



Old Spice®





THE MYTH

Old Spice

Product Recall Case

The ANT Consulting Group (ACG)

Executive Summary

Situation

Addressing the potential presence of benzene in Old Spice products

Problem

Reputation Among Consumers

Reputation Among Retailers

Financial Cost

Three Phase Recommendations

Decision Phase

Developing initiatives to ensure prevention and prepared for a recall

Execution Phase

Demonstrating “commitment to safety” through communication & action (organizational change)

Post-Crisis

Diversifying product outline and refreshing brand image

Outcome

Minimizing crisis impact while leveraging growth opportunities for Old Spice

Analysis



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Key Problems

1

Reputation Among Consumers

- Negligence in manufacturing process
- Non-superior experience
- Worsen brand image

2

Reputation Among Retailers

- Affect shopping experience
- Harm supply chain partnership
- Allocate shelf spaces to competitors

3

Financial Cost

- Supporting service cost, compensation for retailers, logistics cost

Situation Analysis



Good Brand Image	Market Trends	Customers Awareness
<ul style="list-style-type: none">- Strong brand portfolio- Diverse product range	<ul style="list-style-type: none">- Growing market demand & supply in deodorant market	<ul style="list-style-type: none">- Health & hygiene conscious, value natural ingredients
<p style="text-align: center;">↓ ↓ ↓</p> <h3 style="text-align: center;">Implication</h3>		
<p style="text-align: center;">A good time to change the strategy and adapt to new market trends, so as to show care to customers & enlarge target customer group</p>		

Recommendations

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Our Recommendations

Three phases of managing a recall



Decision Phase

Developing initiatives to ensure prevention and preparedness of a recall



Execution Phase

Demonstrating “commitment to safety” through communication & action (organizational change)



Post Crisis

Diversifying product outline and refreshing brand image

Recommendation

First phase of managing a recall



Decision Phase

Developing initiatives to ensure prevention and preparedness of a recall



Execution Phase

Demonstrating “commitment to safety” through communication & action (organizational change)



Post Crisis

Diversifying product outline and refreshing brand image

Decision Phase

Embedding strategic initiatives before any recall trigger

Cross-Functional Crisis Team

Forming a crisis team minimizes the size of impact, financial loss, and reputation damage, **increasing consumer confidence**

Recall Cost & Impact Modelling

Quantifying the costs and benefits of a recall helps prioritize actions to **derive the greatest economic result**

Active Retailer Engagement

Gathering qualitative data provides enriched insights to understand those impacted to **make informed decisions**

Key Takeaway: Establishing practices to identify potential problems early and respond effectively

