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WORST PRACTICES AS THE LESSONS LEARNED IN MARKETING

Introduction

The acceleration of turbulent change, the volatility of economies and markets, the progress of technologies and innovations, and increasing market fragmentation have caused the destruction of many companies and their products that have failed to develop the lifeline of a strong brand. The availability of new technologies has enabled companies to easily replicate the products, systems, services and processes of others, generating a huge strategic problem for business differentiation. Added to this problem is the rapidly decreasing life cycle of products.

The main purpose of this article is to present the different worst practices in marketing. The first part of the article is about difference between best practices and worst practices. The second part of this article illustrates the general marketing failures and presents the examples of the worst practices which constitute lessons learned for many organizations and managers.

1. Best practices versus worst practices

According to J. Brilman Benchmarking[1] is the process of gathering information about other companies in order to compare and identify the areas we need to improve. Benchmarking allows companies to analyze and adopt the best practices from

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[1] J. Brilman, *Nowoczesne koncepcje i metody zarządzania*, Warszawa 2002, p. 262, [w:] M. Czerska, A.A. Szpitter, *Koncepcje zarządzania. Podręcznik akademicki*, CH Beck, Warszawa 2010, p. 204.

other companies. Lessons learned are drawn from experiences jointly made and systematically documented. Lessons learned are the knowledge from experiences collected during different business scenarios. Knowledge sharing is closely linked to the concept of best practices. There are a variety of approaches to solving common business problems or standard tasks. Some organizations have even built best practices databases to help develop the diffusion of best practices. However, best practices may be ineffective in comparison to practices in use in other organizations. But the idea to identify the one best way has been alive in business since F.W. Taylor[2]. One best way is the classical paradigm in management. The paradigm[3] is the way we see and think about the particular thing. It is a set of beliefs, attitudes, ideas that we use to interpret our perceptions[4]. The main question it brings to mind is as follows: why do organizations not learn from failure? If best practices may be ineffective in comparison to practices in use in other organizations, then understanding the worst practices, and trying to avoid them, could be a good lesson to learn for organizations. Analyzing worst practices could lead to the correct view and positive results. Worst practices could give two benefits - value and innovation. Value innovation[5] is a new paradigm. According to W. Chan Kim and R. Mauborgne, it is useful to create new market space that makes the competition irrelevant. To win in the future, companies must stop competing with each other. The only way to beat the competition is to stop trying to beat the competition. The market is composed of two sorts of oceans: red oceans and blue oceans. Red oceans represent all the industries in existence today. This is the known market space. Blue oceans denote all the industries not in existence today. This is the unknown market space. In the red oceans, industry boundaries are defined and accepted and the competitive rules of the game are known. Companies try to outperform their rivals to grab a greater share of existing demand. As the market space gets crowded, prospects for profits and growth are reduced, products become commodities and cutthroat competition turns the red ocean bloody. Blue oceans are defined by untapped market space, demand creation and the opportunity for highly profitable growth[6]. For major product and service categories, brands are generally becoming more similar and as they are becoming more similar people increasingly select based on price. People no longer insist, as in the past, that their laundry detergent be Tide. Nor will they necessarily stick with Colgate when Crest is on sale[7].

[2] C.W. Churchman, *The Systems Approach*, Dell, New York 1968, p. 216.

[3] S.R. Covey, *7 sposobów skutecznego działania*, Rebis, Poznań 1989, p. 19–29.

[4] J.S. Burrel, G. Morgan, *Sociological paradigms and organizational analysis*, Heinemann, London 1979, p. 22.

[5] W. Chan Kim, R. Mauborgne, *Strategia błękitnego oceanu*, MT Biznes, Warszawa 2005, p. 30–31.

[6] Ibidem, p. 18–19.

[7] Ibidem, p. 24.

In overcrowded industries, differentiating brands becomes harder in both economic upturns and downturns. The strategy of value innovation expands existing markets and creates new wealth rather than at the expense of competitors in the traditional sense. The next part of the article will present the worst practices in marketing in seven different areas.

2. Worst practices in marketing

The „worst practices" help to illustrate the general mistakes of marketing for example: forgetting what is the core brand, setting the wrong price, choosing the wrong name. Table 1 presents the different examples of the marketing defeats in seven areas: classic failure, idea failure, extension failure, PR failure, culture failure, people failure, rebranding failure.

