Case 17: Daimler-Benz AG: The A-Class and the “Moose-Test”

News from Sweden Shock the World of Carmakers

It was a nice October day in the year 1997, the world of carmakers was celebrating Daimler-Benz’s new high-end luxury limousine “Mercedes-Benz Maybach” at the Tokyo Motor Show, when suddenly the news about the “Moose-Test” fell like a bombshell.

With the so-called swerve to avoid hitting elks (“Moose-Test”), the Swedish car tester Robert Collin had destroyed the reputation of Mercedes’ A-Class, the “safest” car in the subcompact class.

The test report from Sweden and Collin’s harsh judgment—“the introduction of the A-Class should be stopped,”—hit the Daimler-Benz group at its most sensitive spot. From that point on, the Daimler-Benz group and especially its car division Mercedes-Benz were faced with major problems for the next few months.

The Daimler-Benz Group

In 1997, Daimler-Benz AG was the largest industrial group in Germany, revenues of DM124 billion and an operating profit of DM 4.3 billion. The Group had about 41,000 employees in Germany and 82,000 in the rest of the world. The Daimler-Benz AG operated in four business segments:

- Automotive: Mercedes-Benz (passenger cars and commercial vehicles)
- Aerospace: Daimler-Benz Aerospace (partner in the European Airbus consortium)
- Services: Devis (financial services supporting Daimler-Benz products, mainly Mercedes-Benz) information technology telecommunications and media services
- Directly managed business: rail systems, automotive electronics and diesel engines

In 1998, Daimler-Benz merged with the American carmaker Chrysler to form DaimlerChrysler AG. This titanic company has a value of $40 billion, $130 billion in sales and more than 400,000 employees.

Daimler-Benz’s Strategic Priorities and Opportunities:

- Generate returns in every business unit demanded by international standards
- Achieve a leading position in every market it serves
- Seek opportunities to expand its presence in foreign markets with an emphasis on Asia
- Grow business in which it has technological and managerial expertise

Mercedes-Benz

Mercedes-Benz had its beginnings in 1886: Karl Benz received a patent for the world’s first motor vehicle. In 1901, Daimler obtained the rights to use the name Mercedes. In 1926, Benz and Daimler merged. Today, Daimler-Benz’s automotive segment, Mercedes-Benz, contributed about 71 percent of the group’s revenues in 1997. Mercedes-Benz has dealerships in more than 170 countries, with over 350 dealerships in North America. The name Mercedes-Benz has become synonymous with fine craftsmanship and luxury, and reflects a tradition of exceptional engineering, performance, service, and safety. The prices of the manufactured cars range from $20,000 to $130,000. The Passenger Car Division in the Automotive segment contributed DM 53 billion, 43 percent of the Group’s total revenue in 1997. (See Exhibit 1 for percentage of sales for the different models.)

Market, Sales, and Competition

The most important car markets for Mercedes-Benz include Germany, the rest of the EU, the United States and Japan. In 1997, 39 percent of its cars were sold in Germany, 25 percent in the EU (excluding Germany), 17 percent in the United States and 6 percent in Japan.

Revenues and unit sales increased to a new record high levels in 1997. The most significant rise was in the United States with unit sales increased by 41 percent, due to the successful introduction of the M-Class and several other new models.
Two major competitors in Western Europe are Audi and BMW, and other competitors are Jaguar, Lexus, Porsche, Rolls Royce, Saab, and Volvo.

**THE NEW BABY BENZ**

**Background - Small Car Segment**

Mercedes started its small car invasion in the early 1980s by introducing the W201 series (190E). The result was very successful, that the 190E became its best seller. In fact, the European and Asian automobile market structure is changing. Bigger cars are no longer selling well, while the market bias is toward smaller cars. Therefore, in the fall of 1997, Mercedes stepped deeper into the small car segment by launching the new A-Class, a car that is set to compete with Volkswagen Golf. The A-Class is an evidence of the new look Daimler-Benz—a youthful, dynamic, productive, and innovative company.

