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## The Warc Blog

### To Be Trusted Is a Greater Compliment Than Being Loved. More Profitable, Too!

Robert Passikoff, President, Brand Keys, Inc



What's the first thing that a consumer thinks of when they hear the phrase "product recall?" "Danger?" "Peril?" "Injury?" "Doesn't Cousin Jerry handle class action lawsuits?" Whatever particular thought ran through your mind, it likely wasn't good, right? So what would you do next?

Thomas Carlyle would have said, 'the thought is the parent of the deed.' Brand Keys would say, "Uh oh, this is definitely going to affect customer loyalty, sales, and profitability." We'd say that because our metrics are leading-indicators of consumer behavior and always play out in the marketplace. Currently our 2011 Customer Loyalty Engagement Index is in field and we'll know for sure how J&J brands will rank in the OTC Allergy and Pain Relief categories in a couple of weeks. But we can tell you now it's not likely they're moving up from where they found themselves at the end of last year.

Tylenol (and many of their other brands) was a brand consumers loved. It headed up our loyalty and engagement lists in January 2010. But recalls of Tylenol allergy, cold, sinus, 8-hour, arthritis pain, extra strength, PM, children's, infants, meltaways, Rolaid's, Rolaid's softchews extra strength, Adult Benadryl, Children's Benadryl, Sudafed, Sinutab, Motrin Jr., IB, children's, infant's, Children's Zyrtec, and Zyrtec itchy eye-drops set off a rankings avalanche that we hadn't seen since BP tried to single-handedly kill the Gulf of Mexico. No, it's pretty much a sure bet that these recalls guarantee that J&J brands, at the bottom of the end-of-year 2010 lists, won't be moving up in the standings when we post the 2011 rankings.

Last year, 'Brand Trust' made a really high contribution to category engagement, loyalty, and profitability. Much, much more than 'Product Efficacy,' which is seen to be 'table stakes' these days. And, as we've often pointed out, consumers with aches and pains, coughs and colds, watery eyes, and wonky stomachs aren't sitting around suffering waiting for J&J to get their act together and for drugstores to re-stock shelves with J&J products. No, they're buying something else.

And, because most well-known products (in most categories) have turned from "brands" into "category placeholders," i.e., products of which consumers are aware, but don't really stand for anything in their minds beyond category efficacy, drugstores are taking advantage of the situation to highlight generic,

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usually drugstore-branded alternatives that turn out to be seen to be just as effective as any “branded” product. But cheaper with the added-advantage that it’s not part of a massive national recall and an FDA probe.

Experts have suggested that the diversity and scale of the J&J recalls are either due to a systematic failure in manufacturing quality control or the result of cost-cutting—unlike the Tylenol poisonings, which was not the brand’s fault and to which the brand reacted swiftly, keeping consumer trust. And while it may take a lot of money to ensure quality products, trying to buy back brand trust is a near-impossible and awfully expensive proposition.

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