SCHOOL OF ECONOMICS
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"Sour Milk"
Corporate Branding under Surrogate Boycotts
- the case of Arla Foods in the Muhammad Crisis

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Abstract

Title: *"Sour milk" – Corporate Branding under Surrogate Boycotts – the case of Arla Foods in the Muhammad Crisis*

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Thesis purpose:
The boycott of Arla in the Middle East, stresses a new issue of global corporate brand management. Therefore, the purpose of this study is motivated by the case of Arla and the lack of branding theories which can explain this recent phenomenon.
Due to the lack of brand literature regarding this specific case, we seek to develop an understanding of this very specific issue. By addressing central elements and developments of the crisis, we want to engage in a creative learning experience, which aims to apply, adapt and evaluate known theories related to such crisis. This is done from a corporate branding perspective in order to illustrate the complexities which global brands are facing. The study does not seek to give any definitive or unambiguous answers regarding such specific crisis situation, but rather develop an understanding for how such crisis can come about and stress a conscious approach for addressing and acting under such corporate brand threat. It is the purpose that this should give an insight to the complexity of such abnormal brand situation. Further, it is essential, in the case of Arla, to address the issue of how corporations can or should act in a situation where their perceived image, to a larger extent is evaluated and given meaning to by infighting external stakeholders.
More specifically we intend to develop an understanding of how corporations can act before, up to and under a surrogate boycott and finally how the corporate brand is influenced under such circumstances. Based on four questions, we seek to develop an understanding of this crisis and engage in a learning experience.

How has Arla's corporate brand been influenced under the Muhammad crisis?

How should Arla, from the initiation of this conflict, as a global brand had acted up to the boycott in February 2006?

Evaluate Arla's proposed advertising campaign in the Middle East, and argue whether or not it should be conducted?

With respect to the corporate brand, discuss how Arla should act internationally in order to avoid future similar situations?

Methodology:
To fulfil the purpose we have created a case from which a case study has been conducted. The case and case study centres around Arla Foods and their role in the Muhammad crisis

Theoretical perspective:
Branding, corporate branding, corporate social responsibility, crisis, boycott.

Empirical data:
Document studies have been conducted. All the data used is extracted from public newspapers and Internet websites to find data concerning Arla Foods and the Muhammad crisis in general.

Conclusion:
Surrogate boycotts are highly threatening for corporations in terms of both economical cost and image damage. All corporations are due to our globalized environment and increased stakeholder fragmentation gradually more risking to become victims of surrogate boycotts, which of nature is hard if not impossible to predict and prevent. Corporations are generally recommended to build clear and strong corporate identities, which should be reflected in their most important stakeholders, as this will secure minimum damage on the corporate image.

Even a surrogate boycott situation can have positive effects on corporations, especially in terms of image, as such situation increases the brand involvement and thereby make it possible for corporations to connect with important stakeholders on an emotional level.

Dear Reader

This is a reader manual. By creating a case based on the events of Arla Foods in respect to the recent Muhammad crisis, we have decided to take an alternative approach to our master thesis. Therefore, we believe that this manual is appropriate to get the full picture and most out of this thesis, as the structure is different from traditional master theses.

Our work is divided up into two independent parts. Part one consists of a case with attached appendices. This case is aimed at students and managers interested in corporate branding in complex environments and situations. It is intended to motivate reflections and thereby learnings by encouraging the reader to address the questions presented in the case introduction. In order to secure good reflection and learning outcomes we recommend that the case will either encourage a group discussion or work as an individual examination and learning tool.

Part two, is our academic section, where we introduce and motivate our purpose and present our methodically reasoning and approach and thereby try to make sense of the Muhammad crisis. It shall be seen as a complimenting work to part one, as the purpose is to address the questions in the case, and through discussion and argumentation present our findings and recommendations. In other words, our aim with part two is to address and answer the questions of the case study presented in part one. However, it is essential to stress that there is no such thing as a right answer to this case study, rather, it is about to make sense of the presented events and facts, and through argumentation come to a conclusion.

Finally, as an extra feature, we have created a CD, which is intended as a helping tool for lectures. The CD contains events and facts which occurred in the Muhammad case. It is intended to work as a complimenting tool for presentations and group discussions or independently as a condensed form of learning experience.

We wish you, a pleasant and a worth-while experience time studying our case study and contributions, which is intended to shed insight into the very unique, complex and interesting case of Arla Foods in the Muhammad crisis.

Best regards

Thure Tornbo Baastrup   Jan Bo Rollmann Madsen

Rollmann & Baastrup

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PART ONE
"CASE"

Rollmann & Baastrup

"Sour Milk"
Corporate Branding under Surrogate Boycotts
-Arla Foods in the Muhammad Crisis

Introduction

You have as a brand consultant been hired by Arla Foods to help them with the Muhammad crisis. The date is the 16th of March 2006, and although the Muhammad crisis has been on since the debate started in October 2005, it is at this moment, where the boycott effectively has been maintained for approximately two month and no indications of improvement is to be found, that the board of directors need your expertise. They feel helpless trapped in an unusual situation, which economically is highly expensive and concern about their corporate image is increasing. Hence, your job will be to analyse and explain *How Arla's corporate has brand been influenced under the Muhammad crisis?,* and furthermore *How should Arla, from the initiation of this conflict, as a global brand had acted up to the boycott in February 2006?* In relation to this, Arla Foods communication department has created an ad, which is meant to be published in a few days in the Middle East (See Appendix 1). They want you to look at it before they decide to publish it, in order to make sure that it will be received as intended, why you are expected to analyze possible consequences. In other words *Evaluate Arla Foods proposed advertising campaign in the Middle East, and argue whether or not it should be conducted?* Finally, as Arla Foods are determined not to be a victim in such crisis again, you are asked, *With respect to the corporate brand, to discuss how Arla Foods should act internationally in order to avoid future similar situations?*

Arla Foods

Arla Foods (Arla) was established in 2000 by the merger of the Danish dairy company MD Foods and the Swedish dairy company Arla. Arla produces and distributes milk based products. The organisation is owned by approximately 10.600 co-operative milk producers in Denmark and Sweden, and is today the second largest dairy organisation in Europe. The largest market is Great Britain which accounts for 33 per cent of the total turn over. The second largest market is Sweden where the market represents 22 per cent of the turn over, followed by Denmark with 19 per cent. Arla is further exporting to other markets in Europe, North America, Middle East and China. (See appendix 2).

Thure Tornbo Baastrup and Jan Bo Rollmann Madsen prepared this case for students and managers to get an insight and understanding of how this specific case, which concerns highly abnormal circumstances, in respect to communication, globalisation and cultural fragmentation seen from a branding perspective. The case creates the basis of a group discussions, however, it is besides highly suitable for individual reflection and examinations.

Arla's vision is to become Europe's leading dairy organisation. The goal is to pay the highest possible price to the co-operatives for their milk, and this shall be done by becoming the leading organisation in Europe and thereby improve their bargaining position towards other primary stakeholders. Aside from focusing on the welfare of the co-operatives, it is Arla's intention to satisfy the needs of the consumers by offering inspiring, secure and healthy dairy products. Arla is conscious about the fact, that if they intend to pay the highest price to the co-operatives and become market leader in Europe, they have to put the consumer in focus. Arla's mission statement is: *"…to provide modern consumers with milk-based products that create inspiration, confidence and well-being."*

Arla intent is to create security and wellbeing, which should be done by offering tasty and healthy products. The consumers have to be convinced that Arla through out the whole value chain are concerned with the use of resources, environment, wellbeing of animals and ethics. This is an important part of the image communication and how Arla would like to be perceived by the consumers.