Mercedes’ A-Class was launched in October 1997, the plaudits followed thick and fast. It is a revolutionary car in Mercedes history with breaking new ground in size and safety. In Britain alone, 30,000 motorists had registered interest in buying the car before it was launched.

Mercedes has invested $1.5 billion in A-Class project. The result is a car that blurs the line between small hatchbacks and minivans. The advanced-design of the A-Class establishes a completely new vehicle segment offering exceptional versatility and spaciousness that distinguish the A-Class from other cars of its size.

**Design — The New Baby Benz**

**Appearance.** The A-Class applies the most radical concept: A tall body, near-zero overhangs, and sandwich structure chassis (see Exhibit 2). The structure is called sandwich because the horizontal-oriented engine is placed above the floorpan but under the cabin. As a result, the cabin is raised, and so is the roof. Its short front end extends straight toward the windshield. Besides, the clever design makes it look pretty in any direction. This style is most appealing to young people. The advantages and disadvantages of the A-Class design are as follows. (See Exhibit 3 for a comparison with the competitors.)

**Advantages.**

**Safety:** The A-Class provides exceptional crash protection. Under crash, the engine will be pushed under the cabin instead of pushed toward the driver’s legs, as conventional cars. Therefore A-Class will pass any foreseeable crash test in the future.
**Case 17: Daimler–Benz AG: The A-Class and the “Moose-Test”**

*Disadvantages.*

**Height:** Although inside the cabin is nearly as spacious as the C-Class, the roof is not as high as the appearance suggests because the floor is raised, too. When it comes to road, the sandwich structure finally finds its disadvantage — excessive height leads to excessive body roll.4

**Inside Decoration:** Equipment is OK, but the trim level is disappointing. No wood, no leather in this baby Mercedes. The plastic dashboard and central console looks exactly plastic. The thick C pillar kills the airy scenery and rear 3 quarters vision. This cabin is very unfamiliar, with nothing suggesting it is a Mercedes.

**Space:** In view of the disappearance of the front engine compartment, it made the car more compact than any other cars but simultaneously offers class-leading cabin space (actually runs close to C-Class).

**Weight:** Due to the inherent advantage in crash-protection, no additional crash structure is needed; thus, a lot of weight is saved. Weight saving may benefit performance if the A-Class has a proper engine, but instead, Mercedes selected two tiny engines in order to enjoy lower cost and better fuel consumption.

**Engine:** Mercedes selected two tiny engines and luckily, the engines run smoothly and have a great performance of accelerating from 0 to 60 miles per hour in 9.6 sec.3

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**EXHIBIT 2**

**DIMENSIONS OF THE A-CLASS (IN MM)**

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1For instance, a 1.8 liters 16 valves unit.

21.4 liters 82 hp and 1.6 liters 102 hp.

3Combined with the slick-changing 5 speed manual box or an optional 5 speed clutchless manual.

4Particularly in “Elegance” setup, the soft springs deals badly with fast corner, and the steering lack of feedback.
Selling Points
To distinguish itself from other cheap hatchbacks, Mercedes’ A-Class emphasizes its superior build quality and safety for which it is famous. And currently, it charges a higher price than the cars in the same car segment. On the other hand, it should not be much more expensive than its competitors because a survey found customers are not willing to pay any more than 10 percent for Mercedes’ quality over other cars. If Mercedes-Benz were another manufacturer, it would have chosen a compromise solution and made a car with slightly better quality and slightly higher price. Obviously that will not do good to the company’s image, because it has the reputation of making the best cars in the world, not the best compromise.

International Markets
The small-on-the-outside, big-on-the-inside A-Class represents Mercedes’ first effort in penetrating the small car market in Britain, continental Europe, Japan and the rest of East Asia, where roads are narrow, gasoline is expensive, and parking spaces are at a premium. The A-Class has been sufficiently innovative to create an entirely new market of its own.

