The Tylenol Poisoning Recovery

On September 30, 1982, news media announced an apparent link between Tylenol and the deaths of several people in suburbs of Chicago. Within days it became clear that seven people had died, killed by capsules of Tylenol that had been contaminated with cyanide. Immediately the brand's share of the U.S. analgesic market fell, from 37% to almost zero. Many observers felt the brand was damaged beyond repair. Jerry Della Femina, chairman of a prominent advertising agency, commented, "You'll not see the name Tylenol in any form within a year." Within 4 months, however, the brand was almost fully recovered. The product had been relaunched and sales were within 80% of their level before the poisonings.

Here, then, is a compelling example of a communication program integrated across tools, across audiences, and, most impressively, across time. With respect to tools, the brand had been saved by a blend of advertising, public relations, couponing, sampling, trade promotion, and channel management. With respect to audiences, the program addressed users, the retail trade, medical practitioners, and hospitals. Precise integration across time was needed to manage the pattern of consumer concerns that unfolded over the 4 months of the crisis. So effective was this temporal integration that no competitor had time to secure any advantage from Tylenol's misfortune before the window of vulnerability had been closed. Over the 4 months of the crisis, consumer involvement moved from low to very high and back to relatively low. Consumer attitudes moved from bewilderment and fear to an informed aversion to the brand, and ultimately to a return to confidence and trust. Trade attitudes also moved sharply. Marketing tools were employed in a particular sequence. It can be speculated that the sequence was in part a response to and in part a cause of the patterns of involvement and attitude change, and the pattern was crucial to the brand's recovery.

Figure 33.1 indicates how Tylenol's market share moved during this 4-month period and highlights the important management actions. The period in which the recovery process took place can be divided into seven stages (as shown in Figure 33.2). Each episode had its own constellation of beliefs, feelings, and behavior on the part of consumers and the distribution channels. Each posed a discrete set of communication problems, and each transition also had to be managed.¹
Figure 33.1. Movement in Tylenol’s Market Share, October 1982 to February 1983

Stage 1: Habit

In 1982, Tylenol, manufactured by Johnson & Johnson (J&J), was the largest single brand in the U.S. health and beauty category. It was to be found in the homes and offices of 100 million Americans. Worldwide ex-factory sales approached $500 million. Advertising support in the United States ran at $40 million that year, some 30% of all analgesic advertising. The brand’s image rested on two claims: trust (“Trust Tylenol----hospitals do”) and potency (“The most potent pain reliever you can buy without a prescription”). Perhaps the most important feature of consumers’ beliefs was what they did not know—that the active ingredient in Tylenol is acetaminophen, which is available from competing brands and often available at lower cost. The name Tylenol was the only name consumers knew for nonaspirin pain relief. They bought it routinely, the trade stocked it routinely, and no one had a strong incentive to behave differently.

Stage 2: Turmoil

The week that followed the September 30 press reports of cyanide poisonings was a period of confusion and fear for consumers. Reports (later proved
false) implicated Tylenol in deaths in Texas, Pennsylvania, California, Tennessee, and Kansas. Eyedrops contaminated with sulfuric acid were reported in California. Many towns and suburbs called off Halloween celebrations for fear of copycat poisonings of "trick-or-treat" candy.

Johnson & Johnson was active on many fronts in the first week. The company issued a worldwide alert to the medical community, set up a 24-hour toll-free telephone service, recalled and analyzed sample batches of the product from around the country, briefed the Food and Drug Administration, and publicized a $100,000 reward offer. All broadcast advertising was immediately pulled, and all print advertising not already in production was withdrawn. All Tylenol products were off the shelves of Chicago stores by October 4, and on October 6 a telex message announced a nationwide recall of capsules to 11,000 retailers and distributors. Senior company officers made themselves available to the media to explain what they knew of the disaster and what they were planning to do. The company hired Burke Marketing Research to track attitudes among consumers of analgesics. The firm interviewed 1,000 people weekly, and in addition A. C. Nielsen's Scantrack monitored supermarket sales in four U.S. markets.

During the first week, in summary, the company's communication goals were to reduce the visibility of the Tylenol brand and increase the visibility of the firm. It mobilized many tools—public relations, the sales force, telemarketing, market research, and advertising media services—to transform a low-involvement, brand-based media presence into a high-involvement personalized corporate presence.