Market environment

Arla is increasingly facing competition on the main markets. As a way to improve Arla's competitive position and protect them from the discount competitors, Arla wants to improve their brands. Especially, they intent to strengthen their global corporate brand, which requires heavy marketing investments in certain selected markets. As part of this brand vision they want *"To become the world leader in value-creation within the dairy sector."* In doing so, this among others involves becoming:

- Northern Europe's preferred dairy group among consumers, customers and milk producers
- Northern Europe's market leader within all types of dairy products with a broad range, strong brands and a high degree of consumer confidence

Finally as part of this vision, Arla want to build a stronger corporate brand in Western Europe. This brand building should be based on an internationalization of Arla's Scandinavian values. They state that in Western Europe, outside Denmark, Sweden and UK, the Arla brand does not have any such meaning.

Further strategic initiatives are made to expand outside the main markets, due to the saturated market conditions. These markets are primarily Northern America, Eastern Europe, Russia and the Middle East. In particular investments to expand and grow are made in the Middle East.

An additional motive for Arla to expand in foreign markets is due to their poor image in primarily the Danish market where they are accused of using their dominating position on the market. Arla are therefore announcing that they intend to grow primarily outside their home markets.

Arla's image has the last few years suffered substantially and two third of the Danish consumers are stated to have a negative perceived image of Arla. Therefore one of the main contemporary initiatives for Arla is to improve its image in Denmark rather than increasing market shares. The report "our responsibility" is clear attempt of this. It among other states that: *"We shall have efficient procedures for handling complaints from consumers and customers with the aim of resolving disputes within a reasonable period of time and in a reliable manner."* and *"We shall provide our customers with adequate and relevant information about our company, our products and our production processes."*
Arla goes further than that and stte that they shall maintain good, respectfull and constructive sommunity relations. They among other want to do this by creating *"...permanent relations with the local community, based on respect, responsibility, dialogue and realistic expectations."*
The bad image of Arla among the Danish consumers, have developed into a situation where consumers increasingly are preferring products from competing dairies as an act of dissatisfaction. In order to create a more positive image, as Arla e.g. is experiencing in Sweden, they want to listen more to the consumers and thereby try to position them selves less dominant.

The Muhammad Crisis

30th September 2005 Danish newspaper Jyllands-Posten posts 12 satirical drawings of the Islamic prophet Muhammad. This was part of a Danish debate, based on writer Kåre Bluitgen's difficulties in finding illustrators to a book on the prophet Muhammad's life. In fear of violence several illustrators refused to contribute to Bluitgen's book. This led Jyllands-Posten to print 12 satirical drawings of the prophet, with their proclamation to maintain the freedom of speech. This resulted in a critical conflict, where Islamic countries and groups protested against the depiction of their prophet, which according to Islamic beliefs is prohibited. The satirical perspective in these drawings naturally intensified such critique. This culminated in a situation, where fundamental norms and values collided between the issues of religion and freedom of speech respectively. . This led to intense debates, demonstrations and even boycotts, bringing "innocent victims" such as companies into the crisis.

Reactions

Based on the Muhammad drawings, Danish Islamic organization "Islamiske Trossamfund" and 12 other Danish Islamic organizations in October 2005 in a statement demanded Jyllands-Posten to withdraw the drawings and further give an official apology to all Muslims. The statement contained three central proclamations, which *"…condemned the provoking and arrogant act, which created bitterness and ethnic insults among Muslims in Denmark and the rest of the world"* It stressed that *"…the newspaper with this action, consciously had trampled on the ethnic and moral values of Islam, with the purpose to flatten and ridicule Muslims feelings, shrines and religious symbols."*, and stated that *"Muslims cannot account for the fact that the limit of freedom of speech suddenly stops at critique of Semitism or Dannebrog* [Danish flag]. *This is perceived as hypocrisy."*

However from a legal perspective, the drawings were not violating any Danish criminal law, why no official attempts to meet the requirements of the Danish Islamic organizations were made by Jyllands-Posten. After increasing debates, demonstrations and even threats to the "Muhammad drawers" life, the Danish prime minister in October actively chooses to enter the debate, by stressing that: *"We live in a free democracy, where an extensive freedom of speech exists, and this freedom of speech also includes the opportunity to stand critically towards religion."*

In a reaction to little Danish attempts to respond to the critique of the Muhammad drawing, 11 Islamic countries with embassies and representation in Denmark, in a protest declaration, request a meeting with Danish prime minister to get his response and distance taking from the Muhammad caricatures and what they call an *"on-going smearing campaign in Danish public circles and media against Islam and Muslims."*
As a respond to this, and with reference to the fact that *"The freedom of speech is the very foundation of the Danish society…and the Danish government has no means of influencing the press."*, the Prime Minister refuses such meeting in a written statement. This decline motivates a delegation of Danish Muslims, primarily imams from "Islamisk Trossamfund" to travel to the Middle East in order to bring attention to the caricatures and discuss this matter with leading officials and religious leaders. Central for this is a 43 page dossier which they bring in order to influence political and religious leaders.

The Islamic Educational Scientific and Cultural Organization (ISESCO) which is part of "The Organization of The Islamic Conference" (OIC) on December 27th threaten to encourage its 51 member-countries to break off all economic and political relations, unless Denmark issues an official apology for "the drawings which has insulted the worlds Muslims."

In January it seemed that the crisis was flagging, when Danish foreign minister Per Stig Møller and general secretary from The Arab League Amr Moussa agreed that the caricatures no longer should be a sticking point

between Denmark and the Arab countries. Nevertheless the crisis takes a critical turn when citizens in Saudi Arabia from 20th of January and onwards are encouraged to boycott all Danish products. These encouragements are spreading via emails and SMS-messages throughout the country. The crisis at this time no longer exists on strictly political level, but flourishes among all spheres of society in both Middle East and the western world, and the consumer boycott starts to take form throughout Saudi Arabia, and soon spreads to Kuwait and other countries around the Middle East. Signs are placed in supermarkets encouraging consumers to avoid Danish products and Danish products are even removed from the shelves. At the same time religious and political leaders in Saudi Arabia are encouraging to boycott all Danish products. On January 27th the Friday prayer is used by several imams throughout the Middle East, to encourage to a boycott of all Danish products.

At this time the boycott, starts to have a clear impact on Danish companies operating in the Middle East, especially after the largest Supermarket chain in Saudi Arabia threatens to bypass Danish products entirely unless an official Danish apology is given.

Due to the increased pressure on Denmark and Danish interest, Jyllands-Posten's editor-in-chief reacts and tries to explain the purpose of the drawing, stressing that no intentions to insult other people were part of this. He deplores unintended to have insulted Muslims. However on the grounds of freedom of speech, he refuses to deplore the fact of bringing the drawings. *"…They were not intended to be offensive, nor were they at variance with Danish law, but they have indisputably offended many Muslims for which we apologize… That this happened was, consequently, unintentional."* A number of Danish Islamic organizations are not satisfied with the apology from Jyllands-Posten. On a press conference held at Islamisk Trossamfund", spokesman for the 27 organizations Ahmed Akkari states that: *"We miss a clear statement, where the newspaper apologize the insult. That they stick to it and not subsequently give an ambiguous statement."*

As a response to this development, the Danish Prime minister states that he personally takes distance from the caricatures, and stresses that the government can not, nor will apologize. *"Personally I have such a respect for people's religious belief, so I myself never would depict Muhammad, Jesus or other religious figures in a way, which can insult other people."* But emphasises that: *"…freedom of speech is inviolable. It is meaningless, that wee give an apology."*

Nevertheless the crisis only seems to intensify, leading to increasing boycott of Danish products and political attention throughout the Middle East. Syria publicly states their shock of the caricatures, which is considered *"a great insult…which is denounced strongly."* More critical is the governmental actions of Bahrain and Egypt, which both actively call for boycott of all Danish products. Early February, boycott of Danish goods is initiated by Omani retail chains, and Islamic retailer Ziyad Brothers suspends business with Arla. The president of Iran, Mahmoud Ahmadinejad, orders to cancel all economic contracts with countries where the media have published the caricatures. During February the crisis develops as several newspapers around the world reprints the cartoons, which led to increasing demonstrations.