The A-Class went on sale in Belgium in September 1997, and began selling to Britain in early 1998, to Hong Kong and Singapore in March 1998, to Japan in May, 1998, to Australia in October, 1998, and to Taiwan in December 1998. A limited edition of the A-Class, with incorporating luxury extras such as leather upholstery and a full-length electrically-operated louvre roof, are produced for the Asian market.

In addition to current production of 200,000 A-Class cars a year at its Rastatt plant near Stuttgart, Germany, A-Class is also built in Brazil where it has around 60 percent local content. No prices have been quoted for the South American model because it may be too expensive to take a significant portion of the market.

The “MOOSE-TEST”
What Happened in Sweden
What happened on October 22, 1997, in Sweden? The car tester and deputy editor in chief of the Swedish magazine Teknikens Vaerld (World of Technique) Robert Collin, was the key figure in the whole scenario. “The Moose-Test simulates a not unusual situation,” explains Collin. A person or an elk suddenly runs onto the road, the driver has to get out of the way on the left lane, and quickly has to change to the right lane again after driving around the obstacle.

Exhibit 3
Best Competitors: Mercedes A 160 vs. Volkswagen Golf vs. Renault Scenic

The A-Class represents radical idea, Golf represents old tradition while Scenic is something between them — new idea implemented by traditional method.

The Volkswagen Golf is the best selling car in Europe since its introduction in the 70’s. The latest, fourth generation still follows the old rules strictly, but build quality has been improved so much that even the Baby-Mercedes seems inferior. To offer the same performance as an A-Class (A 160), the Golf needs at least a 1.8 litters multi-valve. Of course, it is much thirstier than an A 160. Mercedes engine is marginally sweeter and quieter, mates perfectly with the transmission. The Golf wins back convincingly in handling, not because it is remarkable, but mainly because the A-Class is too tall. In the cabin, the A-Class has more room and offers a MPV-like versatile layout, but the material used and the assembly quality are inferior. For styling, the A 160 must attract the first sight while the Golf IV is hardly distinguish from the Golf III.

For comparison, Volkswagen’s Golf has a longer wheelbase (2475mm), less width (1690mm) but a lot longer length (4020mm). Although the A-Class has shorter wheelbase, its rear seats are actually placed several inches back because the raised cabin is less obstructed by the wheel arcs. By some mathematical calculation, both cars have similar cabin space, but the weight saving sandwich structure of the Baby-Mercedes enables an unbelievable weight of only 1020kg (A 160), while Golf IV will probably weigh at 1150kg.

The Renault Scenic is based on the ordinary Megane platform. Taller body provides roomier interior than both rivals while removable seats enable the most versatile layout. It drives like an ordinary car, that means handling is close to the Golf. However, being a cheaper car, it does not provides the build quality of the German cars. Old engines lack top-end punch while refinement is so-so.

As a result, the Scenic wins in practicality and price, the Golf is the quality choice while the A-Class is the funniest.
With five persons in the car and an additional weight of 75 kilograms in the hollow of the spare wheel, only a few kilograms were missing up to the allowable overall weight of 1480 kilograms. The speedometer showed approximately 62 km/h when, at first, the right front wheel rim scratched on the asphalt, followed by the right back rim, and finally the car capsized. All five people suffered from contusions and cuts and complained about neck- and backaches. Fortunately, all testers had worn helmets! (See Exhibit 4.)

“98% of all cars,” said Collin, “pass this test without problems. Within the last ten years during hundreds of test for our magazine, something like that has never ever happened to me before”6— and then came the A-Class.

Results of the Moose-Test

The test report from Sweden hit the Daimler-Benz group at its most sensitive spot: the safety of its cars was one of the most important sales arguments. With its A-Class, Mercedes wanted to demonstrate that a compact-size car can be as secure as a middle-of-the-market car. And it seemed to be proven: at internal and external rear-end collision crash tests, the A-Class showed an unequal safety for its class.7

Possible Reasons for the Capsizing

The key issue in rollover stability is the relationship between the height of a vehicle’s center of gravity (CG) and the width of its track. The CG is the point in the car at which its weight is in balance, front to rear, side to side, and top to bottom. The A-Class has an extreme tall profile and high CG, which dramatically increases the instability of the car in severe cornering.