Crisis Management Team

Proposed team structure to implement efficient recall mitigation

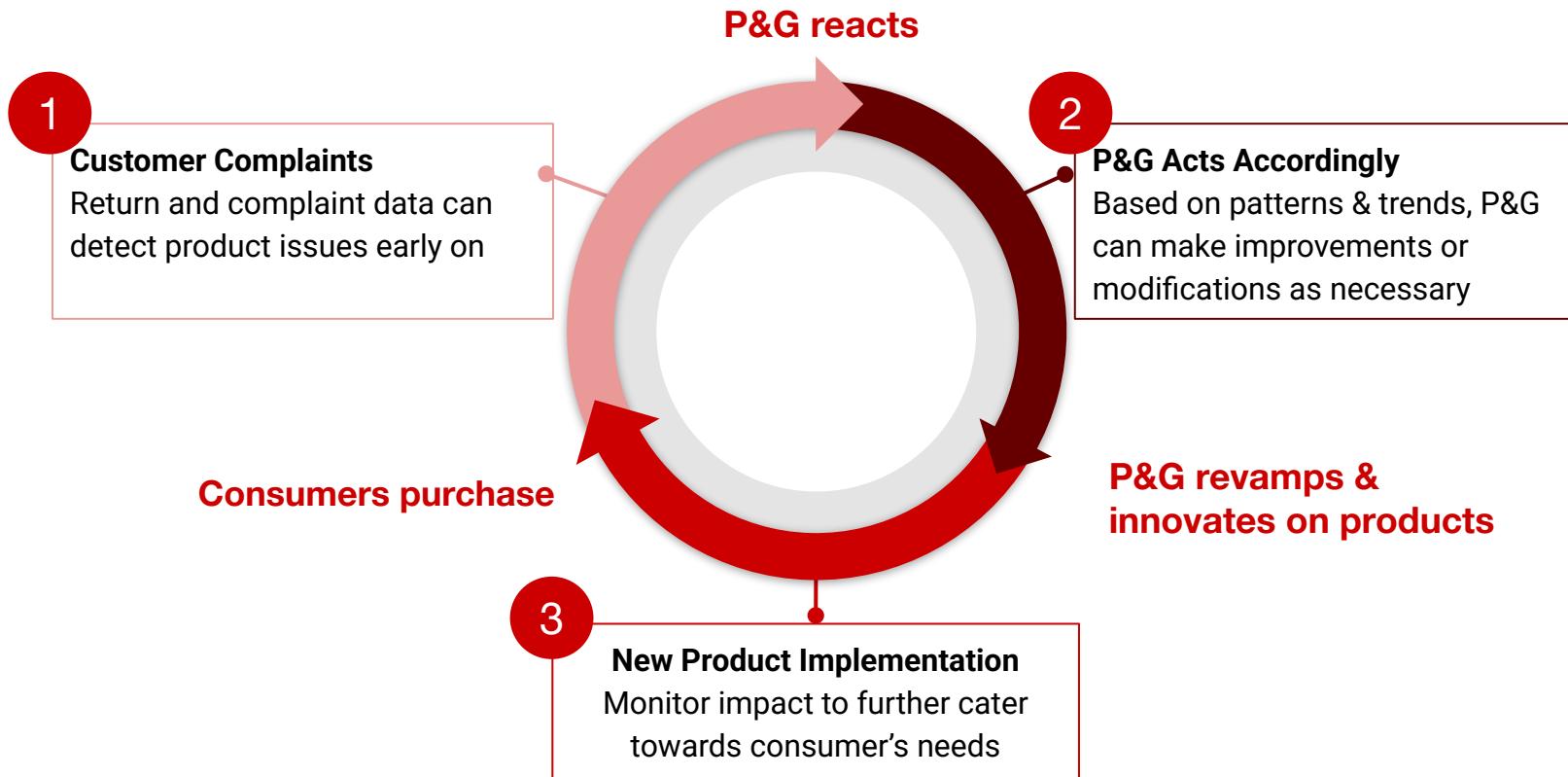


Financial Model

Proposed model to identify potential financial impact in advance to make informed decisions

Recall Financial Cost Simulator					
Changes	Economic Value	Input	Amount	Unit	Calculation
Stop Production	Labour			\$/Hour	
Compensate Retailers	Payables			\$/Account	
Trace Contaminated Products	Labour			\$/Hour	
Destruction of Products	Lost Material			\$/Material	
Refund/Exchange Consumers	Payables			\$/Consumer	
Corrective Activities	Labour			\$/Hour	
Recall Evaluation	Labour			\$/Hour	
Market Withdrawal	Stock & Sales			\$/Share	

Retailer Feedback Loop



Recommendation

Second phase of managing a recall



Decision Phase

Developing initiatives to ensure prevention and preparedness of a recall



Execution Phase

Demonstrating “commitment to safety” through communication & action (organizational change)



Post Crisis

Diversifying product outline and refreshing brand image

Execution Phase: Overview

Our 3-step approach to regain and generate trust across all stakeholders

Objective: From “Damage Control” to “Proactive Commitment to Customer Safety”

Action

Operational Audits & Safety Protocol Overhaul



Execution

**[Optional]
Recall Execution**



Communication

Crisis Communication & Trust Rebuilding



|Execution Phase: Operational Change

Operational Audits & Safety Protocol Overhaul

Removing source of “contamination”, implementing **revised QC procedures** re safety checks and **3rd party safety verifications**.

[Optional] Recall Execution

Crisis Communication & Trust Rebuilding

Key Takeaway: From “Damage Control” to “Proactive Commitment to Customer Safety”

Execution Phase: Operational Change

Operational Audits & Safety Protocol Overhaul

Removing source of “contamination”, implementing revised QC procedures re safety checks and 3rd party safety verifications.