Danish Prime Minster Ander Fogh Rasmussen, appears on the Arabic TV-station Al Arabiya, where he explains, to the 50 million viewers, that *"the Danish government condemns every expression and action, which insults people religious feelings."* Despite the belief that such appearance on TV would have calmed the situation, the Friday prayer on February 3rd is used around the Islamic world to condemn Denmark. This leads to stronger demonstrations in the Middle East, where Danish flags, embassies and dummies of Danish politicians are set on fire.

The crisis from Denmark's point of view and the associated boycott is on the other hand not one sided. Buycott campaigns thus are initiated in especially the United States and Germany which is supporting Danish companies. Many western minded consumers are taking distance from the boycott and the aggressive reactions in the Middle East. They express this by consciously buying Danish products, and this could

compensate fore the economical loses Danish companies are facing, and eventually maybe even benefit the Danish economy.

Opinions

The debate and crisis has not only worked on an official and political level. As illustrated earlier the Middle East population has taken a very active position in the crisis. However, the people in western world have also been absorbed by the crisis. In general the population in the western world thought it was a bad idea to bring the drawings in the first place. They however at the same time accept and support the right to bring the drawings, as this is a part of the freedom of speech. (See appendix 3)

The Danish public is divided up into equally large groups when it comes to the justification for bringing the drawings in the first place. However they still agree on several points. First of all a clear majority supports the principles of freedom of speech and the freedom of the press. Additionally a majority find that neither the Danish government nor Jyllands-Posten should apologise. The Danes are especially agreeing with the Danish government, and their unwillingness to apologies for the incidence. (See appendix 3 and 4)

The Danish people think that leading Danish Muslims carries the main responsibility for the crisis, as 58 per cent pointed at the Danish Imams as them with the primary responsibility, whereas 22 percent said that Jyllands-Posten was responsible, only 5 per cent said that the government was responsible and finally said 11 percent that it was the Middle Eastern governments who were responsible.

Arla in the Muhammad crisis

Arla was about the first Danish companies to feel the Arabic boycott, when initiated in February 2006. The boycott began in Saudi Arabia and soon spread to the entire Middle East. In Saudi Arabia – Arla's main market in the Middle East – consumers were urged by media and religious leaders to boycott Danish products and as part of this, pictures of Arla's products were shown and their name mentioned. This was supported by circulating emails and SMS-messages listing all Danish products sold in the Middle East.

Distributors and specific supermarkets took a very active role in the boycott. By either completely removing all Arla's products from the shelves or distinctively marking them as "Danish products" they avoided consumers from buying Arla products or helped them to make an active choice. Additionally many customers simply refused to do business with Arla and cancelled all orders, with reference to the drawings.

The boycott led Arla to make a press release available in the local language on all it markets, where Executive Director Finn Hansen stated that Arla for many years *"…has traded, and enjoyed good relations with consumers in the Middle East. In fact, we have more Muslim than Danish consumers. We respect all religions and wish to express our sympathy and understanding of those who feel wringed by this incident. Obviously, Arla Foods does not support anything that offends people's religion or ethnic background"*. He further added that it was up to the parties involved to find a solution through dialogue.

Soon after Arla decided to insert large ads in Saudi Arabia's leading newspapers. As a press release by the Danish ambassador in Saudi Arabia, was not cited in local media, Arla decided to pay for its publishing. The ad was a straight reprint of the ambassador's statement, without any additional comments. The ad however made it clear that Arla Food had paid for its insertion. Arla's purpose was according to Finn Hansen to avoid further escalations of the boycott. He however added that Arla did not have particularly high expectations for

the ad to succeed this purpose, as he saw a dialogue between the involved parties, as the only thing which could bring an end to the boycott. (See appendix 5)

As the boycott increased and spread throughout the Middle East, Arla soon faced the harsh consequences. In late January all customers in the region had cancelled all their orders with Arla Food, Arla products had been removed from many stores and sales had almost stopped completely in most of the countries.

Arla followed the crisis intensely and via press releases commented on the situation regularly.

After Danish Prime Minister Anders Fogh Rasmussen's statement on January 31st, Arla's Managing Director, Peder Tuborgh commented that he was very satisfied with this and saw a platform for a dialogue. He stated that Arla were *"…waiting to see how the parties involved can resolve the situation."* Arla recognized their role in such process and Peder Tuborgh declared they would *"…make all resources available in order to create a dialogue which can contribute to resolving…*the*… destructive conflict."* He would however not comment on the background for the caricatures and the rightfulness in bringing them.

"Arla is neither a newspaper nor a political party, and we don't wish to take part in a political debate. Equally, we're not responsible for solving the conflict, but we would like to contribute to a dialogue between the parties and urge them to find a solution." With reference to this and the Danish freedom of speech Peder Tuborgh stated that: *"In Denmark we have two core values: one is that you cannot offend other people because of, for instance, their religion or ethnic origin. The other is free speech. I believe that both businesses and people have a responsibility for ensuring a balance between these two values. The one should not exclude the other."*

Despite the boycott in Arabic world, Arla decided to be present on the largest food exhibition in the Middle East – Gulf Food - which began February 19. Regional Director Jan E. Pedersen said that this exhibition *"…will give us the opportunity to explain the situation calmly."* Where Arla normally has used this exhibition to launch new products, although also doing so this time, the main motive was to work on the boycott. Thus during the exhibition, signs at the stand took distance from the caricatures, copies of Jyllands-Posten's apology was handed out and staff was present to meet with the media. Nevertheless Arla did not have high expectation for these initiatives to solve or have an impact on the boycott, as Jan E. Pedersen explained: *"We don't expect our participation in the exhibition to have an impact on the boycott, which is the consumers' choice. But we will have some valuable discussions with our business contacts."*

The Danish population has expressed sympathy for Arla's innocent role in the crisis, and around 50 percent in a poll said that they would support Arla and be conscious about buying more of Arla's products. Arla could thus also report that they had received more support among its Danish stakeholders due to the crisis. In the middle of February 2006 Arla had thus experienced sales progress on their Danish market with more than 15 percent. More importantly Arla could for the first time in several years note a marked improvement on its Danish popularity-barometer.