Another contributing factor is the car’s stiff trailing-arm rear suspension. This construction was used in order to save space, but the result was less predictability and much faster breakaway at the outer limits of tire adhesion than with a conventional setup.

REACTIONS

No one could have expected that the latest Mercedes model would have difficulties making the grade when it came to the question of safety. Hundreds of cars had passed the Moose-Test, and now one of the leading car manufacturers in quality and safety, Mercedes-Benz, had its latest model fail it. The world was stunned, beginning with the company itself, its competitors, customers, and the media.

Initial Reactions of Daimler-Benz AG

Mercedes-Benz’s initial reaction was that of a successful and celebrated company: total ignorance and arrogance. As one official publicly stated before the media: “We do not consider it necessary to reply officially on this matter, just because somewhere in the world a car was rolled over.”8 While stubbornly defending the safety of the A-Class, Mercedes officials publicly ridiculed the Swedish journalist, Robert Collin, who drove the ill-fated car that rolled over during testing, while considering legal action against him. They also promoted the notion that the A-Class was the victim of an extreme maneuver performed under exotic conditions, as suggested by Moose-Test. The test was blamed to be unrealistic and not representative for everyday driving. Mercedes summed up the allegations by pronouncing a sarcastic statement, “You can tip any car in the world if you really want to.”9

In continuing with their disbelief, the company officially announced that the A-Class was “absolutely secure” and started to blame its wheel producer, Goodyear, for the car’s apparent failure. According to Mercedes, the roll-overs occurred only with models equipped with Goodyear’s GT2. As a result, the com-

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6“Afraid of Capsizing,” Translation from German News Magazine Der Spiegel (October 27, 1997).
7“Afraid of Capsizing,” Translation from German News Magazine Der Spiegel (October 27, 1997).
pany suspended Goodyear as supplier for the A-Class, and offered owners of Goodyear-fitted A-Class models the opportunity to have their tires exchanged. Clearly, Mercedes was unable to admit its own failures in the production and engineering of the A-Class. By resorting to such tactics, Mercedes counteracted to save its reputation, and brought about a strong disapproval reaction from the media and consumers alike. Statements as, “We want to finish the discussion about the A-Class now and forever,” had been made even before any discussions and explanations were provided. Its initial reaction added considerably to the public disapproval and negative attitude toward the German giant.

Reactions of the Media

A negative and uniform reaction from worldwide media followed the announcement by the Swedish car magazine on the disappointing Moose-Test results of the A-Class. German journalists were less schadenfroh (gloating) than their foreign colleagues. No good journalist could possibly miss out on the opportunity to belittle a strong and glamorous company like Mercedes-Benz. It was perfect chance to demonstrate that even the best and most powerful can be stopped in its tracks by an unexpected roadblock, such as a lovely creature of the Swedish forest. From being celebrated as a brilliant innovation, the A-Class has become every European car magazine’s favorite car to flip over. Anyone who has witnessed Mercedes’ breathtaking arrogance over the years would have had considerable difficulty restraining themselves from laughter, while sympathizing with the Stuttgart company’s misfortunes. As for Mercedes, the only market share that it gained in the short run was on the market for jokes that kept Europe laughing for a while: “How do you park an A-Class Mercedes?” Answer: “Just drive alongside a space and fall into it.” And when word got out that an old Trabi— the rumpled rattletrap of former East Germany— had passed the Moose-Test safely, Munich’s Sueddeutsche Zeitung laughingly called it “Trabi’s revenge.”

