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Even Better than the Real Thing

In the summer of 1984, teens watching MTV for hours on end were in for a surprise during the commercial break. Instead of having to sit through a dull lawyer's tired sales pitch to call if injured or a horrific low-budget car dealership commercial, the beat to Michael Jackson's *Billie Jean* began to blare from the speakers. On the screen teens flooded the street dancing to the beat, all of them led by a teen dressed just like the King of Pop himself. Suddenly the lyrics kicked in, as the actual Michael Jackson sang that these teens were a "whole new generation... the Pepsi generation."¹ It was current, upbeat, hip, endorsed by one of the biggest stars in America, and most importantly it was entirely targeted to "twelve to twenty-four" year olds.² Coupled with "Pepsi Challenge" taste tests showing that Americans preferred the sweeter taste of Pepsi to the tarter Coke, the bright lights of the ultra-modern Pepsi campaign began to draw away young consumers from the old and traditional Coca Cola. Thinking these poor taste test results were keeping the youth away, a year later Coke concocted New Coke, their own taste test champion that beat both Coke and Pepsi. However the truth is the taste had nothing to do with the problem, what Coke faced was a brand identity crisis with the youth. A label that said "New" did not change the brand. Ultimately New Coke never did resonate with the youth because Coke solely focused on this "New" taste instead of adapting their

¹ Modegy. *Classic Michael Jackson Pepsi Commercial (1984) (High Quality)*. Youtube. 29 April 2009. Accessed 3 April 2016. <https://www.youtube.com/watch?v=2Md5lPyuvsk>

² Timothy D. Taylor. *The Sounds of Capitalism : Advertising, Music, and the Conquest of Culture*. (Chicago: University of Chicago Press, 2012) 188.

traditional, All-American brand to fit with the trendy youth. While Coke did eventually alter their heritage brand to attract the youth, by that point angry Coke costumers had already labeled New Coke as a failure.

By 1985 Coke had been the number one soda brand in America for almost a century, and it had no serious competitors until Pepsi's rise to prominence in the late 1970s. This omnipresent role in American society enjoyed by Coke since 1886 served to label its entire brand as the "original" soda, a brand focused on its role in the American mythos. It "was the subliminal essence of all America stands for," and Coke had taken advantage of this for decades. Patriotic images adorned their advertisements, they championed traditional values by having family men like Bill Cosby as their spokesmen, and showcased their place in history by making it clear even the Apollo 11 astronauts drank Coke. ³

Even in the early 1980s, Coke still had not changed their brand focus. This all can be seen in their 1983 ad campaign "Coke is It," which still followed Coke's age-old model of focusing on heritage and patriotism. Instead of framing its product as hip and with the times, Coke showed its product as bringing families together at a high school football game. All of it was extremely traditional and American, with the emphasis on community with high school football, family life by showing parents and their children enjoying Coke together, and school pride with Coca Cola Cheerleaders. Other ads from the times showed All-American farmers taking a break from their hard working day to drink a Coke, clearly the last thing that could be

³ Haig, Matt. *Brand Failures : The Truth About the 100 Biggest Branding Mistakes of All Time*. (London: Kogan Page, 2011.) 13.

associated with this was “new.” Coke was “American character in a can,” which was just not a message that connected with the trendy youth. ⁴

Yet just as these All-American advertisements aired across the United States in the early 1980s, there were clear signs emerging that Coke’s traditional brand was no longer connecting with young consumers. In the late 1970s Pepsi began to defeat Coke in taste tests, serving as the opening salvo in the infamous Cola Wars. After ten years of Pepsi rising to prominence, by 1985 the mighty Coca Cola began to be slide in popularity. Throughout the first half of the decade, Coke witnessed its American soft-drink market share shrink until it sat at just 21.8% compared to Pepsi’s rising 17% share. Additionally, by 1985 Coke was no longer number one in supermarket sales, a market dominated by young shoppers. To Coke’s horror, all of these sliding numbers began to create a damaging stigma amongst the youth that “if you were hip you didn’t drink Coke.” ⁵

Ultimately, the roots of this youth crisis facing Coca Cola had much more to do with its brand identifying with a rapidly changing American youth culture than any taste test result. After all, neither Coke nor Pepsi’s taste had changed since the nineteenth century. The difference was connecting the brand to the market. By the 1980s, America finally began to emerge from a difficult decade defined by high gasoline prices, political scandal, and crippling stagflation. What was left was an ultra-modern decade of excess and rampant consumerism. In fact by the 1980s,

⁴Mark Pendergrast. *For God, Country, and Coca-Cola*. (Boulder: Basic Books, 2013.) 330. Haig, Matt. *Brand Failures : The Truth About the 100 Biggest Branding Mistakes of All Time*. (London: Kogan Page, 2011.) 13.