Running at full scale, the boycott caused Arla a daily loss of DKK 10 million from its Middle East operations. Primo march Arla Food took stock on the boycott and estimated the annual cost to DKK 400 millions. This as an estimation however assumed that products would return to Middle East stores relatively soon, and that Arla before the end of 2006 would have reached 50% of its pre-boycott sales in the Middle East. Despite this Arla looks bright on the future in this region. *"Despite the difficult situation, we believe that Arla has a future in the Middle East… Over 40 years, we have worked hard to build our brands in the Middle East in order to provide our co-operative members with a stable income. As a result, we have an intimate knowledge of the market and we will not give up easily."* Peder Tuborgh

Appendix 1. **Arla Foods has distanced itself from cartoons**

Arla Foods has distanced itself from cartoons

Statement from Arla Foods

Arla Foods believes that it is our duty to convey our opinion about the unfortunate events of recent months. We will also set out our position for the conference for International Support for the Prophet in Bahrain from March 22-23, 2006, to clarify where we stand.
Arla Foods has distanced itself from the Danish newspaper, Jyllands-Posten's actions in publishing caricatures of the Prophet Mohammed. We do not agree with the newspaper's reasons for publication.

On the backdrop of our 40 year history in the Middle East and as an active and integral part of society here, we understand why you feel insulted. Our presence in the region has given us an insight into your culture and values and about Islam. This understanding has, over many years, enabled us to supply high quality products which meet your preferences. Through your confidence in our products, we have succeeded in building up brands such as Lurpak, Puck, The Three Cows and Dano. Therefore, we understand and respect your reactions that have led to a boycott of our products following the Danish newspaper's irresponsible and unfortunate action.

We would also like to take this opportunity to give you some important information about our company. Arla is a Danish-Swedish co-operative which is owned by farmers. Our business in the Middle East has attracted investors and business partners from across the Arab world. Arla employs around 1,000 Muslims in the Arab and Islamic world as well as more than 250 Muslims in Europe. They have all felt insulted by these cartoons. However, Arla's business in the Middle East has been affected not by its own actions, but because of the actions of others.

Esteemed citizens, the years that we have spent in your world have taught us that justice and tolerance are fundamental values in Islam. We wish to co-operate with Islamic organisations to find a solution to the boycott of Arla's products. We would simply ask you to reflect on this in the hope that you will reconsider your attitude to our company.

Now you know more about who we are, about our attitudes and beliefs. We leave the rest to you.

Arla Foods

Source: Arla Foods. *Arla Foods has distanced itself from cartoons.*
http://www.arlafoods.com/appl/HJ/HJ202COM/HJ202D01.NSF/2c8e5576cd3bf4c4c1256d030047be36/ddb7c44e9 ffbbf01c1257137004d4529/$FILE/statement%20in%20advertisement.pdf

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Appendix 2. Distribution of markets

DISTRIBUTION OF MARKETS

Turnover in mill. DKK	01.10.03 30.09.04	30.09.02 30.09.03	01.10.01 29.09.02	02.10.00 30.09.01
Denmark	9.126	9.650	9.353	9.248
Sweden	10.345	10.216	10.281	10.062
Rest of EU-countries	21.632	13.694	12.960	12.396
Rest of Europe	566	885	770	782
The Middle East	2.435	2.628	2.445	2.103
Northen America	1.082	1.030	1.018	928
Middle- and South America	567	707	871	932
Asia	1.170	1.248	1.264	1.225
Africa	625	561	457	430
Rest	61	28	22	27
Total	**47.608**	**40.647**	**39.441**	**38.133**

Source: Arla Foods. *Fordeling på markeder.*
http://www.arlafoods.dk/appl/HJ/HJ201AFD/HJ201D01.NSF/O/484696BA543E1196C1256D8D002CC172

Appendix 3. Opinion polls (Denmark and other countries)

Publics in Western Countries Disapprove of Muhammad Cartoons

But Right to Publish Widely Defended

By Angela Stephens

An analysis of polls on the worldwide uproar over the publication of cartoons satirizing the Prophet Muhammad shows that the prevailing attitude across several Western nations—Norway, Britain, France, the United States and Australia—is that while the media have the right to publish the cartoons, it was not the right choice to do so. In Denmark, where the cartoons were originally published, the public is divided on whether it was the right choice.

The Danish daily newspaper *Jyllands-Posten* in September published 12 cartoons it commissioned from artists who were asked to depict Muhammad as they imagine him, which led to protests worldwide and the deaths of at least 18 people in Afghanistan, Pakistan, Lebanon and Somalia. The cartoons include images of Muhammad wearing a turban in the shape of a bomb with a lit fuse attached, and another of Muhammad greeting suicide bombers in heaven saying, "Stop, Stop! We have run out of virgins!"

Denmark

Danes are divided about whether the cartoons should have been published. At the same time majorities of Danes do agree on many points. On one hand, clear majorities affirm the principles of the freedom of speech and the press, and on the other hand, majorities show understanding of how Muslims could be offended by the cartoons.

Freedom of speech is seen as a higher priority value than religious sentiment. A majority—56 percent—of Danes in the Feb. 3 Epinion poll agreed with the statement "Respect for freedom of speech should be more important than the consideration of religious sentiment." Only 37 percent agreed with the statement "Out of respect for the Muslim faith, the cartoons should not have been published even though this could be considered a limitation on the freedom of speech."

Asked in the Feb. 5 Epinion poll whether the media should restrain itself in the future with regard to publishing religious cartoons or other material that might be deemed offensive to certain groups, a plurality of 49 percent said the media should not be affected by this incident, while 44 percent said the media should restrain itself.

At the same time, Danes have shown understanding of Muslims' feelings. TNS Gallup asked respondents Feb. 12, "Do you understand how Muslims all over the world got offended by the drawings?" A majority—56 percent—said yes, while 41 percent said no.

Epinion also asked Danes in a Jan. 27 poll whether they understand Muslims' reaction to the cartoons. When asked to choose between three statements regarding whether the newspaper should have published the cartoons and whether the respondent understands the reaction from Muslims, 58 percent agreed most with the statement: "*Jyllands-Posten* is allowed to publish the drawings, but I have some understanding of the Muslim reaction." Twenty-two percent agreed with the statement "*Jyllands-Posten* should not have published the drawings," and 20 percent agreed with the statement "It is OK for *Jyllands-Posten* to publish the drawings of Muhammad in the newspaper, and I have no understanding of the Muslim reaction."

A third Danish polling organization, Megafon, asked Danes in polls on Jan. 31 and Feb. 9 to what extent they find it understandable that Muslims feel offended by the cartoons. Fifty-six percent said on Jan. 31 that they find it understandable. On Feb. 9, 60 percent said they find it understandable.

As protests around the world grew and became violent and *Jyllands-Posten* decided to issue a public apology for publishing the cartoons, Danish opinion changed regarding whether the publication should apologize from opposition to a divided view. In its Jan. 27 poll, Epinion found that Danes by a two-to-one margin said the newspaper should not apologize (62% no, 31% yes). On Jan. 30, *Jyllands-Posten* editor Carsten Juste wrote in a message posted on the newspaper's Web site, "In our opinion, the 12 drawings were not intended to be

offensive, nor were they at variance with Danish law, but they have indisputably offended many Muslims, for which we apologize." The following day, Megafon found that half (50%) of Danes agreed that *Jyllands-Posten* "should give an unconditional apology," while 44 percent said it should not.

Danes felt strongly that Prime Minister Anders Fogh Rasmussen should not apologize for the incident (79% no, 18% yes in Epinion's Jan. 27 poll) and two polls indicated Danes felt he has handled the situation well (65% well or very well in Megafon's Feb. 9 poll, 53% well in Epinion's Feb. 3 poll). Yet many disagreed with his decision in October not to meet with ambassadors from predominantly Muslim countries who asked to meet with him about the issue. Asked in Epinion's Feb. 3 poll whether he should have met with the Muslim ambassadors when they proposed that, 78 percent of Danes said yes (18% said no).

