

Four Successful Products Launched During Downturns

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It's easy to forget, but many products that we now remember as stunning successes were actually launched during economic downturns. Indeed, many of them found success precisely because, not just in spite of, unusual economic conditions. Here are four examples of companies that saw market opportunity where others failed to look and went on to launch superior products with the understanding that good ideas never go out of style.

Fortune Magazine (Time Inc.)

Launched: 1930

Four months after the worst stock market crash in history, you'd be crazy to launch a new magazine about business, right? It's even bigger folly to name it "Fortune" at a time when so many people were losing theirs, and charge a (then) hefty cover price of \$1. But that's exactly what Henry Luce did during the darkest hours of the Great Depression.

What Luce brilliantly understood is that the stock market crash and the excesses leading up to it had bred a new fascination with the inner workings of banks and other big businesses. The public was eager for chronicles of rich industrialists who'd lost it all, irreverent analysis of what went wrong, and stunning, colorful photographs that gave readers a view inside the factories that were feeding the American economic machine. By 1937, eight years into the Great Depression, the bold and stylish magazine had racked up a circulation of 460,000. By the end of the decade, *Fortune* had become required reading on Wall Street.

Miracle Whip (Kraft Foods)

Launched: 1933

Mayonnaise sales were one of the many casualties of the stock market crash of 1929 and the Great Depression that followed. Executives at Kraft saw signs of doom and gloom, and urged CEO and founder JL Kraft to get out of the mayonnaise business. Kraft listened to their concerns, but opted to go in another direction. Every problem is an opportunity in disguise, he said.

Instead of shutting the business down or trying to sell it, Kraft hired a talented young engineer to design an emulsifying, or whipping, machine that could make better mayonnaise. The result was Miracle Whip, launched at the 1933 Chicago World Fair in an elaborate glass-enclosed kitchen that

demonstrated the new manufacturing process. Miracle Whip was a unique blend of mayonnaise and less expensive salad dressing, and it became an instant success, fulfilling an untapped market need. Not only did Miracle Whip cost consumers one-third less than regular mayonnaise, its spicier flavor helped make the bland foods people were eating taste more palatable. A huge \$1 million advertising campaign also offered Miracle Whip customers recipe suggestions for cheap and easy dishes such as vegetable casseroles and fruit dishes. Within a few months of its introduction, Miracle Whip was outselling all other brands of salad dressing and mayonnaise.

Sensor Razors (Gillette)

Launched: 1990

In early 1989, John Symons, head of Gillette's North Atlantic shaving group, had some big decisions to make. The plans he had drawn up for the company's first launch of a new razor product in more than a decade were bold and aggressive. They called for building two new manufacturing plants and a \$175 million advertising blitz in the U.S. and Europe — a 40 percent boost in spending. But, after rampant growth in the 80's, signs of an economic showdown were on the horizon.

Symons felt confident that the Sensor — which featured twin blades mounted individually on springs and a shell that was covered in stainless steel — was a superior product. He also felt that the market, which had gravitated toward cheap, disposable razors, was ready for it. Lastly, Symons also hoped that the Sensor would help reestablish Gillette's reputation as a provider of high-quality shaving products that justified their higher prices. With Gillette's CEO Colman Mockler's blessing, Symons' plans to, as he put it, "change the way men shave forever," went forward and the Sensor was launched in January 1990.

The introduction was so successful that Gillette had trouble keeping the product on store shelves. The company sold 20 million razors in the first 8 months of the year — a figure that matched Gillette's original sales forecast for the entire year. As the economic slowdown evolved into the recession of 1990-1991, Gillette stayed on offense and spent \$125 million globally on Sensor advertising, dwarfing what the competition's ad budgets. By the end of 1991, Sensor's share of the blade market had doubled to about 15 percent in both the U.S. and Europe.

The iPod (Apple)

Launched: 2001

Even though 170 million iPods have been sold worldwide, few remember that this iconic device was launched in a modest auditorium at Apple's Silicon Valley headquarters just a month and a half after the terrorist attacks of September 11, 2001. As the signs of a global recession began to appear,

Apple CEO Steve Jobs stood on stage in his trademark jeans and black shirt and enthusiastically told the audience, "This is a quantum leap in listening to music."

Over the next few years, as the Dow plunged 22 percent from its pre-9/11 highs and companies laid off thousands of workers, Apple continued doing what it does best — creating and marketing new products. In 2002, Jobs followed up the first generation 5 gigabyte, 1,000-song iPod with a new version that had more memory but sold for the same price. In subsequent years, the company further diversified the product line with the iPod Mini, the Nano, the iPod Photo, and the iPod Shuffle.

Like many other technology companies that were struggling with a downturn in personal computer sales, Apple's quarterly profits fell in mid 2002 and the company announced layoffs, mostly in manufacturing, operations, information systems, and administration. There were no cuts, however, in engineering and product development. In those areas, Jobs continued to hire. In 2003, he explained to *Business Week*: "A lot of companies have chosen to downsize, and maybe that was the right thing for them. We chose a different path. Our belief was that if we kept putting great products in front of [customers], they would continue to open their wallets. We've been turning out more new products than ever before."
