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Procter and Gamble

## When improved design can soil reputation

By Jon Entine

**A more eco-friendly range of nappies from Procter & Gamble has created a bit of a stink**

Imagine the wide-eyed horror of Procter & Gamble executives as they cruise the web. Mummy sites are adorned with pictures of blistered baby bottoms allegedly caused by P&G's new line of Dry Max Pampers.

Renowned for innovations in the sleepy consumer products industry, P&G has come up with a nappy "core" that is thinner and can lock in wetness for hours at a time. Yet this design change has sparked an extraordinary online firestorm. It's so intense it raises questions about how even the best-managed, socially sensitive companies can navigate the Wild West of the internet.

This is high-stakes drama. Raising revenue of \$9bn a year, Pampers is the biggest of P&G's portfolio of 23 billion-dollar brands, and accounts for 10% of total revenue. As companies often do for a product redesign, P&G began introducing new versions of its Cruisers and Swaddlers lines, sold in North America, and its European Active Fit nappies more than 16 months before the official March 2010 launch.

Over the next year during the stealth introduction, P&G flooded the market with tens of millions of the new nappies in old Pampers packages. The Cincinnati company's obsessively monitored consumer complaint meter didn't budge.

The trouble surfaced late in 2009 only after P&G began refreshing the wrapping to match the new Pampers line. Although at first the rogues' gallery of baby butts adorned only a handful of sites, their appearance was magnified by the echo chamber of the web.

Facebook pages sprang up campaigning for a

return to the old Pampers or a boycott of the company. Predictably, two class action suits, both issued by the same Seattle legal firm, were filed accusing P&G of reformulating what had been a safe nappy into a defective, chemical-filled lesser version that was indelibly scarring beloved infants. As a matter of course, a US Consumer Products Safety Commission inquiry is under way.

### Greening gone awry?

To understand the bind P&G finds itself in, we need to turn back the clock a few years, and visit the inner sanctum of the world's largest consumer products company as preparations began for the new nappy. The imminent introduction of a new technology-driven product must have seemed like a dream opportunity for its advertising minions.

Ninety-five per cent of American families and a vast majority of Europeans use disposable nappies, and manufacturers in these mature markets can only expand their sales when births rise, nappies get used more quickly, or parents switch to their brand.

For its costly revamp to pay off in increased sales, P&G had to make headway with eco-conscious parents who swathe their infant treasures in nappies ten times or more a day and fret about throwing the soiled remains into landfill. P&G's marketing challenge was to reconcile the design innovations with its nascent green image.

Sure, some of its sustainability zeal is standard issue brand-building hype, but much of it is real, and its focused approach to environmental and social policies has greened both P&G's bottom line and its image. The FTSE4Good and Dow Jones

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Sustainability Index (DJSI) have included P&G since their inceptions. The Financial Times and the ethical social networking site Just Means recently honoured P&G with a Social Innovation Award. Corporate Knight ranked P&G in the top 15 of its 2010 Global 100 Most Sustainable Corporations in the World list. Just last spring, the company formed a sustainability expert advisory panel to advance its greening practices.

So it was hardly a surprise when the social antenna of its media savvy team decided to sell the Dry Max refresh as a sustainability innovation. It made sense. Despite allegations in the lawsuit, the new product contains no new chemicals. The change is its thinness.

Because of its thin profile, the new nappy results in substantial reductions in packaging, trucks needed to move the products around, and the energy required to harvest and process wood pulp. “Play on with less waste,” became the new tag line. “If every Pampers mom switches to Pampers with Dry Max, together they could save almost 20 million pounds of trash every year. That’s the weight of 63 Statues of Liberty,” brags P&G’s sustainability website Future Friendly.

Raising the green banner broadened marketing opportunities, but it also established P&G as a target. After all, despite the crowing, Dry Max is more evolutionary than revolutionary. Shrinkage has been Pampers’ competitive advantage over rival Kimberly-Clark’s Huggies brand for decades. Current Pampers are half as thick as they were in 1971. But previously touted as a mark of convenience, thinness now needed to be sold as green. Then, some upset mums, the internet, and rabid trial lawyers intervened to crash the party.

#### Butt wars

At first, even as the new packaging was rolled out to match the redesigned Dry Max nappies inside, the number of complaints remained modest. Did some parents contact the company complaining about nappy rash? Sure, but that’s par for the course, according to paediatricians.

Nappy rash is an ongoing epidemic. It’s estimated that, in the US alone, a quarter of babies, about 2.5 million, suffer from it at any one time. A quarter of a million of those have severe infections. It affects both cloth nappy wearers and disposable devotees. It’s usually the result of sustained contact with urine or faeces in unchanged nappies, but also can be caused by skin sensitivity and allergies.

Was the new nappy more problematic? I’m no diaperologist, but common sense provides some answers. I spoke at length with the woman credited with starting the Facebook attacks, Rosana Shah, who characterises herself as a longtime Pampers customer. I think she is a sincere woman with no particular axe to grind.

