

## CASE STUDY

### THE TYLENOL MURDERS

Arguably, the two most important cases in the history of the practice of public relations occurred within four years of each other to the same company and product.

For close to 100 years, Johnson & Johnson Company of New Brunswick, New Jersey, was the epitome of a well-managed, highly profitable, and tight-lipped consumer products manufacturer.

#### Round I

That image changed on the morning of September 30, 1982, when Johnson & Johnson faced as devastating a public relations problem as had confronted any company in history.

That morning, Johnson & Johnson's management learned that its premier product, extra-strength Tylenol, had been used as a murder weapon to kill three people. In the days that followed, another three people died from swallowing Tylenol capsules loaded with cyanide. Although all the cyanide deaths occurred in Chicago, reports from other parts of the country also implicated extra-strength Tylenol capsules in illnesses of various sorts. These latter reports were later proved to be unfounded, but Johnson & Johnson and its Tylenol-producing subsidiary, McNeil Consumer Products Company, found themselves at the center of a public relations trauma the likes of which few companies had ever experienced.

Tylenol had been an astoundingly profitable product for Johnson & Johnson. At the time of the Tylenol murders, the product held 35 percent of the \$1 billion analgesic market. It contributed an estimated 7 percent to the company's worldwide sales and almost 20 percent to its profits. Throughout the years, Johnson & Johnson had not been—and hadn't needed to be—a particularly high-profile company. Its chairman, James E. Burke, who had been with the company for almost 30 years, had never appeared on television and had rarely participated in print interviews.

Johnson & Johnson's management, understandably, was caught totally by surprise when the news hit. Initially, they had no facts and, indeed, got much of their information from the media calls that inundated the firm from the beginning. The company recognized that it needed the media to get out as much information to the public as quickly as possible to prevent a panic. Therefore, almost immediately, Johnson & Johnson made a key decision: to open its doors to the media.

On the second day of the crisis, Johnson & Johnson discovered that an earlier statement that no cyanide was used on its premises was wrong. The company didn't hesitate. Its public relations department quickly announced that the earlier information had been false. Even though the reversal embarrassed the company briefly, Johnson & Johnson's openness was hailed and made up for any damage to its credibility.

Early on in the crisis, the company was largely convinced that the poisonings had not occurred at any of its plants. Nonetheless, Johnson & Johnson recalled an entire lot of 93,000 bottles of extra-strength Tylenol associated with the reported murders. In the process, it telegraphed warnings to doctors, hospitals, and distributors, at a cost of half a million dollars. McNeil also suspended all Tylenol advertising to reduce attention to the product.

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By the second day, the company was convinced that the tampering had taken place during the product's Chicago distribution and not in the manufacturing process. Therefore, a total Tylenol recall did not seem obligatory. Chairman Burke himself leaned toward immediately recalling all extra-strength Tylenol capsules, but after consulting with the Federal Bureau of Investigation, he decided not to do so. The FBI was worried that a precipitous recall would encourage copycat poisoning attempts. Nonetheless, five days later, when a copycat strychnine poisoning occurred in California, Johnson & Johnson did recall all extra-strength Tylenol capsules—31 million bottles—at a cost of more than \$100 million.

Although the company knew it had done nothing wrong, Johnson & Johnson resisted the temptation to disclaim any possible connection between its product and the murders. Rather, while moving quickly to trace the lot numbers of the poisoned packages, it also posted a \$100,000 reward for the killer. Through advertisements promising to exchange capsules for tablets, through thousands of letters to the trade, and through statements to the media, the company hoped to put the incident into proper perspective.

At the same time, Johnson & Johnson commissioned a nationwide opinion survey to assess the consumer implications of the Tylenol poisonings. The good news was that 87 percent of Tylenol users surveyed said they realized that the maker of Tylenol was not responsible for the deaths. The bad news was that 61 percent still said they were not likely to buy extra-strength Tylenol capsules in the future. In other words, even though most consumers knew the deaths weren't Tylenol's fault, they still feared using the product.

But Chairman Burke and Johnson & Johnson weren't about to knuckle under to the deranged saboteur or saboteurs who had poisoned their product. Despite predictions of the imminent demise of extra-strength Tylenol, Johnson & Johnson decided to relaunch the product in a new triple-safety-sealed, tamper-resistant package (Figure 1-2). Many on Wall Street and in the marketing community were stunned by Johnson & Johnson's bold decision.

So confident was Johnson & Johnson's management that it launched an all-out media blitz to make sure that people understood its commitment. Chairman Burke appeared on the widely watched Phil Donahue network television program and skillfully handled one hour of intense public questioning.

Johnson & Johnson invited the investigative news program *60 Minutes*—the scourge of corporate America—to film its executive strategy sessions to prepare for the new launch. When the program was aired, reporter Mike Wallace concluded that although Wall Street had been ready at first to write off the company, it was now "hedging its bets because of Johnson & Johnson's stunning campaign of facts, money, the media, and truth."