Stage 3: Reinterpretation

By the second week, research was showing that consumers understood the facts of the crisis relatively clearly, and a migration to the next stage of the communication cycle was possible. The challenge to Johnson & Johnson for the next 6 weeks would be to manage how consumers and the retail trade interpreted the hiatus that would result from Tylenol's withdrawal from the market. Burke's research showed that awareness of the poisonings was almost universal, that consumers understood that the problem was confined to capsules, and that they attached no blame to the maker. In terms of consumer beliefs and emotions, therefore, recovery of the brand seemed worth attempting (see Table 33.1).
### TABLE 33.1 Public Knowledge of the Tylenol Tragedy (in percentages)

| Knowledge of Tylenol tragedy | 95 |
| Problem involves Tylenol capsules exclusively | 90 |
| Problem could occur for any capsules | 93 |
| Maker not to blame | 90 |

The first concern management faced was behavioral. Many capsule users had disposed of their capsules in the week of the poisoning, and Tylenol users had begun to buy competitors’ brands. Branded and unbranded aspirin accounted for most of the replacement purchases, with Bayer the main beneficiary. Unit sales of analgesics in Chicago rose 20% above normal for the 3 weeks following the poisoning, in response to home inventory replenishment.

There was concern, too, about consumers’ emotional interpretation of the events. Although consumers had accepted as a matter of fact that Johnson & Johnson was innocent of culpability in the disaster, the company could not be sure that the belief would inevitably evolve into a feeling of sympathy and an appreciation of the company as a victim. There was concern, too, about how consumers would interpret their own actions in abandoning the Tylenol brand. Where a purchase of a competitive brand had occurred, the consumer could choose to interpret it as a stopgap action or as the start of a new pattern of loyalty. Would consumers start to look for nonaspirin brands and decide that Tylenol was not materially different from its acetaminophen competitors?

Management’s communication goals during this stage were to discourage consideration of competitive brands, to encourage use of Tylenol in tablet form, and to defend the Tylenol brand equity by convincing consumers they could continue to trust Tylenol. Management therefore mounted several initiatives. The first element was a capsule exchange offer. On October 12, half-page press announcements appeared in 150 major markets, stating: “We want you to replace your Tylenol capsules with Tylenol tablets. And we’ll help you do it at our expense.” They invited the public to mail in bottles of capsules and receive tablets in exchange.

The second component was a brief but intensive television announcement. It ran from October 24 to October 28 and reached 85% of the market four times in that period. It featured Dr. Thomas N. Gates, the company’s medical director, as spokesperson, because he rated well on credibility in pretesting. The form of this advertising was quite different from the two campaigns that had built the brand’s reputation, but the theme of trust was reinforced. His message read:
You're all aware of recent tragic events in which Extra Strength Tylenol capsules were criminally tampered with in limited areas after they left our factory. This act damages all of us. . . . We have voluntarily withdrawn all Tylenol Capsules. . . . we urge all Tylenol capsule users to use the tablet form. . . . Tylenol has had the trust of the medical profession and 100 million Americans for over 20 years. We value that trust too much to let any individual tamper with it.

Burke's tracking studies indicated that "intention to purchase" Tylenol rose from 62% on October 22 to 74% on October 28. Although actual sales continued to languish, the company was reassured that the recovery was proceeding satisfactorily. In a third component of the interim campaign, the company intensified the visibility of senior management on television. Chairman James Burke appeared on Donahue, Good Morning America, and other television interview shows, and was interviewed on radio and by newspapers.

The fourth part of the campaign targeted the trade. Withdrawal of all capsule products had imperiled the brand's ability to command shelf space. The company used its sales force to keep the retail trade informed of developments and to maintain and if possible increase displays of its tablet form.

Competition, by this time, had begun to pursue share aggressively. Analgesic advertising expenditure rose 50% above normal in the final quarter of 1982 despite Tylenol's withdrawal. Acetaminophen brands increased unit sales from a 5% share to an 11% share in this period, although more of the share given up by Tylenol went to aspirin brands. Bayer sales rose 50% in October. American Home Products announced "unprecedented demand" for Anacin-3 and reported that production had increased from two shifts to three. The company's advertising copy emphasized the product's likeness to Tylenol: "Like Tylenol, Anacin-3 is aspirin-free." Bristol-Myers began to recommend: "Ask your doctor about Datril." Aspirin pain relievers used copy that stressed safety. Bayer's television commercials said, "At Bayer, we take care. . . . and we've been doing that for over 25 years." The product was given a slick coating to make it as easy to swallow as a capsule.