The Media in Germany

The German media seemed to be almost as shocked by the sobering outcome of the Moose-Test as Mercedes-Benz itself. As if they did not believe it either, German journalists undertook the task of convincing themselves of the validity of the test by conducting tests of their own. When all the facts had been confirmed, they began demanding answers from the company they had so long supported for being one of the top car manufacturers in the world. Nonetheless, when Mercedes pronounced itself “not guilty,” the pressure from the German press increased rapidly. True to their reputation, the journalists went on an investigation to uncover the specific reasons for the failure of the A-Class. When the results were in, they did not hesitate to tell the people, and Mercedes, that there were problems that should be seriously addressed. In the meantime, the car manufacturer became the leading target of show-masters, magazines, and newspapers that all enjoyed a good laugh at the expense of Mercedes.

Besides poking fun at the company, journalists increasingly criticized Mercedes’ reluctance in assuming responsibility for bringing into the market an insecure product. Evidence pointed out that initial tests had demonstrated concerning substandard test results. In the spring of 1997, six months before the car was launched, a test-drive effectuated by a member of the Daimler-Benz management team revealed that there was a need to further improve the design of the car. Among the journalists, there was a strong feeling of resentment toward the company that had ignored previous test results and knowingly brought an insecure car on the market. This strong criticism had a profound effect on Mercedes management, which had most often benefited from a positive support by the German press. It might have been this at-home pressure, combined with the criticisms coming from all over the world, that led to a change of the company’s strategy.

Besides making friendly jokes, it is evident that the German press tried to simply find the specific reasons for the unfortunate failure of the A-Class by stressing the absolute need for more testing so that a clear vision of the car and its defects would be found. This reaction seems obvious, since Mercedes-Benz is a German company and a symbol of the German society’s commitment to the highest standards of quality and safety in the manufacturing of cars.

The International Press

The international press focused their comments on the idea that the German giant was injured. It appeared as
tho the moment had come for M ercedes to pay for its continuous show of self-assurance, which led it to believe that it could do no wrong. M ost of the articles questioned the impact that this public image disaster would have on the Mercedes brand. Nonetheless, no specific responses were offered by the journalists. H esitation could be sensed in the careful words that the press chose when pronouncing a verdict on the A Class. This could be read as a testimony to the substantial clout that the German manufacture carries around the world. A s it turns out, M ercedes might benefit from some anti-press backlash. To make its test car tip up two wheels for photos, one magazine mixed one 16-inch wheel from the upscale A vantegarde package with the standard 15-inch wheels. D ue to this, and other revelations of rigged tests that were conducted by the investigative reporters, sympathy for the carmaker emerged.

O ther foreign newspapers decided to show a dual face. La Libération (Paris) wrote: “Not the cars are dangerous, but the people that drive them. A car without a driver has never ever killed somebody so far. A BS (anti-lock braking system), ESP (E lectrical Stability Pro- gram), A SR (acceleration skid control) or airbags will not stop the misleading picture of the inviolable face behind the steering wheel. Would it not be more appropriate to remind every driver of the commandment of common sense in the Highway Code that says that every driver has to control the speed of his car?”

E ven the Financial Times in London mentioned that the brand name of M ercedes would suffer some loss of reputation: “The name M ercedes personifies comfort, safety and quality of the G erman engineering skills. This new car betrays these values, and this could have an effect on the other M ercedes models.” It still was sure that M ercedes would recover.

A s can be seen, there was no clear consensus as to the verdict on the A -Class fiasco. O nly on one topic could the international press come to an agreement: The A-Class failed the M oose-Test, and this was a good opportunity to mock its creator—in either a friendly or a hurting way. A s for the impact that all of the negative reaction would have on M ercedes and the sales of the A-Class, most of them tried to walk the median line.