By Shah’s account, she telephoned P&G in late



Where the real battle is fought

2009 to complain about her daughter’s enflamed bottom. By all accounts, the company’s response was a model of responsibility, including sending her vouchers for replacement diapers. But Shah soon became agitated, she says, when she came to believe that complaints by other mothers posted on a P&G website were ignored or downplayed. On December 31, she launched her renegade site – Pampers Bring Back the Old Cruisers/Swaddlers. By June, the site had more than 11,000 members, and tens of millions of hits.

“What I’m mostly mad about is that P&G slipped this inferior diaper into the existing packaging without notifying the consumer,” she says.

Are Shah’s concerns about nappy rash delusional, as some industry apologisers suggest? Of course not. But lots of things are in play here, from group psychology to the frisson of excitement that must come from participating in what amounts to an internet riot.

In Shah’s case, it’s not widely known that she uses the nappies on her four-year old learning-disabled daughter. It’s hardly a surprise that the nappy is less able to cope with the excretions of a four-year-old than of a baby or toddler.

Some of the reactions may be purely psychological. As any consumer product company will tell you, product changes and even just packaging modifications lead to slews of praise and protests. Years ago, when P&G added stretch sides to the product it generated a record number of complaints – and record sales.

Scientists have studied this suggestibility phenomenon at length. For example, in mid-June, US health officials issued a lukewarm evaluation of a prospective new drug dubbed “female Viagra” made by Boehringer Ingelheim. About 10% of the patients in the double-blind study who were taking

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the drug noted side effects, prompting them to drop out. Intriguingly, almost the same percentage of women taking nothing more than a sugar pill dropped out as well, claiming identical side-effects.

What gives? Scientists believe a certain percentage of people – upwards of 10% – respond irrationally when using a new product. The rash may be real but the wild card is what's in the mother's mind – what she believed was causing the problem. People's reactions are based on how they think they are expected to react. The new nappies were the most convenient culprits, even though bottom rash is more widespread than the common cold.

Just look at how differently mums in the US and their counterparts across the pond have responded to nappygate. American mom-driven websites harp on about nappy rash, with occasional, hysterical references to “chemical burns” (which began appearing more frequently after the lawsuits, which liberally used that term).

In the wake of the alleged rash outbreak, the BBC Watchdog television programme surveyed British parents. Although the same nappy was at issue, few parents mentioned red butts. Rather, the complaints centred on its design. “She started to leak almost every time she was going to the loo,” kvetched one mother. The new nappies were clearly thinner – that was their innovation – which upset some British parents who claimed it didn't hold accumulating baby waste. The starkly different reactions suggest psychology may be the primary driver in this frenzy.

### Redesign reactions

But it can't be all psychology. There are some hurting babies. Although the hard numbers remain remarkably low, as far as anyone can tell, it would be silly to conclude that none are reacting to the Dry Max nappy redesign. But what could be causing the irritation?

Some babies may be victims of the nappy technology. Its key is the “absorbent gel material”, chemically identical to what was used before but now distributed differently, to absorb fluid faster. The change allowed P&G to do away with the mesh liner and a considerable amount of wood-based fibre, according to Kerri Hailey, a P&G research and development expert, who has been testing the nappies on her own children since 2005. The nappy is so super-absorbent that parents may be leaving it on too long, causing the acidic base in the urine or faeces to cause rashes. That problem will recede as parents become more familiar with how to best use the product.

The gel itself could be causing irritation among a tiny subgroup of toddlers. Each of us reacts to synthetic chemicals in the environment based on our make-up. For example, I have allergies. Claritin, a popular over-the-counter remedy, works no better



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Parental emotions tugged

than a sugar pill on me. But its competitor, Zyrtec, works wonders. The opposite is true for my daughter, a loyal Claritin user who gets no relief from Zyrtec.

Whenever the chemistry of a popular product or drug is altered, even if only in quantity and not quality, a fractional number of people (but numbering in the tens of thousands worldwide) suddenly find themselves sensitive. The flipside is that thousands of others who were irritated by a previous version would now find the reformulated product quite acceptable. That explains, in part, what's going on here. It is nature, not nefariousness, at work.

Nappygate is shaping up to be one of the more colourful illustrations of the anarchic power of cyberspace. But most consumers appear to have taken these new “green” nappies in their stride. Since the March launch, the Dry Max line has increased Pampers' share of the nappies market by 2.4 percentage points, according to an analyst at Sanford Bernstein. That could net P&G \$62m more in revenue annually.

So, yes, there are lessons here. Maybe concerned parents should consider dumping nappies they don't like in the rubbish container rather than feeding internet panic and allowing themselves to be used by bus-advertising solicitors. Try capitalism on for size: if you don't like a product, switch to a competitor. For all the excesses that define any multinational behemoth, P&G remains a model citizen. Outrage should be saved for genuine environmental and social infractions. ■

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Jon Entine is founder of MediaMetrics and a member of Ethical Corporation's editorial advisory board.