⁵ Pamela Hollie, “Coca Cola Changes Its Secret Formula In Use for 99 Years,” *New York Times*, April 24, 1985: A1.

“consumption had increasingly [become apart] of everyday life, even a leisure activity.”⁶ President Reagan’s calls for Americans to invest in the economy and his rhetoric that “made wealth seem glamorous” led to a decade of lavish spending, as by the end of the decade Americans consumed “twice as money goods as in 1950.”⁷ American culture suddenly had “an insatiable need to proclaim its triumph” after the dark times of the 1970s, and consuming suddenly became a vent.⁸

Enabled by the economic boom, Americans became obsessed with spending their newfound money on the best possible products. As contemporary psychologists at the time noticed, 1980s consumers were obsessed with “consumption and display of high technology, fashion” and the most up to date goods so they would be with the times. The public desperately wanted to appear successful, as consumers across America chased after the newest technologies and products so they would not be left behind. Increasingly Americans became more educated “smart shoppers,” as they searched the market for the best luxury products.⁹ It was true for television, as premium channels such as HBO rose to prominence throughout the decade. It was true for coffee, as suddenly luxury Starbucks coffee became trendy. To Coke’s horror it was also true for soda, as suddenly consumers were willing to buy the trendiest option.

⁶ Taylor, 180.

⁷ Nicolaus Mills. *Culture in an Age of Money: The Legacy of the 1980s in America*. (New York: Ivan R. Dee, 1991.) 14. Timothy D. Taylor. *The Sounds of Capitalism : Advertising, Music, and the Conquest of Culture*. (Chicago: University of Chicago Press, 2012) 180.

⁸ Nicolaus Mills. *Culture in an Age of Money: The Legacy of the 1980s in America*. (New York: Ivan R. Dee, 1991.) 14

⁹ Steve Barnett and, Joan Magdoff. “Beyond Narcissism in American Culture of the 1980s.” *Cultural Anthropology*. Vol. 1, No. 4 (Nov, 1986): 413-424

Carried along in this economic boom was the young Generation X, transforming the youth market into to a major consumer force. As advertising historian Timothy Taylor contends, “the attachment of the youth market and infatuation with hip and cool ideology” goes back to the 1960’s. With the youth now empowered by economic good times, suddenly companies had to alter their image in order to reel in the youth. Coke was not “hip and cool,” it was the drink all the kid’s parents had been drinking for decades.¹⁰

Indeed, both Coke and Pepsi were brands with roots in the nineteenth century. Where things became problematic for Coke was that Pepsi simply had a better response to this youth trend. By the 1980s Pepsi began to reimagine itself as a youth brand, heavily influenced by MTV’s takeover of the youth television market. In fact Pepsi advertiser Allen Rosenshine openly admitted that “MTV was not an isolated phenomenon” and that it was imperative to follow their lead if Pepsi wanted to remain in the “leading edge.” Pepsi watched as MTV used “bright colors [and] new, fast paced visual language to accompany” rock music, as MTV transformed advertising into “creative expression[s] in of themselves.” Suddenly other companies began to follow suit, as companies like Honda used MTV’s fast-paced, high-tech, stylized method along with pop star endorsements. Pepsi was in on the trend with its Michael Jackson commercials, which at the time was the most expensive endorsement contract of all time. Soon stars such as *Back to the Future*’s Michael J. Fox and *Miami Vice*’s Don Johnson joined the Pepsi Generation, all of it

¹⁰ Timothy D. Taylor. *The Sounds of Capitalism : Advertising, Music, and the Conquest of Culture*. (Chicago: University of Chicago Press, 2012) 191.

making Pepsi look “a step ahead, a step snappier, a little wittier” and with the times.¹¹

Coca Cola’s realized that this downward spiral could not continue, even CEO Roberto Goizeta conceded, “those who don’t adapt will be left out behind or out.” The solution arrived in April of 1985 as New Coke, with taste tests showing it was the best tasting soda on the market. Coke hoped it would both reel in the youth and satisfy their fan base. The issue was that their solution did next to nothing to solve their image problem with the youth, as the brand remained unchanged. Ultimately all they intended to accomplish in the New Coke marketing campaign was “[describing] the new flavor.”¹² Looking at the new “Coke is it” campaign, this flavor focus is obvious. In fact, the words new and better in some variation were used in the ad six times, as Coke advertisers worked vigorously to emphasize just that it was new. Claims of how this Coke was “a giant step better” and was such an improvement that “you won’t believe it” litter the page, emphasized by the glistening new can put front and center in the advertisement. Yet the bright colors, trendiness, MTV inspired advertising that had made Pepsi so successful was noticeably absent. Praising the drink for being “bolder, rounder” did not make it trendy.¹³

¹¹ Taylor, 176-180.