A large and growing percentage of Danes see leading Danish Muslims as having the primary responsibility for the conflict. A group of Danish imams traveled to the Middle East in November in an effort to bring international attention to the cartoon issue. Megafon asked Danes Jan. 31 and again Feb. 9 who they felt has primary responsibility for the conflict over the cartoons. A plurality—49 percent—on Jan. 31 said "leading Danish Muslims." That number rose to 58 percent by Feb. 9. On Jan. 31, 28 percent said *Jyllands-Posten* had the primary responsibility, but that number declined to 22 percent on Feb. 9. Only 9 percent said the Danish government on Jan. 31, and even less—5 percent—on Feb. 9. Ten percent on Jan. 31 said "Middle East governments," reaching 11 percent on Feb. 9. (Some observers around the world have accused governments such as Syria and Saudi Arabia of seeking political points with the fundamentalist segment of their population by denouncing the cartoons and Denmark.)

A plurality of Danes have come to feel that their relationship with Muslim countries has been damaged. Danes were asked by Epinion Jan. 27 and again Feb. 3 if they feel the relationship between Denmark and Muslim countries has suffered irreparable damage from the incident. A plurality of those polled on Feb. 3 (46%) said they felt the relationship had been irreparably harmed, up from 25 percent on Jan. 27.
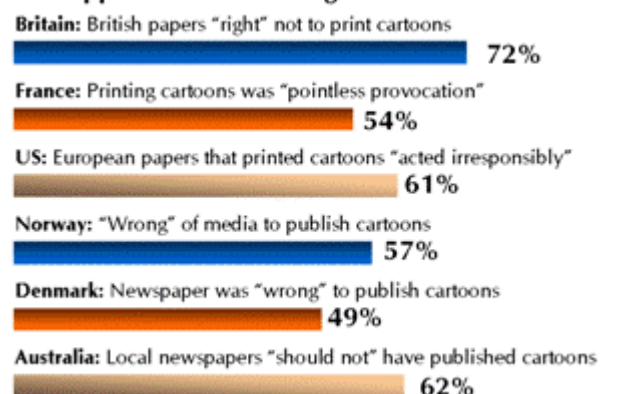
World opinion

Two polls found that a majority of Norwegians say the cartoons should not have been published. The polls also found that Norwegians are concerned that the controversy will damage the relationship between Norwegian Muslims and other Norwegians, and will make things more difficult for Norwegian Muslims. A Feb.6-8 Norsk Respons poll found that 53 percent of Norwegians polled felt that the conflict over the cartoons will damage the relationship between Norwegian Muslims and other Norwegians in the long term, while 38 percent said it will not. The Norwegian polling firm InFact found in its Feb. 7 poll that 71 percent of Norwegians said they believe the events surrounding the controversy would make things more difficult for Norwegian Muslims in the future.

Disapproval of Publishing Muhammad Cartoons

Britain: British papers "right" not to print cartoons — 72%

France: Printing cartoons was "pointless provocation" — 54%

US: European papers that printed cartoons "acted irresponsibly" — 61%

Norway: "Wrong" of media to publish cartoons — 57%

Denmark: Newspaper was "wrong" to publish cartoons — 49%

Australia: Local newspapers "should not" have published cartoons — 62%

Sources: Ipsos-MORI, CSA Group, Gallup, Norskrespons, TNS Gallup, Roy Morgan

The fallout from the cartoons' publication has had an overall negative impact on Norwegians' view of Islam. Asked by InFact how the controversy has affected their attitude toward Islam as a religion, 48 percent of those polled said it has made them more skeptical of Islam, 37 percent said it has had no effect and only 7 percent said they have become less skeptical of Islam because of the controversy. However, a majority of those polled—54 percent—said the controversy did not affect their view of Norwegian Muslims, though 31 percent said it has made them more skeptical.

As noted above, 72 percent of Britons agreed that British newspapers were right in deciding not to publish the cartoons. Also, a Populus poll conducted Feb. 3-5 found that 52 percent of Britons agreed with the statement "The cartoons should be banned from publication because they cause grave offense to Muslims." Two-thirds (67 percent) agreed with the statement "Newspapers have the right in principle to publish the cartoons, but should not do so out of respect for the Muslim community."

At the same time, most Britons take a benign view of the newspapers' intentions. In a Feb. 9-10 Ipsos MORI poll, 55 percent said that publishing the cartoons was not "a deliberate attempt to provoke outrage."

When polls have included questions that present the right of free speech as a value but do not invoke a counter-value, the principle of free speech is endorsed. In a Feb. 9-10 YouGov poll, 56 percent agreed with the statement "It was right that they were published, in the interests of freedom of speech," while 29 percent agreed with the statement "They should never have been published." Similarly, in the Populus poll, two-thirds (65 percent) agreed with the statement "Muslims should accept the principle of freedom of speech, which means that newspapers must be free to publish cartoons if they choose."

A majority of Britons said these demonstrations made them angry, overwhelmingly rejected the statements and favored taking legal action against those inciting violence. An overwhelming 93 percent of Britons in the Ipsos MORI poll disagreed with the statement "Demonstrators carrying placards calling for beheading and other acts of violence were justified." Eighty percent of those polled by Ipsos MORI said the police should have arrested demonstrators promoting acts of violence, and 87 percent said that demonstrators urging killing should be prosecuted. In the Feb. 9-10 YouGov poll, 58 percent said that the sight of the protestors made them angry and 76 percent agreed that "The protesters should have been arrested at the time by the police for incitement to violence." Just 18 percent agreed with the statement "The police were right to adopt a 'softly-softly' approach."

The Muslim protests around the world were also seen as an overreaction. The YouGov poll found 86 percent saying that in many cases, the worldwide protests "were a gross overreaction." Only 7 percent agreed with the statement "It was understandable that Muslims protested as they did after their religion was insulted."

France has the largest Muslim population in Europe—nearly one-tenth of its population of 60 million. As noted above, 54 percent of those polled by France's CSA polling organization on Feb. 8 said that publishing the cartoons was a "pointless provocation." A majority of French also said they would not approve of making jokes about Islam, as well as Christianity or Judaism. CSA found two-thirds (65 percent) of those polled said it would be a bad thing to joke about Islam. Sixty-three percent said the same thing for Judaism and 60 percent for Christianity.

At the same time, most French said they do not understand Muslims' feelings about the controversy. Asked by CSA whether they understand the indignation some Muslims feel about the cartoons, a majority—53 percent—said they do not (35 percent not at all, 18 percent not much), while 36 percent said they understand to some degree (22 percent somewhat, 14 percent completely). A large majority also found the violent reaction of Muslims disturbing. CSA found 78 percent saying that they found the violent responses to the cartoons' publication disturbing (31 percent very, 47 percent somewhat), while only 19 percent were not very disturbed by them (15 percent slightly disturbing, 4 percent hardly at all).

Most Americans (61%) polled by Gallup Feb. 9-12 said European newspapers that printed the cartoons acted irresponsibly. At the same time, when asked to assign responsibility for the controversy, many more cite Muslims' intolerance of different viewpoints than Western disrespect of Islam. In the same Gallup poll, 61 percent attributed the controversy to "Muslims' intolerance of different viewpoints," while 21 percent say it was mostly due to "Western nations' lack of respect for Islam."

Most also feel that the U.S. media has an obligation to show controversial information even if it risks offending religious sensibilities. Gallup found 57 percent agreeing with the statement "The U.S. news media have an obligation to show controversial items that are newsworthy even if they may offend the religious views of some people." A third of respondents (33%) say the U.S. news media have an obligation to avoid offending people's religious views, even if that prevents them from showing controversial items that are newsworthy.