Revise & Assessment

Locate all possible point of benzene contamination:

- Internal Full-Scale Audits
- Assessment of Supply Chain

Fix & Reinforcement

Revise Processing & Quality Control Procedures:

- Stricter QC Standards
- 3rd Party Safety Verification

Prevention & Value-add

Re-establishing industry leading quality standards:

- Update Standard Operating Procedure (SOPs)
- Data-Driven System

Execution Phase: Summary



Execution Phase: Recall

Operational Audits &
Safety Protocol Overhaul

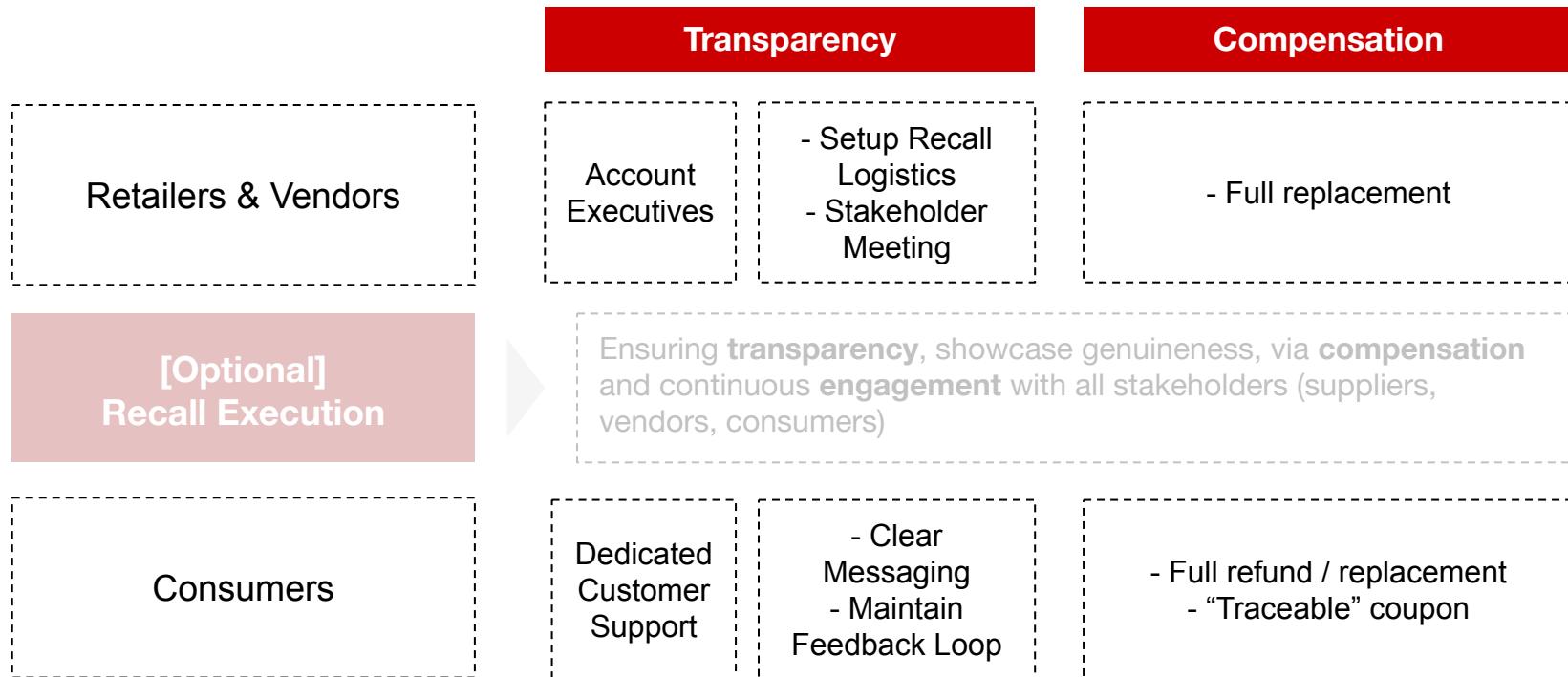
[Optional]
Recall Execution

Crisis Communication
& Trust Rebuilding

Ensuring **transparency**, showcase genuineness, via **compensation** and continuous **engagement** with all stakeholders (suppliers, vendors, consumers)