D AIMLER - BENZ’S FINAL REACTION

Daimler-Benz deserves little praise for its first efforts to save the M ercedes A-Class. The company’s initial response to the crisis was anything but a textbook exercise. O nly when the vehicle’s poor stability had been confirmed by several other sources, including its maker, were apologies offered. “That the A-Class has shown a weakness in extreme test situations is something nobody regrets more than we do,” comments Jürgen Schrempp, chairman of the board of Daimler-Benz AG. His following reactions were immediate. Schrempp ordered a task of 200 of Daimler-Benz’s most brilliant engineers to assemble the M ercedes production plant and to find a solution. Batteries of new tests were conducted in Germany and in Spain, and their results were relayed to Stuttgart by computer. E ngineers designed needed modifications; suppliers were consulted for possible delivery times, and only nineteen days after the Baby-Benz fell, Schrempp announced the company’s new plan and timetable.

Daimler-Benz recalled cars from the market and suspended delivery until February 1998 to make the necessary changes. The company offered a trade-in option to about 2,600 European customers who had bought the A-Class before the conducted tests proved that it had a tipping problem. They were given the choice between having their own vehicle retooled to prevent the tipping or trading it for an improved model—all without any extra payments. For the time the car was retooled, the company offered its owner the free use of another M ercedes car. The other 100,000 customers who had already ordered the car in advance were given the improved model at the original price.

Production was stopped for more than twelve weeks at a cost of more than $150 million while the car went through the redesign. First, the chassis was altered. The springs, dampers, and anti-roll bar became stiffer in order to reduce body roll, and wider but lower-profile tires were used, lowering the center of gravity. The rear back is now wider as well, so that a greater force is needed before the car can flip over. E ven though experts claimed that these changes already would have enabled the A-Class to pass the M oose-Test, Daimler-Benz has taken things even a step further by adding the E lectrical Stability Program (ESP).

The ESP reduces the risks of skidding by applying maximum braking as soon as it detects that the driver has hit the pedal in panic, and thus helps the driver retain control over the car. It also includes the func-

14"Mercedes halts production of unstable A-Class,” Automotive Industries, 177, no. 12 (December 1997), p.32.
tions of the ABS and ASR. The ESP has been standard or optional in the Mercedes S-Class, E-Class and in most of the sports models, but not in the C-Class, the next higher model after the A-Class. Where it is offered as an option, its price is about $900. On the A-Class it was made a standard without an increase in the starting price, which remained stable. Despite the high costs of $100 million per year, the described modifications were made, since these additional expenses were relatively small compared to the $1.5 billion Mercedes had already invested in the A-Class. Furthermore, these investments were essential in order to move the company into another sector of the automobile market, namely the small, mass-producing cars that are bought by women and young drivers.

All the modifications Mercedes made in addition to what was inevitable to pass the Moose-Test lead to what experts all over the world praised to be the safest car in its class. Bild am Sonntag, a major German newspaper, awarded the Baby-Benz the “Golden Steering Wheel” for subcompact cars, an award that is an honor for the automobile industry and at the same time functions as an important decision-making tool for consumers.

THE NEW MARKETING STRATEGY — THE WAY OUT OF THE CRISIS

Daimler-Benz realized that ignorance, arrogance, and refusal of the Moose-Test’s validity would terribly harm its reputation instead of saving it. After several more tests — partly conducted by the manufacturer itself — revealed the instability of the car, the company completely revised its marketing strategy. Instead of behaving as the strong and powerful giant in the car industry which does not need to comply with apparently unrealistic tests, it officially admitted and apologized for its failure. The recall campaign and modification of the A-Class was only the first step in a chain of alterations the company made in its marketing strategies.

Marketing experts advised Mercedes to stop the current advertising campaign, conducted by the agency Springer Jacoby: “We believe in the next generation A-Class”\(^{15}\) and think of a new marketing campaign. Even though Mercedes followed neither this advise nor the suggestion of the German show master Harald Schmidt to change the company’s motto: “Mercedes — a star on all streets” to “Mercedes — a star on all streets as long as they are straight,” other revises were made.

