Famous Market Research Fails, Examples, and Stories

Conducting market research is crucial in helping businesses identify and reach their target audiences. One reward in doing so is a potential boost in profits. But this type of research also helps companies figure out marketing and advertising essentials, such as tag lines, value propositions, pricing, promotions, and metrics. Despite the care that goes into the work, there have been more than a few blunders in market research history. Big brand names can recover from these oversights, but this type of failure could prove fatal for small businesses. Looking at some notable market research failures highlights the importance of accurate and thorough market research.

New Coke: A Market Research Failure and Recovery

Coke's prominence in the soft drink industry is well established, and its iconic marketing campaigns have contributed to its loyal following. But even Coke isn't immune to making a marketing misstep. When sales began to fall off in the 1970s and the first part of the 1980s, the company thought taste was the cause of the decline. To fix the situation, they introduced New Coke, a beverage sweeter than both the original version of Coke and Pepsi.

Taste tests indicated that success was on the horizon. Market research indicated that more people preferred the taste of New Coke to original Coke and Pepsi. But the product's introduction had many flaws. Market researchers did not factor in the emotional impact Coke, with its specific design, has on people. They also did not explain to taste test subjects that they would eventually have to choose between drinking original Coke and New Coke.

Key Issues:

- The emotional impact of the original Coke was not considered.
- Taste test subjects were not informed they would have to choose between original Coke and New Coke.
- The withdrawal of original Coke from shelves led to consumer backlash.

How The Coke Brand Adapted and Recovered:

Even restoring original Coke to sell alongside New Coke could not fix the issue. In time, New Coke disappeared. Marketing and sales should have designed their research into the decline in Coke sales to factor in consumers' emotional connection to the brand's products.

The story has a silver lining. Customers asked for their Coke back (reincarnated as "Coke Classic"). Coca-Cola listened, and brand loyalty spiked. Conspiracy theories swirled that Coke had intentionally trashed its brand name to inspire loyal followers. The Coke Cult grew in its support of its brand.

Crystal Pepsi and Tab Clear: Same Taste, Higher Cost

In the early 1990s, consumer demand for clear and lighter soft drinks was increasing. Pepsi decided to tap into the growing market, and in 1992 produced Pepsi that was clear. The soda dubbed Crystal Pepsi showed initial promise, with first-year sales of nearly $500 million. Market research indicated potential, so Pepsi did not expect the consumer confusion that came next. Consumers wondered whether Crystal Pepsi was a lemon-lime soda, if it was healthier, and why a clear drink that tasted almost identical to Pepsi cost more. Pepsi should have caught this failure to connect with consumers during their market research phase.

Key Issues:

- Consumer confusion about the product's identity (lemon-lime soda, health benefits).
- Higher pricing for a product that tasted similar to regular Pepsi.
- Overlapping product launches with similar branding caused market confusion.

Outcome:
After that first year of sales driven by curious consumers, Crystal Pepsi plummeted. Consumer confusion may have stemmed in part from the fact that Coca-Cola’s Tab Clear launched in late 1992. It was a sugar-free diet cola and failed as well. Ultimately, consumers didn’t understand why Pepsi expected them to pay more for what was essentially the sugary Pepsi they knew, except this one was transparent. Many consumers were also disoriented by the appearance and taste not matching up. Better and expanded market research may have brought these potential flaws to light.

Rocky Mountain Sparkling Water: More Consumer Confusion

Bottled water was huge when Coors put out Rocky Mountain Sparkling Water in 1990. Coors beer was also popular. Putting two and two together, the company believed that adding its brand to bottled water could lead to incredible sales. They ran with the idea instead of completing the market research necessary to understand the consumer response.

Key Issues:

- Misleading branding caused confusion about the product.
- Failure to establish a unique selling proposition in the bottled water market.
- Reliance on brand name rather than addressing consumer preferences.

Outcome:
As with Crystal Pepsi, consumers were confused. The branding led consumers to wonder if the water was mixed with beer or alcohol. Another component that doomed the project was the fact that Coors relied on its big brand name to carry them in a new market. While Coors was a trusted name in the beer industry, the bottled water industry already had several brand names that customers preferred. Coors’ name and branding did not give any indication about why consumers should choose its water over these competitors’ products. Despite the confusion, Coors kept the “Coors” branding instead of trying to find another way to market bottled water. So not only was this a marketing research failure, but it also signalled a company that may have had too much pride or inflexibility to adjust as needed (unlike the recovery made by Coke).

Kodak: Ignoring Market Trends

Market research shows the importance of adjusting course to address changing consumer preferences and growing trends. One important example is Kodak and its problems in acknowledging the advent of digital photography. Kodak did the necessary research, but it chose to try and save money instead of listening to what the camera market research revealed.

Key Issues:

- Ignoring market research indicating the shift towards digital photography.
- Reluctance to cannibalise existing film business despite technological advancements.
- Failure to anticipate and adapt to changing consumer preferences.