¹² Mark Pendergrast. *For God, Country, and Coca-Cola*. (Boulder: Basic Books, 2013.) 327, 341.

¹³ America’s taste just got better” The Advertisement Archives – Ad#30579407. 1980s Collection. Library N/A.

http://www.advertisingarchives.co.uk/?service=search&action=do_quick_search&language=en&mode=&q=coca+cola&qw=&md_1=&md_2=1980s&grid_layout=4

In fact, many aspects of the New Coke launch still harkened back to Coke's traditional image, even though it was directly targeted at the youth. At the opening press conference, Cokes still emphasized its "All-American History," showing Coke's inability to recognize their image problem. The "Grand Canyon, wheat fields, cowboys... the Statue of Liberty" all were displayed at the press conference, all of it actually aiding the negative stigma surrounding Coke as being outdated.¹⁴ Even New Coke's sponsor was seen as "too old [for] the Pepsi Generation," as it was still Bill Cosby. ¹⁵ Industry experts lamented that Bill Cosby "had stressed the tart taste of old Coke" for years, he simply was not a new face for the youth to identify with Coca-Cola. ¹⁶

With many of the same issues that alienated youth from Coke still existing, Coke's youth outreach fell flat. According to economist Dennis Cahill, the teen market is inevitably "a fast-changing marketplace" as teens naturally want to be new. In simpler terms, it is the "acting in ways to upset their elders" phenomenon. ¹⁷Therefore, despite New Coke's taste test victories, without a new image young shoppers in supermarkets were still an issue. Pepsi only lost 1% of its supermarket share and Coke's share only grew to "19.3 percent from 19 percent" by 1986.¹⁸ A year later in 1986, industry experts finally began to complain that New Coke "didn't

¹⁴ Mark Pendergrast. *For God, Country, and Coca-Cola*. (Boulder: Basic Books, 2013.) 342.

¹⁵ Haig, Matt. *Brand Failures : The Truth About the 100 Biggest Branding Mistakes of All Time*. (London: Kogan Page, 2011.) 13.

¹⁶ Mark Pendergrast. *For God, Country, and Coca-Cola*. (Boulder: Basic Books, 2013.) 344.

¹⁷ Art Weinstein, Dennis J. Cahill. *Lifestyle Market Segmentation*. (Florence: Taylor and Francis, 2014.) 184.

¹⁸ Pamela Hollie, "Keeping New Coke Alive," *New York Times*, July 20, 1986: F6.

have an image yet.”¹⁹ Coke would eventually open their eyes, but it would be woefully too late.

Another major catalyst in why New Coke never did reach the youth was in large part due to their base’s outrage, as with so much bad publicity the New Coke brand itself became toxic. The loyal customers disdain for New Coke was much more straightforward than the youth’s, they simply did not want a new version of Coca Cola. Yes, when they got the chance to try it in test-tests; “customers preferred the new taste over the original by 61 to 39 percent.” Yet the testers never asked for their feelings on the possibility that “the old Coke might be scrapped.” As psychologist Robert Gould made clear in his criticism of the decision, years of Coca Cola being “a unique product and a symbolic part of American life” had made the public so attached to it that “the product itself” no longer mattered.²⁰

In fact internal Coke studies from 1984 showed this very phenomenon, Coke drinkers tended to have “rigid personalities” who viewed the world based on “early experiences, stereotypes, and culture generalizations.” Amazingly the study actually said that customers disliked change, and believed “certain self evident truths” should be left untouched.²¹ To them Classic Coke “stood for traditional values.”²² In the spring of 1985, thousands of these very people flooded Coke’s Atlanta

¹⁹ Scott Killman and Timothy Smith, “New Coke Gets its Own Ad Campaign – and One More Chance to Find a Market,” *Wall Street Journal*, February 14, 1986: 23.

²⁰ Pamela Hollie, “Coca Cola Swallows Its Words,” *New York Times*, July 14, 1985: E28.

²¹ Mark Pendergrast. *For God, Country, and Coca-Cola*. (Boulder: Basic Books, 2013.) 335.

²² Mark Pendergrast. *For God, Country, and Coca-Cola*. (Boulder: Basic Books, 2013.) 352.

Headquarters with angry letters. Many declared changing Coke was like “breaking the American Dream, like not selling hot dogs at ballgames” and that New Coke is “ABSOLUTELY awful [sic]” Unfortunately for Coke, that angry letter was one of thousands that piled into their mailroom, and the press eventually covered the fan anger. One particularly memorable comment was from a furious customer who cried “there are only two things in my life: God and Coca Cola” and Coke just took one away.²³ The public relations nightmare that ensued from the outrage virtually guaranteed the youth would never flock to New Coke. 1980s consumers were fixed on success, not something that was being compared to the Ford Edsel.