Key Takeaway: From “Damage Control” to “Proactive Commitment to Customer Safety”

|Execution Phase: Recall



Execution Phase: Summary

Actions

Expected Outcomes

Recall Execution

Restoration of consumer & stakeholder confidence
through **visible & proactive actions**

|Execution Phase: Communication

Operational Audits & Safety Protocol Overhaul

[Optional]
Recall Execution

Crisis Communication & Trust Rebuilding

Revising brand narrative, emphasis on “Safety and Transparency”, demonstrating what have been done to the customers via social media campaigns, public reporting.

Key Takeaway: From “Damage Control” to “Proactive Commitment to Customer Safety”

Execution Phase: Communication

Unified Messaging: “Safety & Transparency”

Public Reporting on
investigation & safety
enhancement progress

Third-party Endorsements
e.g. certificates from
“Schmidt’s Naturals”

Media, Social Platforms
Campaigns focusing on:
“Risk-only & Proactivity”

Crisis Communication
& Trust Rebuilding

Revising brand narrative, emphasis on “Safety and Transparency”, demonstrating what have been done to the customers via social media campaigns, public reporting.

Execution Phase: Summary

Actions

Expected Outcomes

Crisis Communication
& Trust Rebuilding

Leveraging “actions” above to **reinforce brand credibility** on “safety and transparency”

Execution Phase: Summary



Execution Phase: Summary



Key Message: “We are no here to mitigate reputational risk, but to exceed industry standards”

Recommendation

Third phase of managing a recall



Decision Phase

Developing initiatives to ensure prevention and preparedness of a recall



Execution Phase

Demonstrating “commitment to safety” through communication & action (organizational change)

