

1985 new coke fiasco



Coca-Cola, an established brand internationally, does a marketing flop. How does a multi-billion-dollar corporation fail in the launch of a new product? What led to what some experts call the "Coke Fiasco" in 1985?

In 1985 Coca-Cola decided to introduce to the market a "variation" of the original formula. They called the product, New Coke, with the intent that it too would take the market by storm like its predecessor had. However, according to various articles, it soon became clear that customer were in an uproar about the change to the American classic drink. Michael Ross from MSNBC. com quotes, "[S]ome likened the change in Coke to trampling the American flag." www. buildingbrands. com wrote in an article, "The launch created a 'public outcry', with Coke receiving 40, 000 letters of complaint and over 6, 000 calls a day to the company's '0800' phone number."

Customers from all over were buying supplies of the original Coke in bulk. Ross says that, opportunist ingeniously took advantage of the situation and sold cases of original Coke for as much as \$30 per case as reported by Newsweek. It took less than 3 months for Coca-Cola to yank the product off the shelves after realizing that it was not going to succeed.

The different articles summarize that, "Coca-Cola had done at least two years of market research, at an expense rounding \$4 Million dollars, and about 200, 000 taste tests where New Coke outperformed Pepsi." So, what led to this failure in a company that makes it a priority to understand who their consumers are and what they look for in their product? Did they fail to do enough research, or did they fail to interpret the research correctly?

The marketing research involved in decision-making is much more than answering survey questions or taking polls from consumers. It is essentially the process of collecting data, analyzing it, interpreting the results, and finally reporting those findings in a manner that can be interpreted by the marketing manager and applied as a tool. The purpose of the marketing research process is to identify the problem a company has in reaching a particular goal and then to utilize the acquired research to test out possible solutions.

There are many forms of doing the marketing research process available to the researchers which include, but are not limited to: situation analysis, collection of primary data, focus groups, or consumer panels, etc. Once the research yields a result the researcher can present the marketing manager with that information, and an informed marketing decision can be made.

In today's world it has become easier to access information to conduct marketing research. The internet and a wide variety of publications that contain secondary data are available to market researchers. MIS are also a powerful tool today; it facilitates marketing managers' access to databases containing numerous amounts of consumer responses. These databases can store information such as: what consumers prefer in a product or service, what they like or dislike about an existing product or service, and what they would like to see next, etc. The resulting reports are used to generate new marketing mixes to promote existing products and services. The information generated by MIS and the marketing research process is also utilized to spawn new ideas, products, and/or services, as well to penetrate new or existing market opportunities.

To reiterate the questions previously stated, what led to this failure in a company that makes it a priority to understand who their consumers are and what they look for in their product? Did they fail to do enough research, or did they fail to interpret the research correctly? The answers are: First, Coca-Cola did perform the research, but it failed to understand that to Coke drinkers "Coke" is more than a name, it is an emotional connection to the brand; a comment similarly expressed by the president of the company Donald R. Keough." Second, Michael Ross says that, "They didn't ask the critical question of Coke users: "Do you want a new Coke?"

In Conclusion, Krista from www.LawyerBizCoach.com states it best when she says, "Understanding who your customers are and what motivates them is 80% of what makes a good marketing campaign. How you execute that campaign... and how successful your campaign is depends on that information."