Figure 1. Worst practices in marketing

Name of company or brand	Worst practices - description	Lessons learned
	Classic failure	
McDonald's	*Most of the marketing problems have been new products that have failed, such as, McLean Deluxe and McSoup. The idea was to have a burger which wasn't associated with children. The advertising campaign for the Arch Deluxe pushed the message with various images of kids avoiding the sophisticated product. The trouble was that nobody goes to McDonald's for sophistication but for convenience. The other problem with the Arch Deluxe was the fact that it was sold on taste. Customers don't come to the Golden Arches on the merits of taste or culinary delight but they prize the brand on friendliness, cleanliness and convenience. The bigger problem was that McDonald's lost touch with its customers and was too far behind the market. Another aspect of the Arch Deluxe was that the product was well researched.*	*– go for what you know (part of McDonald's brand identity is simplicity and child-friendly approach; a sophisticated burger designer to exclude children was therefore designed to misfire).* *– avoid customer confusion (McDonald's is not cognitive, it is reflexive; by extending range with products such as the Arch Deluxe, McTacos, McMussels, McDonald's was creating a need to think).* *– be sceptical of research (market research has its place in marketing when carefully conducted, but it should never be taken as gospel truth).*

Name of company or brand	Worst practices - description	Lessons learned
	Idea failure	
Persil Power	*When Unilever's star Brand Persil announced the launch of a powerful new formula called Persil Power, many consumers got excited by the product's ability to fight any stain. Unilever stated that Persil Power represented a revolutionary breakthrough in detergents and was most significant thing that Unilever has ever done. For a brief period, the product overtook its main rival, Ariel. The only problem was the brand's key asset – a patented manganese component called an accelerator which was put in the powder – also proved to be its fatal flaw. As soon as stories of disintegrated clothes started to emerge, Procter & Gamble ploughed their resources into an accusation-laden publicity campaign which not only damaged Persil Power but also had implications for Unilever itself. Consumers soon understood that the product could damage materials at high temperatures and that if they bought Persil Power they risked destroying their clothes. Communications had evolved so fast that within seconds this wasn't a brand issue this was a corporate issue. Unilever embarked on a massive crisis management programme together with a complete overhaul of the company procedures that resulted in the product emerging on the market.*	*– don't fuel your competitor's publicity (P&G negative campaign against Persil Power helped to boost its Ariel brand of detergent). – test products in all conditions (products need to be tested in every environment or context they are likely to be used; if Unilever had been able to spot the fundamental flaw with the product it would have prevented as the greatest marketing setback). – accept that a brand is not an island (even if you had wanted to ring-fence your product, you could not have).*
	Extension failure	
Harley Davidson	*Harley Davidson owners aren't just loyal but they love the brand. They do not care that the motorcycles they ride are not the best in terms of technology or that they may be prone to the occasional oil leakage. What matters is the biker myth – the freedom of the open road and all its macho connotations. The company has attempted to capitalize on this unique strength of feeling towards the brand by pushing the Harley Davidson chain of shops selling a wide variety of branded merchandise – Harley Davidson T-shirts, socks, cigarette lighters and ornaments. The real problem occurred when Harley Davidson attached its name to a range of aftershave and perfume. This was an extension too far. Harley Davidson had fallen into the trap of thinking that more products equals more sales and it usually does, at least in the short term. But this type of strategy can have negative consequences in the long term. This quest for more products and to broaden the Harley Davidson line went against the way the company had built the brand in the first place.*	*– focus on your brand values (if your values are strong, masculine and very rugged you shouldn't be selling perfume or wine coolers; a range of baby clothes may also be a bad idea). – don't alienate your core customers (for brands that inspire strong loyalty, the temptation is to test that loyalty to its limits by stretching the brand into other product categories; this is a dangerous strategy and can lead to what marketing experts refer to as brand dilution in other words, a watered-down brand).*

