

# **DISPATCHES**<sup>TM</sup>

*Insights On Brand Development From The Marketing Front*

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Sunday, January 23, 2011

## **WHO DO YOU WORK FOR?**

### **The Case Problem**

Ponder this:

BPA (Bisphenol A) is an organic compound used to make plastic products. BPA is used for polycarbonate plastic, which is clear and shatterproof. Polycarbonate plastic is used to produce baby and water bottles. BPA is also used in developing epoxy resins, which are used to coat the inside of nearly all food and beverage cans. The compound BPA has been used for more than 50-years.

BPA is a suspected health hazard. It has been know to leach from the cans and even the polycarbonate plastics. A research study of nearly 1500 adults, published in the Journal of the American Medical Association (JAMA) in September 2008, linked high levels of BPA found in the urine to heart disease, type-2 diabetes, and high levels of certain liver enzymes. Even before this study a 2007 consensus statement by 38 experts concluded that the average level of BPA in people is above levels that cause harm to animals in lab studies. Several governments have issued reports questioning the safety of using BPA in products. Additionally, several retailers have de-listed products made with BPA and removed them from their shelves. Some manufacturers have taken steps to develop and offer BPA-free products.

While there are concerns regarding the safety of BPA the American Chemical Council (an industry trade association) says, "Bisphenol A does not pose a risk to consumers." Additionally, they call the media coverage of BPA as "unnecessarily confusing and frightening the public." A spokesman for the tin can industry says that botulism and e-coli would be "rampant" without BPA based resins. The FDA has reassured consumers the chemical is safe but has convened an outside panel of experts to review its safety. The Union of Concerned Scientists criticized the FDA saying, "the FDA is basing its conclusions on two studies while downplaying the results of hundreds of other studies."

Sunoco, a maker of BPA, has refused to sell it to companies for the manufacture of food and water containers for children under 3-years of age. They are also requiring a guarantee from manufacturers that it will not be used in children's food products since they cannot be certain of the safety of BPA. Just last month leaders from the House and Senate proposed to ban BPA.

Now you are a marketer for baby bottles that are made with BPA what do you do? Do you encourage R&D to make it a priority to find a way to develop packaging that does not require

BPA? Would you be willing to move this assignment ahead of other developments, which are expected to stimulate sales growth? What if it cuts into profit margins to provide a BPA-free solution to consumers? Does it matter if you are, instead, a marketer of canned food products? Water bottles? Soft drinks? When and where is the use of BPA in food and/or water related products acceptable? When and where is it not? As a marketer do you get involved in issues such as this one? Should you?

## **The Sinex Nasal Spray Case Study**

Back in the late 1970's, before many of you were born, I had the task of managing the Sinex Nasal Spray brand. The brand had been recalled from retail due to a potentially harmful bug in the juice. My assignment was to re-launch the product following the recall to breathe (excuse the pun) new life into the brand. Back in those days, the early days of the FDA monographs, there were three classifications for ingredients: (1) safe; (2) not safe; and (3) not yet sure (or something like that). One of the ingredients (I believe it was a preservative) fell into the aforementioned third classification – the FDA was not yet sure of its safety. At the time I felt it would be prudent to reformulate the product, while R&D was figuring out the cause of the bug and how to remove it, with a different ingredient.

R&D was not in agreement with my recommendation. They believed the ingredient to be safe since it had been used for many years. Besides they were adamant that it would be “impossible” to reformulate Sinex Nasal Spray without the ingredient in question. Senior management at the time agreed with R&D's assessment and so the product was produced with the questionable ingredient.

It so happened that while our distribution warehouses were being re-supplied with bug-free product the FDA ruled the questionable ingredient as “unsafe” prior to it being shipped to retail. This prompted a second product recall (this time from the company's distribution warehouses). When forced by the necessity to find a solution in order to stay in business R&D discovered a way to reformulate Sinex Nasal Spray without what had previously been perceived as a critical ingredient. They figured out how to do the “impossible.”

## **Who Do You Work For?**

What a silly question! Certainly, you work for the company that pays your salary. And, what's best for them is best for you, the brand and the customer. Or is it? What if you felt you worked for the brand? Would you behave differently if you were president of the brand? What if you worked for the customer? What then? Would your decisions be different from these different perspectives? Would you have made the decision to reformulate Sinex Nasal Spray back then prior to the FDA declaring it to be unsafe? Would you insist, today, that R&D find some way to make BPA-free products?

At the core of the brand is a very special relationship with its customers. There is a bond of trust built from not what we say in our advertising or on our packaging or in any of our marketing mix elements and tactics, but what we do – day in and out, year after year. It's the totality of the experience we provide to our customers from product to packaging to terms to added-value services to the way we communicate with them and so on and on and on. It's choosing to, and

finding ways, to better serve the customer than our competitors. Sure it's easier to keep using questionable compounds or undertaking questionable practices when it has been the norm. It's easier to do the questionable when it is going to cost more to do the unquestionable. And, it's easier to maintain our present state of inertia. But will this lead to better serving customers than the competition? Is this really being customer centric or are we being company centric? Manufacturing centric? R&D centric? Profit centric?

How the mighty have fallen. At one time General Motors Corporation executives arrogantly proclaimed, "What's good for General Motors is good for the country." Au contraire. What's good for the customer is good for the brand, company and country. Don't you think?

### **Boats & Helicopters:**

1. ***Determine who is your customer.*** C'mon, it's not everybody. We cannot possibly satisfy everybody with our brands and limited resources. So you are going to have to make choices. Determine who are those 20% of purchasers for whom you can count on for 80% of your business. You need to figure out with whom your brand can establish an enduring, mutually beneficial relationship. Start segmenting.
2. ***Know your product and its impact.*** Do you know what ingredients comprise your product? Are you aware of their impact (real and/or perceived) on the wellbeing of customers, society and/or the environment? If not, why not? Is it not your responsibility to serve your customer and prospective customers? Find out about your product. Talk with R&D. Go online to find out what others think of your ingredients and why. For goodness sake, don't just listen to industry associations. Their studies and opinions are likely to be bound by biases. Get the full story. And, if the impact is not positive or perceived to be positive then do something about it, now!
3. ***Know the impact of your brand.*** The brand is more than the product. We're talking about things like the carbon footprint of your communications and marketing initiatives. Companies like Coca-Cola and Taco Bell are investigating the carbon footprint of their buildings and products. Timberland has been a shining example of one who has gone beyond the product to include their promotion.

For more on this go to <http://www.greenmediaconference.com>, or contact [dcarli@sustaincom.org](mailto:dcarli@sustaincom.org).

4. ***Be a customer champion.*** It's one thing to profess to being "customer centric" but another thing to actually living-up to it. If you are truly customer centric then you will be a "customer champion." You will go to work each day thinking about what you can do for your customers to strengthen the bond between the brand and its customers. You will take the customer's perspective on all matters even asking how might my customer (fill in a name here) respond to this ingredient, this decision, this action, etc.

Regarding the case we asked you to ponder, for your information the six largest U.S. companies that make baby bottles have stopped using BPA. Eden Foods is currently the only food manufacturer using BPA-free metal cans. They make their beans and tomatoes in BPA-free metal cans.

It's time to go to work for the customer! Your brand, company and all of its stakeholders are likely to benefit when the customer benefits.

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