By June of 1985, Coke calmed the storm it had created as it reintroduced the original Coke formula as Coke Classic. However, this time Coca-Cola learned from their mistakes and created advertising campaigns that fit 1980s market trends. For their traditional customers who were rigid to change, Coca-Cola put out a campaign that fit their worldview. The patriotic, safe “Red White and You” campaign would do just that, as they were incredibly similar to Coke ads of the past. Utilizing its red and white colors and showcasing “Coke as a piece of the American landscape,” the 1986 “Red White and You” advertisement set in the iconic Utah Desert is the embodiment of Coke’s goals. The slogan was made clear above the whole scene, in fact one can see Coke as an actual part of the mountain chain. Nostalgic images of average bikers sipping a Coke filled the scene, as it played into its traditional brand.²⁴

²³ Mark Pendergrast. *For God, Country, and Coca-Cola*. (Boulder: Basic Books, 2013.) 346

²⁴ “Red, White, and You” The Advertisement Archives – Ad# 30534043. 1980s Collection. Library N/A.

However, nearly all of these efforts were trying to calm down an angry base. The other issue facing Coke still remained, how do they convince Generation X that they can fit with the times? The “Catch the Wave” campaign was the answer, as it finally sought to create the youthful, “fast-living” image that was all so lacking in the original New Coke launch, and make the 1985 fiasco history.²⁵ Gone was line after line of celebrating how new and flavorful the drink was. Now young consumers witnessed this wave would carry you into the future of soda. Featured prominently in the “Catch the Wave” advertisement in Manhattan was an actual wave of coke, which both goes along with the wave design on New Coke cans and enforces the current feeling of the ads. ²⁶

Additionally, Coke finally found a trendy spokesperson that could entice the youth. The electronic, ultra-modern, Max Headroom was New Coke’s answer. In the 1987 “Catch the Wave” ad, surrounded by neon lights is Headroom with his wayfarer sunglasses, exuberant smile, slick blonde hair, and tuxedo, all of it tailor-made to appeal to the youth. ²⁷Not only did the “kids love Max Headroom,” the ad finally took influence from the trendy MTV ads. Teens across America suddenly “imitated Headroom’s admonition to ‘C-C-Catch the Wave,’” and word of the ad spread like wildfire. ²⁸

²⁵ Scott Killman and Timothy Smith, “New Coke Gets its Own Ad Campaign – and One More Chance to Find a Market,” *Wall Street Journal*, February 14, 1986: 23.

²⁶ “Catch the Wave,” Duke University Libraries- Ad#SLA2684, Outdoor Advertising Association of America Slide Library 1891-1994. Duke University Libraries.

²⁷ Max Appeal,” Duke University Libraries-Ad#SLA2686, Outdoor Advertising Association of America Slide Library 1891-1994. Duke University Libraries.

²⁸ Mark Pendergrast. *For God, Country, and Coca-Cola*. (Boulder: Basic Books, 2013.) 351.

Despite finally creating marketing that fit with the youth movement, by July of 1986 New Coke still had a negative stigma preventing the successful brand reimagining from attracting the youth. The “catch the wave” campaign had not made the public forget about the chaos, and the bad news surrounding the brand continued. Major customers of New Coke such as McDonalds finally had enough of Coke’s experiment, as they began to serve solely Coke Classic in their restaurants. Additionally, many of Coca-Colas independent bottlers were also giving up on New Coke, as bottlers in Europe refused to bring the failed drink to Europe. In the end, New Coke’s dark history left it as just the 6th highest selling soda on the market, while Coke Classic quickly retook its throne as the highest selling soda. ²⁹

In an era where the youth were obsessed with an appearance of success and being hip, when Coke finally altered its New Coke brand identity to appeal to the youth, they still could not make the youth accept New Coke. In the end when Coke had the chance to market to the trendy Generation X in 1985, they focused on taste instead of adapting the brand to fit youth trends. When they finally changed the strategy to appeal to the youth, it was far too late. The “smart shoppers” of the 1980s had already identified New Coke as a failure and moved on.³⁰

Word Count: 2,692

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²⁹ Pamela Hollie, “Keeping New Coke Alive,” *New York Times*, July 20, 1986: F6.

³⁰ Steve Barnett and, Joan Magdoff. “Beyond Narcissism in American Culture of the 1980s.” *Cultural Anthropology*. Vol. 1, No. 4 (Nov, 1986): 413-424

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