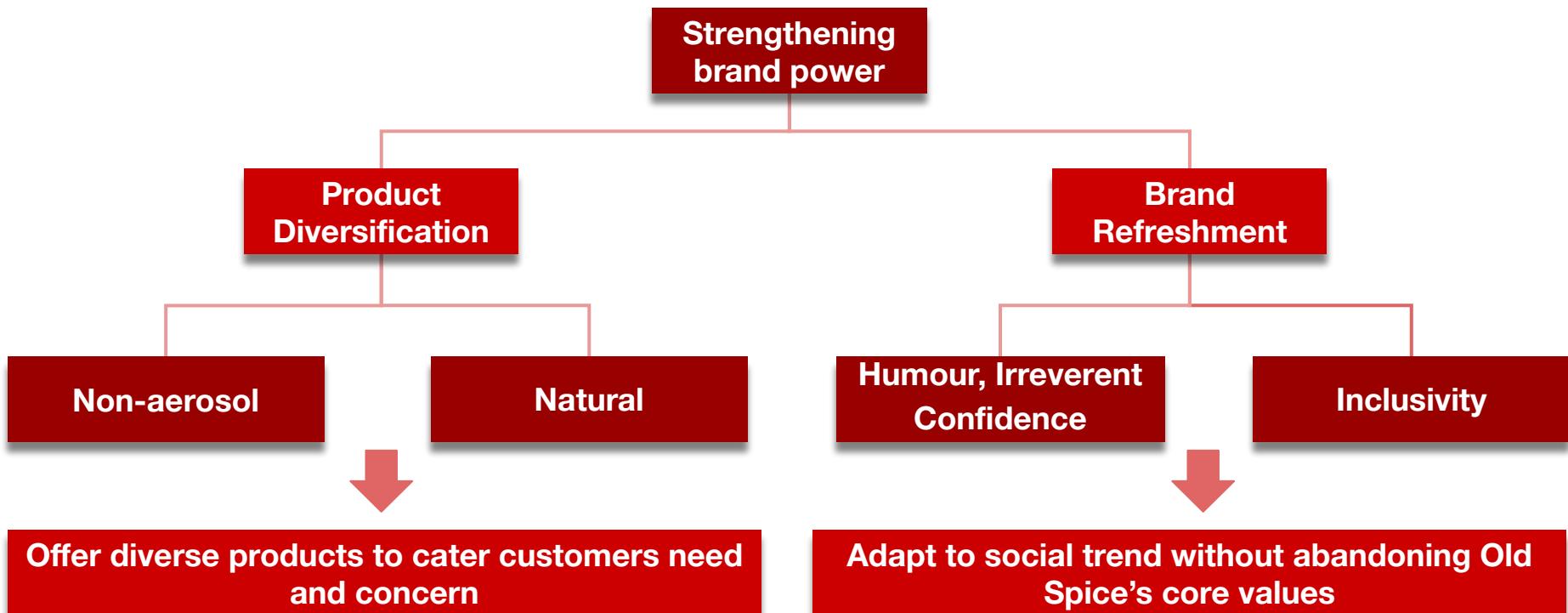


Post Crisis

Diversifying product outline and refreshing brand image

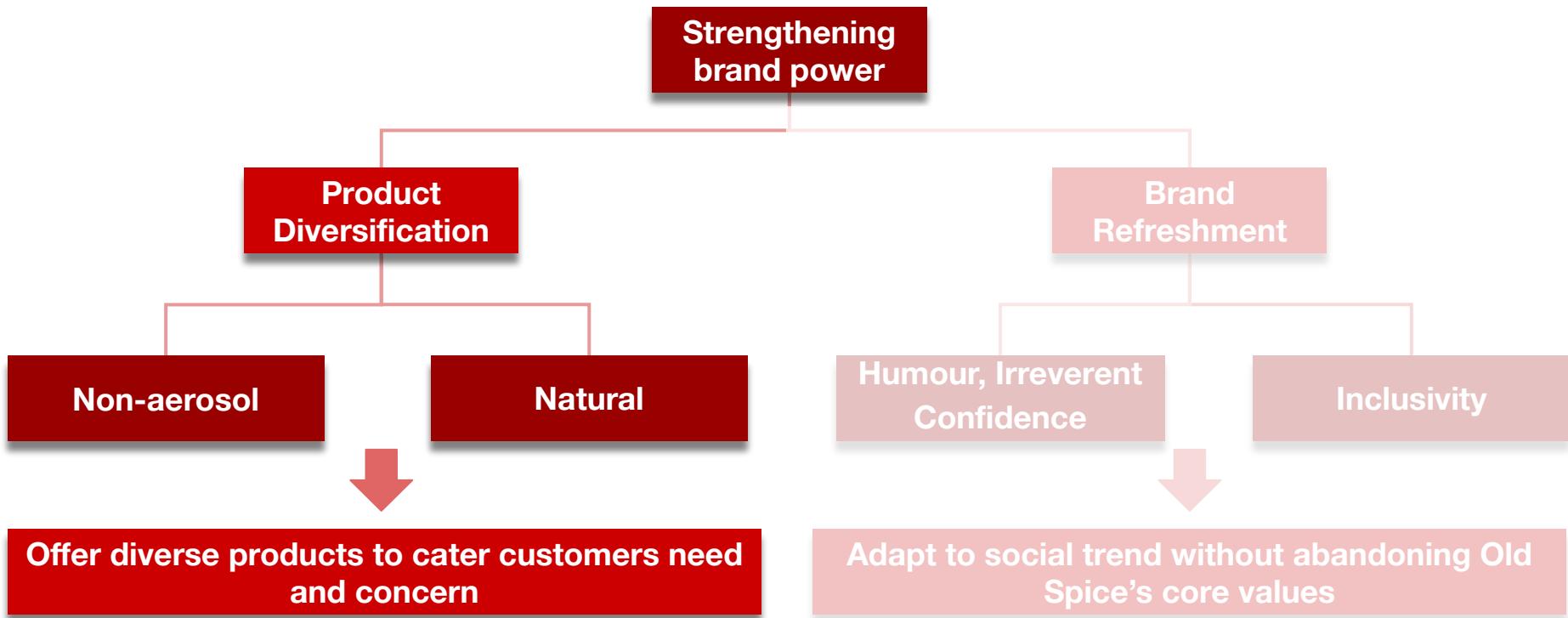
Post Crisis

Diversifying product outline and refreshing brand image



Post Crisis

Diversifying product outline and refreshing brand image



Post Crisis - Product Diversification 1/2

Offer diverse products to cater customers concern

Non-aerosol product

- Increase the proportion of **gel** and **stick** products against spray



Old Spice Deodorant

63g



Clear Gel

70 ml

Rationale

~40% of products in Old Spice's lineup are sprays

Benzene will be found in aerosol when manufacturing process is improperly handled