Source: World Public Opinion
www.worldpublicopinion.org/pipa/articles/home_page/171.php?nid=&id=&pnt=171&lb=hmpg2

Appendix 4. Opinion polls (Denmark)

Table 1: Jylland-Posten published, in the autumn, the drawings of the prophet Muhammad in the newspaper. The drawings have since been criticised and discussed in several Muslim Countries. Do you think that Jyllands Posten should make an apology to the Muslim countries and to those living in Denmark, as a consequence of publishing the drawings?

	Percentage
Yes	31%
No	62%
Do not know	7%
Total	100% (579 respondents)

Table 2: several Muslim countries have criticised the Danish Government, by them not taking distance from the drawings published by Jyllands-Posten. Should the Prime Minister, according to you, make an apology on behalf of Denmark to the Muslim countries and those living in Denmark?

	Percentage
Yes	18%
No	79%
Do not know	3%
Total	100% (579 respondents)

Table 3: Why should the Prime Minister apology?

	Percentage
Because Danish industry is suffering	21%
Because many Muslims feel degraded	32%
Because it damages the perception of Denmark in the Muslim countries	26%
Because of increased terror threat	19%
Other reasons	2%
Total	100% (132 respondents)

Table 4: Which of the following statements do you primarily agree with?

	Percentage
It is acceptable for Jyllands-Posten to publish the drawings of Muhammad, and I do not understand the critique of the Muslims	20%
Jyllands-Posten has the right to publish the drawings of Muhammad, however, I understand the critique of the Muslims	58%
Jyllands-Posten should not have published the drawings in the newspaper	22%
Total	100 (577 respondents)

Table 6: As a result of the drawings of Muhammad, Danish goods have been listed on the boycott list of Saudi Arabia. How should the prime minister act in respect to this?

	Percentage
The Prime Minister should, due to export interest apologies to the Muslim world	8%
The Prime Minister should try to explain the Danish interest, by example having a meeting with the ambassadors of the Muslim countries	44%
The Prime Minister should not apologies to the Muslim countries, as this would be a wrongful political intervention of the principle of freedom of speech.	48%
Total	100% (577 respondents)

Source: DR. *Epinion: Ingen skal undskylde Muhammed tegninger*
http://www.dr.dk/Nyheder/Indland/2006/01/28/062331.htm

Appendix 5. **Statement of the Danish embassy, which Arla Foods publishes in the Middle East**

THE DANISH GOVERNMENT RESPECTS ISLAM

Ambassador Hans Klingenberg, Ambassador of Denmark to the Kingdom of Saudi Arabia, announces that the Danish Prime Minister, Mr. Anders Fogh Rasmussen, in a televised speech on the occasion of the New Year condemned any expression, action or indication that attempts to demonise groups of people on basis of their religion or ethnic background.

These comments were a reaction to a heated debate about freedom of expression and limits to freedom of expression following the publication of 12 caricature drawings of The Prophet Mohammed in one Danish newspaper, Jyllands Posten. This paper is a private and independent newspaper that is neither owned by, nor affiliated to, the Government or any political party in Denmark.

In some contexts the issue has unfortunately been portrayed as if the drawings were part and parcel of a smearing campaign against Muslims in Denmark. This is certainly not the case. The Danish Government respects Islam as one of the world's major religions.

In letters of January 6th 2006 addressed to the Secretary General of the Arab League, H.E. Amr
Moussa, and to the Secretary General of the Organisation of The Islamic Conference, H.E. Professor Ekmeleddin Ihsanoglu, the Danish Minister for Foreign Affairs, H.E. Per Stig Møller, expressed that the Danish Government understood that Muslim circles had felt hurt and offended by the Danish Newspapers' drawings. The Danish Minister for Foreign Affairs has personally in an Op Ed on January 4th in a Danish national newspaper warned against disrespect among religions. It was, however, also underlined that freedom of expression is a vital and indispensable element of Danish society and that the Danish Government cannot influence what an independent newspaper chooses to bring.

The Prime Minister's speech has been transmitted to all concerned authorities namely the Ministry of Foreign Affairs of the Kingdom of Saudi Arabia, the Organisation of Islamic Conference and to the Arab League.

The speech as well as the Foreign Minister's letters of January 6, 2006 is available on the Embassy website www.ambriyadh.um.dk

Embassy of Denmark, Riyadh, January 28, 2006

Source: Arla Foods. *Arla attempts a comeback in the Middle East.*
http://www.arlafoods.com/appl/HJ/HJ202COM/HJ202D01.NSF/O/DDB7C44E9FFBBF01C1257137004D4529

Rollmann & Baastrup

"Sour Milk"
Corporate Branding under Surrogate Boycotts
- the case of Arla Foods in the Muhammad Crisis

by *Thure Tornbo Baastrup* and *Jan Bo Rollmann Madsen*

PART TWO
"ACADEMIC SECTION"

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1 Introduction

There is nothing more difficult to take in hand, more perilous to conduct or more uncertain in its success than to take the lead in the introduction of a new order of things.

-Niccolo Machiavelli, *The Prince*

1.1 Problem background

Companies have realized that their intangible assets increasingly are becoming a central part of survival on a competitive environment. As differentiation on the product it self has given little value to companies, a shift towards branding of products and even the corporation itself, has occurred. In this way corporations has found branding, and hereby the association to meanings and values, to be one of the few remaining differentiators in order to obtain long lasting competitive advantage. Branding has become a strategic issue in all sectors and branches, where the use of branding is seen as an important and often necessary competitive tool. (Kapferer 2004)

Corporations have recognized that the brand can be expanded, and is more than a mere catchphrase, or a logo etc. which is backed up by advertising. Rather the entire corporation is found to have a brand identity and hence is suitable for branding in order to create a corporate consciousness. (Klein 2005) This has led to vast amount of corporate branding initiatives. They seek to transfer and project the corporate identity in the products in order to give basis for differentiation, which is assumed to be based on real rather than fabricated meanings and values. These initiatives are not only aimed at customers, but increasingly also at other stakeholders. This is so because companies not only need the support from customers, but also various other stakeholders in order to stay competitive. (Balmer and Greyser 2003)

With these changes also came a new imperative towards branding. Where branding originally was a part of advertising and more represented as a distinctive trademark, branding has increasingly become a strategic and proactive task for corporations. This implies a strategic control over the corporate brand, and setting forth what it stands for in the eyes of both customers and other stakeholders, and communicating such identity effectively and efficiently (Aaker 2002a). In this way the branding strategy is linked to the business strategy, which both should reflect the same strategic vision and corporate culture. Such strategic and visionary approach to branding has broadened the scope, so multiple products and markets increasingly are included under a corporate brand. (Aaker 2002a) This offers the companies several advantages. First of all it is possible to draw on the corporate values, which is able to offer authentic and deeper meanings for the stakeholders. Secondly such values can be projected in several products in various markets, and thereby bring a highly coherent identity, which at the same time is differentiated. Finally this is done from a economic rationale offering companies not only a competitive advantage based on such differentiation but this also at a lower cost due to the reflection of identity across products and markets. This among others means, that the brand architecture has become much more complex. (Aaker 2002a)

With increasingly popularized terms such as "the globalized world" and the "global village", the world might on the surface seem very uniform and integrated. Nevertheless fundamental differences still exists, with respect to elements such as cultures, values, economical status. This influences the corporations in their attempt to take on a truly global branding strategy.
Furthermore, brands are increasingly being influenced or even, as Lindstrom (2005) argues, owned by the consumers. This is so, due to increasingly critical, demanding and resistant customers and stakeholders, as well as more developed interactive communications forms.