Name of company or brand	Worst practices - description	Lessons learned
Extension failure		
Harley Davidson	*When alongside aftershave and perfume, the company also launched Harley Davidson wine coolers the bikers were not impressed. Harley Davidson values are strong, masculine, very rugged values. For Harley Davidson to go into a sector that doesn't live up to what those values are would be disastrous. The company has now admitted its mistake and stopped producing perfumes and other inappropriate products.*	*– remember that more is less (when you study categories over a long period you can see that adding more can weaken growth, not help it; the more you add the more you risk undermining your basic differentiating idea which is the essence of your brand).* *– keep it tight (Harley Davidson built its brands by staying true to what it does best, namely, making big, classic, motorbikes; the further it moved away from this original focus and it got into trouble; any brand which attempts to be all will ultimately fail to carve a strong identity in any category).* *– handle lovemarks with care (truly successful brands don't have trademarks but they have lovemarks; Harley Davidson is an example of a lovemark and the company not following the marketing rulebook; the nature of the brand has meant that the motorbikes don't have to be compared to others in terms of performance).*
PR failure		
Perrier	*In 1990, high levels of the toxic substance benzene were discovered in bottles of Perrier. The company had little choice but to recall the product. Within a week, the company withdrew 160 million bottles worldwide. When the media first found out about the problem, Perrier did not know what to do. For a brand whose whole identity was based around the idea of natural purity, the benzene incident was clearly a disaster. Although the recall had been announced straightaway, Perrier's information vacuum started to provoke even more consumer anxiety than there would have been otherwise. Although the company set up a 24-hour hotline in the UK, Perrier refused to see it as a global issue. This was a mistake because all politics may be local but brands are global. There was a lack of a coherent and consistent response from Perrier subsidiaries and no lead or co-ordination from the French parent company Source Perrier.*	*– don't hide the truth (managing news in crisis, not just wars, is not about trying to suppress bad news – that will result in a loss of credibility; consumers and journalists are far too smart; you've got to be dead straight with the media because your employees will be if you're not).* *– don't breach the consumer's trust (a brand has been defined as the capitalized value of the trust between a consumer and a company; breach that trust and the brand is in trouble).*

Name of company or brand	Worst practices - description	Lessons learned
	PR failure	
Perrier	*Mixed messages were being given with contradictory and conflicting statements emerging from different divisions of the company. In some cases the media was even given incorrect information. Perrier, therefore, made a bad situation worse and failed to tackle the global implications of the crisis. The Perrier brand is still fizzing away. When Perrier returned to the shelves it was accompanied by the successful Eau Perrier advertising campaign. However, Groupe Perrier was taken over by Nestle in 1992 and the brand has still not been able to regain its pre–1990 volume share.*	*– accept that global brands need coherent communications policies (a global brand such as Perrier cannot ignore the fact that problems in the USA will be able to impact on sales in Europe; such a brand needs a common purpose throughout the organization, so the response to a crisis can be co-ordinated).* *– recognize that some brand crises are worse than others (the benzene contamination was the worst possible crisis to afflict a brand associated with natural purity).*
	Culture failure	
Hallmark	*Hallmark greeting cards have proven immensely popular in both the UK and the USA. Catering for every special occasion from birthdays to weddings and from Mother's Day to passing your driving test – the cards are sent by thousands of people every single day of the year. The signature of Hallmark cards is the special message. The advantage of buying from Hallmark is that you don't have to think about what to write – it is usually all written for you, for instance: "Thank you for being such a special daughter" and so on, normally followed by a rather sentimental poem inside. While this formula may be successful in many countries it has not proved universal. For example when Hallmark tried to introduce their cards in France, no-one bought them as people preferred to write in the cards themselves. Furthermore, the syrupy sentiment inherent within the preprinted messages did not appeal to the Gallic taste. After a few months Hallmark admitted defeat and withdrew its brand.*	*– brands need to acknowledge cultural differences (very few brands have been able to be transferred into different cultures without changes to their formula; even Coca-Cola and McDonald's vary their products for different markets).*

Name of company or brand	Worst practices - description	Lessons learned
People failure		
Enron	*The company projected an image of being a good corporate citizen and published a social and environmental report which looked at the moves it was taking with regard to the environmental consequences of its business, its employee relations and its anti-corruption and bribery policies. Over the years, Enron depicted itself as a highly profitable, growing company. In 2001 this turned out to be a lie – one of the biggest in corporate history. The company's profit statements were proved to be untrue and it emerged that massive debts had been hidden so that they weren't evident in the company's accounts. Enron's accountancy firm, Arthur Andersen was involved in the shredding of documents relating to Enron's accounts, which meant the impact of the scandal was going to be catastrophic for that firm's reputation as well. As the depth of the deception unfolded, investors and creditors retreated, forcing the firm into bankruptcy in 2001. When such facts came to light, Enron executives made matters worse by refusing to testify and arguing that they had no chance of a fair trial. The long-term effects of the scandal will be felt for years to come and the Enron name is already beyond repair and forever likely to be synonymous with corporate irresponsibility.*	*– don't lie (the whole company image portrayed by Enron proved to be a complete fraud. And as soon as one lie emerged, it didn't take too long before the rest were unraveled).* *– be legal (a rather obvious lesson, but one which is still being broken at every level of the corporate community).* *– be open (Enron managed to make a terrible situation even worse by refusing to acknowledge any wrongdoing after the facts emerged).*
Rebranding failure		
Tommy Hilfiger	*Part of this pushing the envelope strategy involved reworking the brand's famous imagery. Tommy Hilfiger, more than any other brand in the fashion industry, is a brand based on a logo. Some of the company's most successful products have been T-shirts with the red-white-and-blue logo emblazoned across them. Everything about the logo from the primary colours to the capital letters shouting Tommy Hilfiger, suggested a bold, brash and 100 per cent USA identity. When you wore a Tommy Hilfiger T-shirt everybody knew exactly what you were wearing so long as they could read. These logo-centric USA brand values had been present in other fashion labels – most obviously Ralph Lauren – but Tommy Hilfiger had taken it a step further. By 1999 Hilfiger was starting to feel it may have been a step too far. "When business plateaued in 1999", he explained, "we thought the customer didn't want the Tommy logo anymore. So we took it off a lot of stuff. We made it tiny. We became very insecure about being a red-white-and-blue logo brand. We thought we had to be much chicer, more in line with Euro houses like Gucci and Prada".*	*– don't deviate from your formula (known as the brand which produces classic with a twist, Hilfiger concentrated too much on the twist and not enough on the classic).* *– don't compete with irrelevant rivals (Tommy Hilfiger attempting to compete with successful European high fashion brands such as Gucci and Prada on their own terms was a mistake, which even Hilfiger himself has acknowledged).*