Impact

Provide more **trustworthy** options for customers

Post Crisis - Product Diversification 2/2

Offer diverse products to cater customers concern

Natural product

- Aluminium-free, only contains **GRAS** and essential ingredients e.g. starch, coconut oil



Rationale

Concerns that aluminium-containing products may lead to **breast cancer**

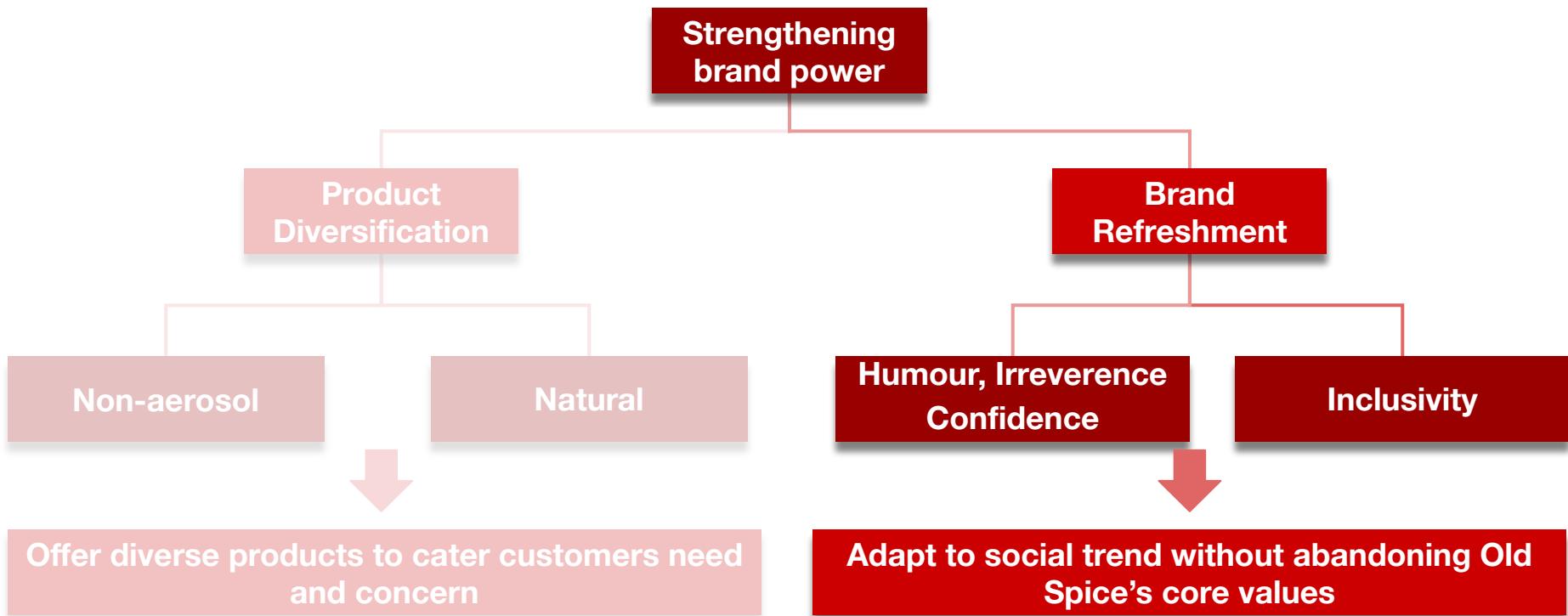
Major competitors such as Native and Dove **grew market share** in natural deodorants