Outcome:
In the 1980s, the company looked at factors such as the costs and flexibility of digital photography, and the research was right on point. Digital photography was indeed poised to become the next big thing. In fact, Kodak even developed a digital camera but shelved the project after it realised the camera would not help sales of film or its other products. The foundation of Kodak's business model was traditional film photography. Due to heavy investment in paper and chemicals, the company felt it was unwise to pursue the results of the market research (and imminent reality).

Companies must prepare for their market research insights to give answers they may not like. Businesses need to keep in mind that the purpose of their research is to help please customers and provide consumer experiences, all while keeping pace as consumer tastes and technology evolve. Otherwise, there is no point in conducting the market research in the first place.

Arch Deluxe: McDonald's Market Research Disconnect

When someone says "McDonald's," many consumers think quick, consistent, cheap, and convenient. Also, they envision child-friendly fast-food experiences. Instead of continuing to do what worked, in 1996, McDonald's marketed the Arch Deluxe burger. The target market was adults, and market research had indicated that adults wanted a burger designed for them.

One potential problem with the data McDonald's based its decision on may have been that the adults surveyed were not representative of McDonald's market. Additionally, many McDonald's customers value attributes such as price and convenience over taste. Marketing the Arch Deluxe with taste as a key focus ended up being an error. It was a big customer connection oversight, target market disconnect, and market research fail for the books. Commercials for the burger showed the burger's taste turning off children, with taglines reading "It's the burger with the grown-up taste." When that move backfired, McDonald's struggled on with advertisements showing Ronald McDonald playing pool and hitting the golf links. Again, the message was out of sync with the customers who frequent McDonald's.

Key Issues:
- Misalignment with McDonald's core customer base.
- Overemphasis on taste over other valued attributes like price and convenience.
- Marketing campaigns that failed to resonate with typical McDonald's customers.

McDonald's Market Research Failure Continued with McLean Deluxe:
The McLean Deluxe targeted health-conscious consumers, but research overestimated how many consumers were willing to go to McDonald's for this burger. The burger was expensive, too. Reports also state that the McLean Deluxe fell flat in part due to McDonald's rushing the product out to stores without a sufficient period of market research. Furthermore, the taste was inconsistent. One burger might taste fine, but the next would be dry and elastic. It was bad news for consumers who valued consistency. A burger in California should taste the same as one in Virginia.

Outcome:
Convenience was lacking too. The burgers were cooked to order due to their makeup. The McLean Deluxe also got a bad rep from McDonald's competitors because it had small amounts of carrageenan, a seaweed derivative. "Seaweed burgers" and McDonald's don't mesh for American consumers. In the marketing of both its Arch Deluxe and McLean Deluxe, McDonald's failed to apply its research findings to the expectations of its core customer base.

Ford Edsel: Misguided Market Research and Over-Promotion

One of the most infamous examples of market research failure is the Ford Edsel, a car model released in 1957. Ford invested heavily in market research to design and promote this car, yet it ended up being one of the biggest flops in automotive history. The Edsel was supposed to be a revolutionary vehicle that would appeal to a broad market segment, filling a gap between Ford and Mercury models. However, several key mistakes in the research process led to its failure.

Key Issues:
- Misjudging consumer preferences for radical design changes.
- Over-promotion created unrealistic consumer expectations.
- Poor timing of the release during an economic recession.

Outcome:
Despite extensive market research, Ford misjudged consumer preferences, resulting in a car design that many found unattractive and overly complicated. The Edsel's unique features, such as its vertical grille and push-button transmission, did not resonate with the average car buyer. Furthermore, Ford's aggressive marketing campaign created high expectations that the actual product could not meet. The launch was also poorly timed, coinciding with an economic recession, which further dampened consumer interest in a new, expensive car model.

The Edsel's failure is a classic example of how even extensive market research can go awry if it doesn't accurately capture consumer preferences and market conditions.

Google Glass: Overestimating Market Readiness

Google Glass, launched in 2013, aimed to revolutionise wearable technology. Despite initial excitement and media hype, the product failed to gain traction among consumers. Google Glass was a head-mounted display that projected information onto a small screen in front of the user's eye, offering augmented reality experiences.

Key Issues:
- Privacy concerns about the device's ability to discreetly take photos and videos.
- Negative social perception and lack of acceptance due to its "geeky" appearance.
- High price point limited its market to a small niche.

Outcome:
One of the main issues with Google Glass was privacy. The device's built-in camera raised concerns about the potential for discreet recording and invasion of privacy. Many public places, such as bars and theatres, banned the device, and it garnered a reputation as an intrusive piece of technology. Additionally, the device's design was not particularly stylish, leading to social stigma and limited adoption. The high price point also made it inaccessible to the average consumer, limiting its market to tech enthusiasts and early adopters.

Google Glass serves as a reminder that even innovative products need to address consumer concerns and be accessible to a broader audience to succeed.