This does not only relate to the products in narrow terms, but increasingly also the value of the corporations. This has put attention to elements such as social responsibility and ethics of corporations. The argument for this, among others, rests upon increased interest from non governmental organisations with respect to global corporations and their social responsibility (Deri 2003). Thus, in order to infuse meaning to the brand, corporations seek out authentic scenes, important causes and cherished public events. This is however not without problems. Klein (2005) argues that this often causes the expansive branding process to be usurped, creating a quintessential lose-lose situation.

From this it is clear, that not only do important differences exist between cultures and countries, but the brands surroundings are also becoming critical, influential and integral parts of today's branding scene. This results in various uncontrollable factors which infringes on the corporate brand image. This puts pressure on corporations in order to work in such complex environment. Where branding theory traditionally has assumed a more controllable and influential approach to the surroundings, such recent developments calls for further understanding on external parties influence on the brand.

1.2 Problem discussion

Corporate brands are increasingly found to be a feasible way to infuse meaning and identity to the products. Such practise has however become increasingly complex for corporations as they are facing new stakeholder demands and cultural diversity in the globalized environment. Likewise it has been noticed that such practise, which increasingly is done on a global scale, can infringe on the brand. Adding to this, is the raging competition, where companies differentiate themselves increasingly to stand out, but at the same time tries to approach several different stakeholders with standardised values and norms. However as the brand scope increases, and tries to address several products and markets, the corporate brand is being stretched to its limits. Addressing different customers and other stakeholders, with several products under one corporate brand on a global level, challenges brand managers with respect to the need for brand consistency and authenticity. Moreover stakeholders put pressure on corporate policies and thereby the corporate brand, in order to live up to certain expectations, values and needs.

Examples such as Nike with its Asian sweetshops and Nestlé and their infant formula, are all examples of corporate brands which have been under attack from stakeholders and ultimately boycotted because of certain corporate actions. This stresses traditional boycott situations, where companies are being boycotted due to their own actions and values – and therefore are lacking stakeholder integration.

However, a different kind of boycotts has started to emerge. As brands has become more global combined with a globalizing world, with increasingly global consciousness among people, diverse values and cultures meets. This puts the global brands in a more complex situation. Hereby companies no longer seem to be judged on their own actions and behaviours alone, but also their apparent relation to actions and behaviours of others. The examples of French companies being boycotted after the French nuclear testing in the Pacific, and more recently the boycott of Arla in the Middle East due to the Muhammad crisis, stresses a new threat for global brands. These companies has opposed to Nike and Nestlé not been boycotted and become under attack because of corporate actions or values. Rather due to their origin these companies has been drawn into a fierce conflict. This is a problem which increasingly can be expected to occur in the future, due to the increasing globalization of brands and diversity of markets. This however is an area, which so far has remained untreated in branding literature. It points to the fact, that corporate brands increasingly are facing uncontrollable factors which influence their perceived brand image. Especially on a global scene, differences exist between the corporate projected identity and the perceived image. Central for this is how such uncontrollable factors influence the corporate brand global image, and how image is created differently across various stakeholders on a global scale.

The dilemma for the corporate brand is how to meet and satisfy various stakeholders with individual needs and expectations of what they treasure and find to be correct according to their believes. This dilemma has shown to be even harder to address in a business environment where brands increasingly are becoming global and being perceived according to their apparent connection with external actions and policies from e.g. governments or states. So far, literature has addressed these issues with respect to the concepts of brand identity and brand diversity, and stressed the need for balance between these. Nonetheless, as companies has gone global, it challenges brands and their inherent identity in respect to the degree of which it can be diversified and adapted to various markets which contains fundamental value and cultural differences. This raises critical questions of how a global corporate brand can address different stakeholders and at the same time reflect a coherent identity.

At the very fundamental level, certain values and meanings of brands and its identity are so deeply routed, that they are extremely hard or even impossible to change. This, as the examples has illustrated, also relates to the values of other parties to which the corporation only has an indirect or perceived relation to. This can be regarded as a strong barrier for corporate brands in their strive for global presence.

The recent crisis of Arla Foods (Arla) in the Middle East is an example of the discussed issues, which calls for a deeper understanding of corporate brands and how image is created individually among different stakeholders in a global business environment.

1.3 Purpose

The boycott of Arla in the Middle East, stresses a new issue of global corporate brand management. Therefore, the purpose of this study is motivated by the case of Arla and the lack of branding theories which can explain this recent phenomenon.

Due to the lack of brand literature regarding this specific case, we seek to develop an understanding of this very specific issue. By addressing central elements and developments of the crisis, we want to engage in a creative learning experience, which aims to apply, adapt and evaluate known theories related to such crisis. This is done from a corporate branding perspective in order to illustrate the complexities which global brands are facing. The study does not seek to give any definitive or unambiguous answers regarding such specific crisis situation, but rather develop an understanding for how such crisis can come about and stress a conscious approach for addressing and acting under such corporate brand threat. It is the purpose that this should give an insight to the complexity of such abnormal brand situation. Further, it is essential, in the case of Arla, to address the issue of how corporations can or should act in a situation where their perceived image, to a larger extent is evaluated and given meaning to by infighting external stakeholders.
More specifically we intend to develop and understanding of how corporations can act before, up to and under a surrogate boycott and finally how the corporate brand is influenced under such circumstances. Based on four questions, we seek to develop an understanding of this crisis and engage in a learning experience.

How has Arla's corporate brand been influenced under the Muhammad crisis?
This question seeks to understand how externally perceived brand elements such as image and reputation is constructed outside the corporation. Especially in such a situation this should shed light to the complexity of creating a link between the intended and perceived brand.

How should Arla, from the initiation of this conflict, as a global brand had acted up to the boycott in February 2006?
Here we intend, with basis in the influence described and analyzed above, to give recommendations based upon Arla's actions up to the boycott. This should give an understanding for what could and should have been done as a brand in such a situation.

Evaluate Arla's proposed advertising campaign in the Middle East, and argue whether or not it should be conducted?

The 19th of March 2006 Arla decided to initiate a larger advertising campaign in the Middle East. Here sympathy for Islam, together with a presentation of Arla as an "innocent corporation" in this crisis was stated. This campaign led to strong debates primarily in the Danish community. Arguments such as "Arla not staying true to Danish fundamental values" were given. This is central for such a complex situation, and clearly stresses the diverse expectations of various stakeholders.

With respect to the corporate brand, discuss how Arla should act internationally in order to avoid future similar situations?

This can be seen as a conclusion of such a complex brand situation and the earlier answered questions, by developing a strategy for Arla's future global brand strategy. This naturally seeks to reflect on such case, and develop a strategy which potentially can place Arla in a better position to handle or even avoid future similar incidents.

2 Methodology

I see and I forget. I hear and I remember. I do and I understand.