Name of company or brand	Worst practices - description	Lessons learned
Rebranding failure		
Tommy Hilfiger	*Tommy Hilfiger abandoned the values that had built the brand. The brand had in many senses become credible in high fashion circles but this credibility arrived in part at least by the brand's urban appeals. This twin identity – suburban meets the inner-city – happened initially by accident. In the beginning Tommy Hilfiger produced clothes for the preppy market, falling somewhere between the Gap and Ralph Lauren. The hip-hop community embraced the label and the Hilfiger logo could be seen popping up on every other rap video. This strategy proved successful because the company was only exaggerating a formula that was already there. In 1999, however, the formula was abandoned completely and, because of this, it strayed from the original preppy-style that had made the brand so strong originally. For instance Hilfiger launched a Red Label sub-brand aimed at the very top of the market. These items were out of the reach of the average Tommy Hilfiger customer. Another bad move was the decision to place stories in locations. Though, since 2001, Tommy Hilfiger has been learning from his mistakes and going back to basics. "As a result of learning from our errors we went back to our roots: classics with a twist. We're about colour, we're about preppy, we're about classic, we're about America."*	*– don't over-extend the brand (during its bad patch, Tommy Hilfiger moved into a lot of new product categories for which it wasn't suited). – don't be scared of your logo (the logo is what made Tommy Hilfiger the brand it is today; in fact the Tommy Hilfiger brand is pure logo; when the logo disappeared or was toned down the brand ran into trouble).*

Source: M. Haig, *Brand Failures*, Kogan Page, London 2003, pp. 30–32; 44–46; 77–81; 129–131; 161–162;185–186; 209–211; A. Ries, J. Trout, *22 niezmienne prawa marketingu*, PWE, Warszawa 1997, pp. 36, 99; A.L. Ries, *Pochodzenie marek*, Helion, Gliwice 2005, pp. 100–101; 153–154; 191–192.

Conclusion

This article presented the differences between two paradigms – best practices and worst practices – and illustrated the worst practices in marketing. The main question is: why organizations do not learn from failure? If best practices may be ineffective (red oceans) in comparison to practices in use in other organizations, then, maybe understanding the worst practices and trying to avoid them could be a good lesson to learn for organizations. Worst practices could lead to the correct view and positive results (blue oceans). The lessons learned presented in this article are based on the knowledge from the worst practices. In marketing, the process of branding was developed to protect products from failure. While brands, if well managed, may live forever, there are situations that occur, through both success and neglect, that test the knowledge and skills of a good organization. The knowledge from worst practices is deployed in the process of creation and can occur in any organization by the cognitive reconstruction of existing market elements and data in a fundamentally new way.

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Abstract

In this article the main purpose is to present the different worst practices in the area of marketing. The first part of the article is about the differences between two paradigms: best practices and worst practices and proposes an approach focuses on worst practices. The concept of worst practices is based on finding the root of problem and, then, to avoid it. It is a different way of thinking than benchmarking. Therefore, in the second part of this article illustrated the general marketing failures, such as worst practices, and also presented lessons learned.

Key words; benchmarking, best practices, lessons learned, worst practices, new wealth, strategy of value innovation, paradigm, red oceans strategy, blue oceans strategy