Colgate Kitchen Entrees: Brand Extension Gone Wrong

Colgate, a brand synonymous with toothpaste and oral hygiene, made a surprising move in the early 1980s by venturing into the food market with Colgate Kitchen Entrees. The idea was to leverage the strong brand recognition of Colgate to introduce a line of frozen meals. However, this attempt at brand extension was met with ridicule and confusion.

Key Issues:
- Brand mismatch: Consumers associated Colgate with oral hygiene, not food.
- Lack of sufficient market research to understand consumer willingness to buy food products from a toothpaste brand.

Outcome:
The association of the Colgate brand with toothpaste and oral care was too strong for consumers to accept it as a food brand. The idea of eating a meal from a brand known for its dental care products was

unappetising to most people. The product line failed to gain any traction in the market and was quickly discontinued. This failure highlights the importance of ensuring that brand extensions align with core brand identities and consumer perceptions.

Colgate's venture into frozen meals serves as a cautionary tale for companies considering brand extensions into unrelated product categories without thorough market research.

Microsoft Zune: Failing to Differentiate

Microsoft's Zune, launched in 2006, was an attempt to compete with Apple's iPod in the portable media player market. Despite significant resources and marketing efforts, the Zune failed to make a dent in the iPod's dominance. Microsoft hoped to capture a significant share of the growing market for digital music players, but several missteps in their market research and strategy led to the Zune's failure.

Key Issues:
- Lack of a compelling unique selling proposition compared to the iPod.
- Late entry into a market dominated by Apple's strong ecosystem.
- Ineffective marketing strategy that failed to communicate the Zune’s benefits.

Outcome:
One of the key issues with the Zune was its lack of differentiation from the iPod. While it offered similar features, it did not have a compelling unique selling proposition that set it apart from Apple's product. Additionally, the Zune entered the market late, at a time when the iPod had already established a strong ecosystem with iTunes and a loyal customer base. Microsoft's marketing efforts were also insufficient to overcome the iPod's brand recognition and market dominance. As a result, the Zune struggled to gain traction and was eventually discontinued in 2011.

The Zune's failure underscores the importance of differentiation and timing in product launches, especially in highly competitive markets.

Harley-Davidson Perfume: Brand Stretch Gone Too Far

In the 1990s, Harley-Davidson attempted to extend its brand into the fragrance market with Harley-Davidson perfume. This move was part of a broader strategy to leverage the strong brand recognition of Harley-Davidson into new product categories. However, the perfume line was met with scepticism and ultimately failed to resonate with consumers.

Key Issues:
- Brand identity conflict: Harley-Davidson’s rugged image did not align with a fragrance product.
- Lack of market fit: The core customer base did not resonate with the product.

Outcome:
Harley-Davidson's brand is synonymous with motorcycles, freedom, and a rugged lifestyle. Introducing a perfume line under this brand created a disconnect with its core customer base, who found the idea incongruent with the brand's image. The product did not appeal to the typical Harley-Davidson customer and failed to attract new customers who associated the brand with motorcycles rather than personal care products. As a result, the perfume line was discontinued, serving as a reminder that brand extensions should align with the core brand identity and appeal to the target audience.
The failure of Harley-Davidson perfume highlights the risks of stretching a brand too far from its core values and customer expectations.

Conclusion: Lessons Learned from Market Research Failures

These examples of market research failures highlight the importance of thoroughly understanding consumer preferences, accurately interpreting market data, and ensuring brand extensions align with core brand identities. Effective market research can prevent costly mistakes and help businesses make informed decisions that resonate with their target audience.

Accurate and comprehensive data is essential for making informed business decisions. Companies must invest in robust market research methodologies, including both qualitative and quantitative approaches, to gather reliable data that reflects consumer preferences and market trends. By leveraging better data, businesses can make better decisions that drive growth and success.

How to Tell When the Statistics are Accurate: 7 Helpful Ways

1. **Sample Size and Representation**:
   Ensure the sample size is large enough and representative of the target population to avoid skewed results.

2. **Data Source Credibility:**
   Use data from credible and reputable sources to ensure accuracy and reliability.

3. **Consistency:**
   Check for consistency in the data across different sources and over time to verify its validity.

4. **Statistical Significance:**
   Ensure that the results are statistically significant and not due to random chance.

5. **Clear Methodology:**
   Use clear and transparent research methodologies that can be replicated and verified by others.

6. **Contextual Understanding:**
   Consider the context in which the data was collected and any external factors that may influence the results.

7. **Cross-Verification:**
   Cross-verify data with independent sources to confirm accuracy and identify any discrepancies.

By learning from past market research failures and implementing robust data collection and analysis methods, businesses can make better-informed decisions, align their products with consumer needs, and avoid costly mistakes. Effective market research is a vital tool for understanding market dynamics, predicting trends, and staying competitive in a constantly evolving business landscape