Impact

Introduce natural products to cater the **social and market trend**

Post Crisis

Diversifying product outline and refreshing brand image



Post Crisis - Brand Refreshment 1/2

Strengthening Old Spice's core values

**Humour
Irreverence
Confidence**

- Strengthen its **core values** that the public are familiar with



Rationale

~72% of men aged 18-34 are more likely to buy from brands that make them laugh

Impact

Core values can be easily embedded in **digital & social media** promotion

Shift customers' focus away from the recall and back to the core values

Post Crisis - Brand Refreshment 2/2

Strengthening Old Spice's core values

Inclusivity

- Avoid heteronormative stereotypes, making the brand more inclusive



Rationale

~70% of U.S. customers tend to buy brands that **reflect their personal values**

Inclusivity has become a critical issue in the U.S., influencing **consumer behaviour**

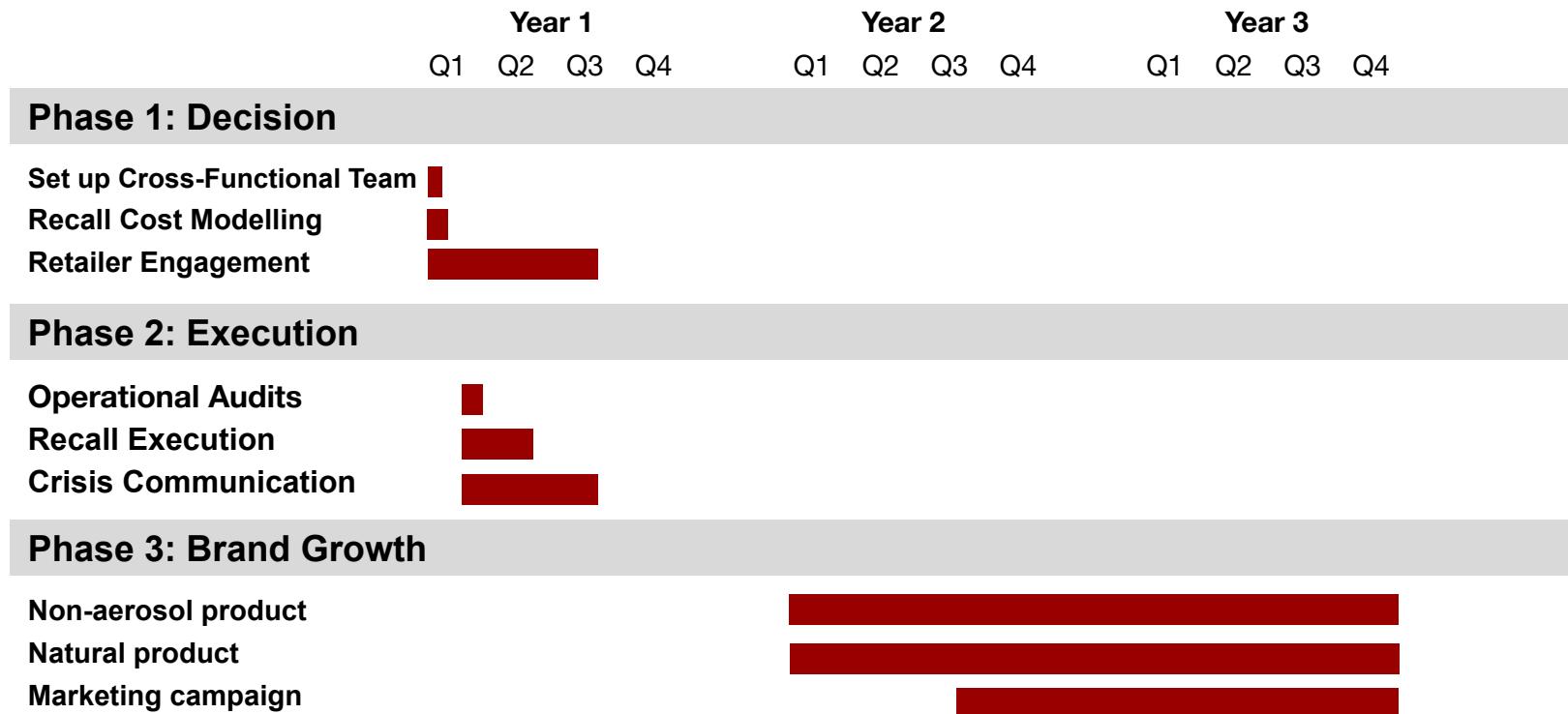
Impact

Resonates and attracts **new customers**

Implementation

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Timeline for Implementation



|Key Performance Indicators

Decision Phase



Key Performance Indicators

Decision Phase



Execution Phase