Finally, on November 11, 1982, less than two months after the murders, Johnson & Johnson's management held an elaborate video press conference in New York City, beamed to additional locations around the country, to introduce the new extra-strength Tylenol package. Said the chairman to the media:

"It is our job at Johnson & Johnson to ensure the survival of Tylenol, and we are pledged to do this. While we consider this crime an assault on society, we are nevertheless ready to fulfill our responsibility, which includes paying the price of this heinous crime. But I urge you not to make Tylenol the scapegoat."

In the days and months that followed Burke's news conference, it became clear that Tylenol would not become a scapegoat. In fact, by the beginning of 1983, Tylenol had recaptured an astounding 95 percent of its prior market share. Morale at

**Figure 1-2** The triple-safety-sealed, tamper-resistant package for Tylenol capsules had (1) glued flaps on the outer box, (2) a tight plastic neck seal, and (3) a strong inner foil seal over the mouth of the bottle. A bright yellow label on the bottle was imprinted with a red warning: "Do not use if safety seals are broken." As it turned out, all these precautions didn't work.



the company, according to its chairman, was "higher than in years". The euphoria lasted until February of 1986, when, unbelievably, tragedy struck again.

## Round II

Late in the evening of February 10, 1986, news reports began to circulate that a woman had died in Yonkers, New York, after taking poisoned capsules of extra-strength Tylenol.

The nightmare for Johnson & Johnson began anew.

Once again, the company sprang into action. Chairman Burke addressed reporters at a news conference a day after the incident. A phone survey found that the public didn't blame the company. However, with the discovery of other poisoned Tylenol capsules two days later, the nightmare intensified. The company recorded 15,000 toll-free calls at its Tylenol hotline. Once again, production of Tylenol capsules was halted. "I'm heartsick," Burke told the press. "We didn't believe it could happen again, and nobody else did either."

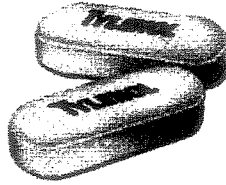
This time, although Tylenol earned some 13 percent of the company's net profits, the firm decided once and for all to cease production of its over-the-counter medications in capsule form. It offered to replace all unused Tylenol capsules with new Tylenol caplets, a solid form of medication that was less tamper-prone (Figure 1-3). This time the withdrawal of its capsules cost Johnson & Johnson upward of \$150 million after taxes.

Once again, in the face of tragedy, the company and its chairman received high marks. As President Reagan said at a White House reception two weeks after the crisis hit, "Jim Burke of Johnson & Johnson, you have our deepest appreciation for living up to the highest ideals of corporate responsibility and grace under pressure."

Figure 1-3 A special message.

*A special message from the makers of TYLENOL products.*

**If you have  
TYLENOL capsules,  
we'll replace them  
with  
TYLENOL caplets.  
And we'll do it at our expense.**



As you know, there has been a tragic event. A small number of Extra-Strength TYLENOL Capsules in one isolated area in New York have been criminally tampered with.

This was an outrageous act which damages all of us.

Both federal and local authorities have established that it was only capsules that were tampered with.

In order to prevent any further capsule tampering, we have removed all our capsules from your retailers' shelves. This includes Regular and Extra-Strength TYLENOL capsules, CO-TYLENOL capsules, Maximum-Strength TYLENOL Sinus Medication capsules, Extra-Strength SINE-AID capsules, and DIMENSYN Menstrual Relief capsules.

And Johnson & Johnson's McNeil Consumer Products Company has decided to cease the manufacture, sale, and distribution of all capsule forms of over-the-counter medicines.

If you're a regular capsule user, you may be wondering what to use instead. That's why we'd like you to try TYLENOL caplets.

The caplet is a solid form of TYLENOL pain reliever, which research has proven is the form most preferred by consumers. Unlike tablets, it is specially shaped and coated for easy, comfortable swallowing.

And the caplet delivers a full extra-strength dose quickly and effectively.

So, if you have any TYLENOL Capsules in your home, do one of the following:

1. Return the bottles with the unused portion to us, together with your name and address on the form below. And we'll replace your TYLENOL capsules with TYLENOL Caplets (or tablets, if you prefer). We'll also refund your postage. Or...

2. If you prefer, you can receive a cash refund for the unused capsules by sending the bottle to us along with a letter requesting the refund.

We are taking this step because, for the past 25 years, over 100 million Americans have made TYLENOL products a trusted part of their health care.

We're continuing to do everything we can to keep your trust.

Send to:
TYLENOL Capsule Exchange
P.O. Box 2000
Maple Plain, MN 55340
Please send my coupon for free replacement caplets or tablets to:
Name _____
Address _____
City _____
State _____
Offer expires May 4, 1976

*(Courtesy of Johnson & Johnson)*