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Mind your business

How product 'terrorism' hurts small businesses

By Marlene P. Gasdia

The tampering of Contac, Teldrin and Dietac capsules recently proved that Tylenol was not the only victim of product terrorism.

Of course the health of the general public is the major concern during these crises, but businesses as well suffer great losses when a tragedy occurs. There's more at risk to the company than temporary lost sales — good will and reputation are tarnished, sometimes unable to shine again.

Advertising Age, March 24, 1986, reported, "The spread of the Tylenol copy-cat syndrome...raised questions about product security throughout the entire manufacturing and distribution chain. Many package-goods marketers and retail executives were seeking ways of plugging loopholes that could attract a terrorist." And the energy spent to recoup one's losses can either set the company on its feet again or bury it deeper in its grave. No company is immune to such tactics.

The effect of product tampering, although felt most by the manufacturer, is also felt by the small

business — especially the drug stores and retail stores that carry the capsules. These business owners must be informed of and apprise their consumers of the latest news, including the most recent information on product recalls. It is the business owner's responsibility to remove those products from the store's shelves.

Medicine manufacturers are not the only businesses threatened. Any product that is bottled, jarred, canned, packed — almost everything sold by the business owner — is subject to product terrorism; and as follows, the whole marketing mix can be effected:

On the product: The recent scares involved capsules. Now any company making capsules must be concerned about its future. If the public moves to tablets, some companies may have to change its products, using tablets or caplets for example. Since time-released medicines need capsules, manufacturers of this type of product must develop new technology and formulas as well as new tamper-resistant packaging.

On distribution: A need for securi-

ty personnel has arisen with this new terror. Warehouse personnel must be careful of containers in storage. Also, retailers must keep an eye on products sold, making sure no item off the store's shelves that is suspected of being tampered is sold.

On promotion: The manufacturer must conduct an informational campaign, keeping consumers aware of any problem and the steps taken in addressing the problem. Promotion must also focus on re-establishing goodwill and reputation.

On price: The additional costs of experimenting with products and packaging, distribution and promotion, is going to effect price, and of course the extra expense will be passed from the manufacturer to the middleman and ultimately to the consumer.

After the first episode of Tylenol poisoning, the executives analyzed their strategies in coping with the situation. They made some mistakes but they also learned from them. A year later the company was breaking its sales records. And then a second tragedy happened. After the first poisoning, Johnson & Johnson, the manufacturers of Tylenol, set up a

team to deal specifically with disasters. The group was designed to handle the problems of the press, promotion, distribution, and the product itself, during an emergency. After the second poisoning, the team was able to address all the marketing aspects in a quick manner. Only time will tell if Tylenol will again spring back from this disaster.

The local businessowner can benefit from Johnson & Johnson's experience. Be prepared! Be able to answer the "what if" questions that can arise from any situation. Have you analyzed all your marketing needs and do you have alternatives "just in case something happens?" if not, sit down right now and address the question. You may never come in contact with any disaster, but what if...

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