|Key Performance Indicators

Decision Phase



Execution Phase

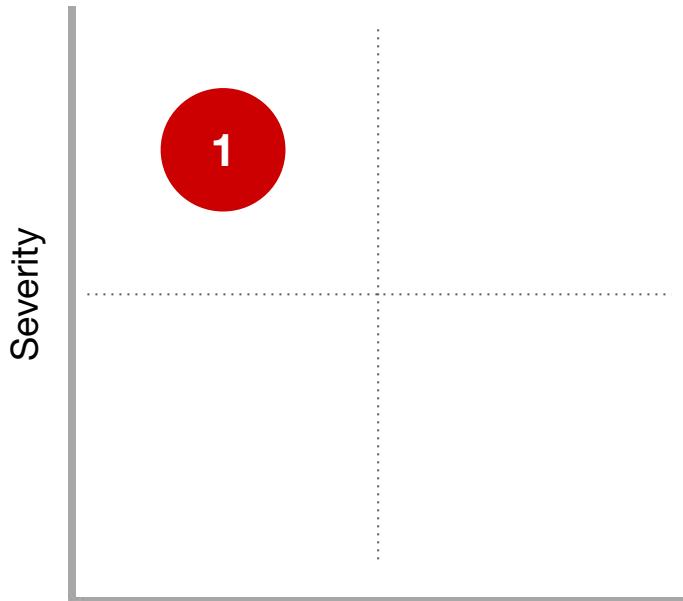


Post-Crisis



Risk and Mitigation

What are the potential risks we are accounting for

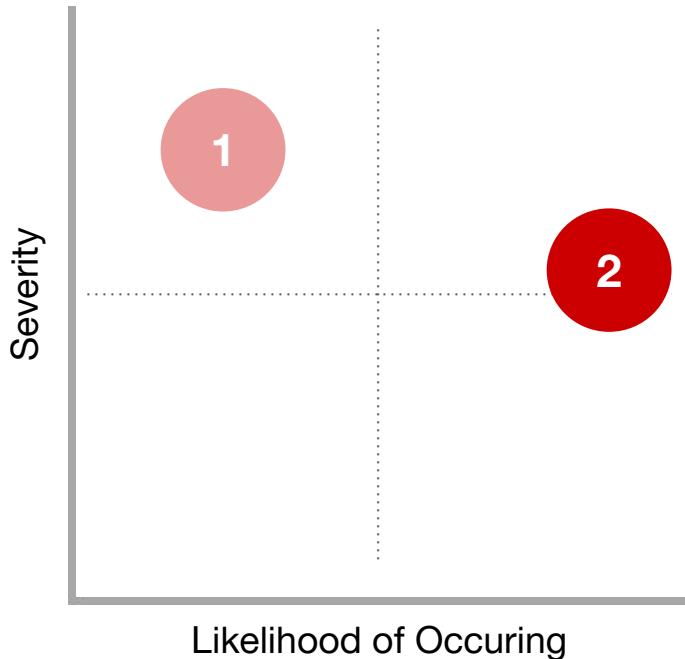


Risks	Mitigation
1 Legal liability due to product damage and government intervention	Involve outside counsel with appropriate expertise Scrutinize communications with stakeholders

Likelihood of Occuring

Risk and Mitigation

What are the potential risks we are accounting for



		Risks	Mitigation
		1	2
1		Legal liability due to product damage and government intervention	Involve outside counsel with appropriate expertise
			Scrutinize communications with stakeholders
2		Loss of consumer trust due to misinformation	Develop a comprehensive brand rebuilding strategy with emphasis on quality and refreshed product formulations

Conclusion

Recommendations: The Three Phase Strategy

Decision Phase

Developing initiatives to ensure prevention and preparedness of a recall

Execution Phase

Demonstrating “commitment to safety” through communication & action (organizational change)

Post Crisis

Diversifying product outline and refreshing brand image

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