Stage 4: Preannouncement

Six weeks after the poisonings, the J&J management was ready to commit to a plan for relaunching. The communication strategy shifted from managing a period of inactivity to building a climate of anticipation.
Although it needed 4 more weeks to complete manufacture and trade stocking, Johnson & Johnson chose an early preannouncement. On November 11, the company chairman spoke live at a satellite-linked teleconference to 600 news reporters across the United States. His announcement of the triple-sealed capsule pack was carried prominently in news media throughout the country. Burke monitored the effect of this announcement carefully. A telephone survey over the next 5 days found that 79% of Tylenol users were aware of the new packaging and that 72% could name one or more specific elements of that packaging. Among former users, 95% expressed an intention to return to capsules in tamper-resistant packaging. Encouraged by these data, management called off plans to use a second commercial featuring Dr. Gates to announce the new tamper-proof packaging on television. The sales force carried this information to the retail trade and secured advance commitments to purchase capsules in the new pack.

Stage 5: Trial

By the end of November stocks of the new pack were in stores. The communication goal now was to induce consumers to try it. Management debated several methods of building trial: sampling in homes, sampling in stores, and couponing by mail or in magazines or newspapers. Coupons redeemable in stores were considerably more expensive than home-delivered samples, because a full retail margin was paid on each redemption. They did, however, ensure that retailers would carry shelf stocks, and consumers would have to make some act of commitment to the brand to secure their samples.

Management therefore launched on November 28 the largest program of couponing in commercial history. The first wave used Sunday newspapers nationwide to distribute 60 million coupons for a free Tylenol product to a limit of $2.50 each. Another 20 million coupons were offered the following Sunday. Samples distributed in this way began to appear in the company’s audits of retail sales in four test cities. Share at retail rose by more than 10 share points, to within 6 points of predisaster levels. Management knew, however, that this performance needed support if it was to survive the end of couponing.

Stage 6: Restoration of Preexisting Attitudes

At the end of December 1982, sales promotion had worked well to return previous users of Tylenol to the brand, but it was extremely expensive.
Redemption by December stood at 30% of all coupons issued, which generated a charge of $45 million to the brand's budget. A less expensive communications tool was needed to consolidate the recovery.

Although couponing had reestablished consumer purchase patterns, there was a need to restore consumer attitudes and emotions. Consumers could interpret their own behavior in buying the brand with a full-value coupon either as a return to loyalty or as mere opportunism. Here, as in stage 3, management sought to support the interpretation most favorable to the brand. This task of influencing interpretations was one appropriate to advertising. The only television advertising for Tylenol in the 3 months since the poisonings had been the 4-day announcement featuring Dr. Gates. While the coupon effort had been supported with newspaper feature advertising by retailers, management had suspended the low-involvement advertising themes that had been part of Tylenol's marketing program in the past, for the obvious reason that Tylenol had ceased to be a low-involvement issue. An implied message in the return to advertising would be that the situation had returned to normal.

In this phase, therefore, advertising was exposed with the look and feel of precrisis advertising. The themes of trust and potency were reintroduced. To encourage repurchase, coupons were distributed with face values first of a dollar and later 50 cents. Trade promotions were mounted with the objective of rebuilding stock levels and store displays. The character of marketing communications was almost indistinguishable from the precrisis blend.

Stage 7: Habit

By the start of February 1983, 4 months after the first report of the poisonings, Johnson & Johnson's management had effectively disposed of the threat to the brand. Tylenol's share of analgesic market revenues was 35%, two share points below precrisis levels. Sales of the capsule form were at 85%, and the tablet at 105% of previous levels. No competitive product had made any permanent share gain. Whereas the absolute level of marketing expenditures was higher than for the same period a year before, the marketing mix was not materially different.

The Tylenol story has been told here as a story of a multiplicity of actions achieving an integrated impact that carried the consumer through six transitions in behavior, belief, and emotion, all within 4 months. Figure 33.2 presents the sequence as it might have been experienced by a hypothetical consumer. It shows that the consumer moves through successive stages tracked by market research, and that at each transition, management antici-
Figure 33.2. Tylenol Recovery Stages: The Evolution of Consumers’ Feelings, Beliefs, and Behavior

pates problems and limits options by deploying the appropriate marketing tools.

The total Tylenol plan is summarized in Figure 33.3. The various communications disciplines are seen to be coordinated and phased as part of a single integrated plan.