? Are they ready for controversial adverts? Even though the campaign was ingenious and absolutely brilliant in my opinion, it did not address the target group well. The actual group of customers that the campaign got to were students, for whom the price of the beer was a little bit too high to use it as a 'regular party beer'. It was also too sweet for the taste of many regular (male) students. The 'Englishness' of the campaign was interesting, but it did not correspond with the actual taste of the beer.

What could have been expected after such distinctive advertising with lots of elements referring to the English culture, could be a dark, porter type kind of beer or a bitter type of beer. Instead, what the consumers discovered inside a bottle was a regular beer not differing much from other ones available on the Polish market. Quality suggested by the price was also not defined. The beer was more expensive than regular beers, but less expensive than premium beers like Miller. In this way it was too expensive for students, but the price not indicated enough quality to compare it with the premium beers.

Dog in the Fog got in between two targets, satisfying neither of them. Nor did it satisfy the third, most profitable group of middle-aged beer drinkers, not necessarily gentlemen and not necessarily looking for the best quality and quirky 'English' sense of humour. To sum up, the strategy was not consistent, there was a lack of well-thought product placement, pricing was vague (too expensive for students, not expensive enough for the premium target group). All in all, it was an example of an interesting and eye-catching campaign but with not enough strategic planning.

Conclusion To sum up, the above-mentioned examples of product failures teach more about innovations than any theory. When introducing a new product, however creative the idea may seem, it is important to define the target group, keep the strategy consistent and carry out market research investigating if they product will catch on. It is also crucial to stop for a while and seriously ask yourself a question: 'Would people really buy it?'. Maybe the product requires some amendments in order to be attractive on a local market?

Or maybe the consumers prefer to buy it from somewhere else or... maybe they do not need it at all? I would like to finish with an urban legend I have heard somewhere. The astronauts of NASA had a problem writing in space as the ink in their ball point pens used to flow backwards in zero gravity conditions. So NASA spent a million dollars and created the ZeroG pen which could work flawlessly in space. Great – everyone thought. Russian Astronauts had the same problem, so they were given pencils. References: * http://en.wikipedia.org/wiki/Space_Pen * <http://mediamikser.pl/article/13136/agro-nova-wycofuje-marke-czeko-dzemi> * <http://www.portalspozywczy.pl/owoce-warzywa/wiadomosci/dzemy-lowicz-w-tubkach,8292.html> * <http://biznes.interia.pl/firma/news/strategie-upadle-anioly-wsrod-marek,1012578,1852> * http://pl.wikipedia.org/wiki/Dog_in_the_Fog * <http://www.marketing-news.pl/message.php?art=10690> * <http://www.marketing-news.pl/theme.php?art=278> * <http://www.goldenline.pl/forum/marketing-partyzancki/636592> * <http://jejkuchnia.pl/top-10-porazek-mcdonalds> * http://en.wikipedia.org/wiki/McDonald%27s_products * <http://www.youtube.com/>