In a surreal development and to the surprise of the worldwide media, Mercedes joined the mockery and started to make fun of itself. Advertisements with the topic “The A-Class and the elk” were published in newspapers and magazines. Mercedes dealers in Germany were provided with stuffed elk toys and bumper stickers that read “Moose-Test tested,” which they gave away to customers and potential buyers. The Moose-Test was made available on the Internet, where a double-click of the mouse turned everything on the computer screen upside down. This unexpected desire for self-caricature seemed to be a mark of confidence that the company had solved the problem and found its way out of the A-Class crisis.

Before the modified Baby-Benz entered the market, Daimler-Benz’s chairman Jürgen Schrempp was one of the people to absolve the Moose-Test in order to assure customers of the safety of the improved car. In addition, Mercedes hired the same drivers who had originally flipped the car over and created an uproar over possible safety problems. And they invited other journalists and experts who had either tipped or flipped it to re-take the test as well. Robert Collin, the Swede who first discovered the Baby-Benz’s instability, was given a private demonstration to ensure that he was convinced that Mercedes had corrected a problem that he had claimed to be obvious. Besides him, Niki Lauda, the former Formula One champion, was called to test the car. The public relations manager at Mercedes-Benz, Singapore, Clara Ang gave two reasons for choosing Niki Lauda as one test person: “First, as a former Formula One champion many times over, Mr. Lauda is an expert in car handling. Second, he is an authority on car safety in Europe.”\(^{16}\) Both drivers as well as the other journalists and experts declared that the new car was clearly different from the old one, and that it had passed the Moose-Test comfortably and without any difficulties.

The New Advertising Campaign

After these tests had been conducted, Mercedes proudly announced on December 10, 1997, that its new A-Class had passed the Moose-Test three days ago without hurting one single imaginary moose. In a one-day advertising blitz, the company published ads saying “A-Class Passes the Moose-Test” in 180 German newspapers and on the country’s biggest television networks. “The fact is, we made a mistake,” Mercedes said in the newspaper advertisement. “But we have fixed it and we have learned our lesson.” The ads showed pictures of the Baby-Benz not


\(^{16}\)Journalists who exposed Baby-Benz’s flaw now endorses it,” (Singapore) (December 27, 1997), p.10.
flipping over and explained the design changes the company contented had improved the car’s stability. Besides that, the ads listed the times and channels on which the test would be replayed in television commercials that same evening and urged readers to turn these channels. The campaign was unusual in both its self-depreciating tone and in its short duration, since the advertisements ran for only one day and were then followed by more conventional advertising in the following months. A spokesman for Mercedes refused to announce how much the company had spent on the new campaign, but said that it had been financed from the original advertising budget laid out for the A-Class.

The newly created advertisements were based on the theme of learning from mistakes. One poster showed the German tennis star Boris Becker suffering a succession of falls and setbacks before winning a championship. He declared: “I have often learned more from my defeats than from my success,” and “Strong is who makes no mistakes.” Boris Becker had had his share of comebacks during his tennis career, and Mercedes obviously hoped that some of his magic and popularity he enjoyed not only in his home country, but all over the world, would also affect the A-Class’s cracked reputation.

So, the million-dollar question now is, has the bad publicity the Baby-Benz initially received been overturned by the modified campaign and the hiring of such popular people as Niki Lauda, Boris Becker and also Robert Collin? Automobile experts concluded that the company had done everything it could in a short time period to salvage the A-Class. According to them, Mercedes had to swiftly and directly address consumer concerns about safety, and the new effort was about as direct as they came.

**IMPLICATIONS OF THE MOOSE-TEST: THE WINNERS AND LOSERS**

Daimler-Benz not only lost about DM300 million of additional costs for the technical modifications of the A-Class in 1997 and 1998, but also dropped their reputation in standing that could cost the company some tens of millions of dollars.

A-Class was the big favorite for the “Car of the year award 1998.” These hopes were also destroyed by the Moose-Test. Instead, Alfa Romeo won this title. Another winner besides Alfa Romeo was the Robert Bosch GmbH, the producer of the EPS system.

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