-Chinese proverb

This study is not about to bring definitive and strict theoretical developments and is not to be viewed as research in its traditional form. We are very clear and conscious about this matter, but do however not see this as a limitation in the usefulness or value of this study. Rather we see this study as an essential part of real-life management, which essentially is about determining actions under uncertain circumstances (Easterby-Smith et al 2002). This study is in other words balancing between research and practice, which is something we find neglected in much management research. By providing very narrowly defined or abstract research building upon previous research in a linear fashion, we unfortunately many times find management researches out of tune with the interests of practitioners. Therefore this study sets about to provide not only us as researchers, but also the readers with a learning experience. As we have become acquainted with much academic literature during our studies, we often have difficulties in attaching these smaller parts to the bigger picture of real life situations and thereby develop our practical skills. Moreover much research, how good and convincing it might be, after some time often leaves the reader with little memory traces. This is unfortunate for us as future managers, which cannot assume a partial approach to broad problems. We don't want this study to become just another part of the big "academic cobweb". Rather this seeks to develop the practical skills for both us as researchers and for the reader. We believe that an interactive problem solving role to broad and complex real life situations gives both us as researchers and readers the best output, with respect to practical skills.

2.1 Scientific approach

We see reality as a product which is not independent of us, but consists as an interaction between our own experiences. We think that reality can be described from the individual's subjective understanding of reality. This means that we believe reality only can be described through the individual's opinions, attitudes and values. In this way the individual is seen as the creator of reality, which therefore is seen as socially and experientially based (Easterby-Smith et al 2002). This implies an ontological position, from where we approach reality as relativists.
Therefore we find ourselves best in line with the social constructionist approach which implies that reality in objective terms doesn't exist (Easterby-Smith et al 2002). This relates to the subject of study, which deals with various stakeholders influence and attitudes in what can be regarded a "high contextual" setting, where attitudes and opinions have shown to be of critical importance. A social constructionist approach is more likely to illustrate complexity, richness and diversity among such behaviour and thereby increase the general understanding of the situation (Easterby-Smith et al 2002). This gives the opportunity to work independently from existing theories and instead develop theories and solutions specifically aimed at this very specific case, thereby working interpretive (Bryman and Bell 2003).

Thus we find this approach best suited for illustrating the diversity and richness of attitudes. At the same time this approach allows us to make use of existing theories - but in a flexible and creative way (Bryman and Bell 2003). With the status of surrogate boycotts and this case specifically as relative unexplored and new areas we find this essential. With such approach we are able to work in a way, still based on theories, which makes the process more structured and the results more generally acceptable and relatable by both practitioners and researchers (Easterby-Smith et al 2002).

This suits the aim of this study, which is to increase and create an understanding and generalizability through theoretical abstraction, which incorporate the complexity of this setting. This is in line with the social constructionist's subjective epistemological approach, with the inquirer and the inquirered being fused into a single unity, where findings are based on their interaction (Guba 1990). This can only be done on the basis of rich data, from which ideas and understanding ultimately can be induced. This is among the strengths of social constructionism, which gives the opportunity to understand people's meanings and add to the development of new theories – which exactly is the two main aims of this research (Easterby-Smith et al 2002).

We can thus be considered to take on, what is termed a critical view of management. We thus see the most important part of management to be the sense making of ambiguous and complex situations through dialogue and conversations (Easterby-Smith et al 2002). We find this very central with respect to management research in general and specifically for this case. This is so because management as a discipline contains some distinctive problems which in general are not to be found within traditional social sciences from where most research methodology originates. First of all we see the management as an eclectic practice, as mangers are working across technical, cultural and functional boundaries. Secondly and perhaps most important in this connection, is that management requires both thought and action. This implies a need for incorporating potential actions in the methodology used. Thus in line with the social constructionist approach, we do not believe, that one definitive truth exists, and consequently the aim of this study is to gain a larger understanding in this very specific case (Freytag 2002).This study can therefore primarily be termed an understanding-analysis, which aims to create a larger understanding. However on the other hand it has a clear motive for action-learning – which implies a change-analysis approach (Freytag 2002). Therefore we seek to imply the change elements in our understanding approach to this study with the purpose to actively familiarize oneself with, and gain an understanding of the studied.

2.2 Research strategy

In order for management research to become valuable, outside academic circles, it is essential that it stays in touch with concerns and interest of practitioners. By retaining a purpose and value for the outside world in a responsive way, is the only approach to contributing directly to dissemination of knowledge (Tranfield and Starkey 1998). However, there naturally do exist differences between research and practice. Gummesson (2000) thus sees academic researchers and management consultants as two different groups of knowledge workers, who each place different emphasis on theory and practice. This difference is captured by the following: *"Backed by bits and pieces of theory, the consultant contributes to practice, whereas the scholar contributes to theory supported by fragments of practice."* (Gummesson 2000). In other words each persona draws on the others work. This is essential for the understanding of how to contribute to knowledge production with relevant research, and hence their internal relations should not be neglected. It is essentially this connection which makes both types of knowledge production valuable. It is rather the proportions of these two dimensions which are up for the individual researcher to determine upon.

We seek to take a pragmatic approach to this, stressing the importance of practice, while not neglecting the importance of theories. From a methodological perspective we therefore seek to work interpretive, through hermeneutic processes. This is so because we see a clear difference between explaining and understanding. As this research sets out to understand a very specific and complex case, which cannot be subordinated to an objective or quantitative rule, we find this essential.
Hence the research process can primarily be regarded as inductive in its relation to theories. Theories or an understanding is thus the outcome of the research rather than the starting point. This implies drawing generalizable inferences out of the observations made (Bryman and Bell 2003). This is strongly related to the specific case under investigation, which little theories seems to apply directly to. But when this is said, the research does contain elements of deduction. Thus the process of reaching an understanding of this specific issue, involves an iterative approach weaving back and forth between data and theory. This is seen as part of

the hermeneutic circle, where we strive to avoid homespun philosophy, by applying a critical interpretation of data. Such interpretation is sought on the basis of connections and contrasts, which is identified on the basis of theoretical knowledge as perspectives to maintain our critical thought (Heldbjerg 2001). Every finding is thus compared to existing knowledge and theories in order to create a new understanding on a continual and ongoing basis. The way this is done in practise, will be outlined in the following.

2.3 Research design

The research design followed in this research is not one of a clear-cut distinctive format. Rather the research, based on the purpose, tries to combine a traditional distinctive research design with a unique learning method. Based on the case method (Hammond 2002), this research tries to create an understanding through an active learning experience. This is done by creating and solving a case from the case method perspective.

The case method is essentially an exercise which *"calls for discussion of real-life situations that business executives have faced."* (Hammond 2002). This method is arguable the most relevant and practical way to learn managerial skills, as it puts the reader in the managers place in order to analyze the situation and decide viable actions (Hammond 2002). It is this exercise which creates an understanding and a learning experience, which helps to develop concrete managerial skills. Inline with this we develop a case from the case method perspective, which subsequently is solved by us as researchers, from which we derive our own understanding and learning experience. This solution is also part of the research, which can be regarded as both a supplement to the case developed, and as a stand-alone research in its own right. In order for research to serve such dual purpose, the research design has been constructed accordingly.

As explained earlier, this learning and understanding is not only intended us as researchers, and then disseminated to readers in a traditional passive sense. Rather the purpose also is, to create, a case from which readers can develop an understanding and learning experience on their own. This challenges the research design, as no methodological theory so far has taken such perspective. This is unfortunate, as we see a strong relevance in such concept. Not only does it provide valuable research in it self and challenges us a researchers, it also disseminates this research in probably the most effective and active way. In other words, such type of research is highly relevant and is able to contribute with not only new but also useful knowledge. Moreover, this is able to be done convincingly contributing both to theoretical and practical, which characterises strong and relevant research. (Easterby-Smith et al 2002). Adding to this is that such research approach will be able to do so by offering both researchers and readers an understanding. This is something not to be neglected. While much research, especially within the social constructionist thought, with good intentions, claim to do so, this is not always the case when it comes to practise. While specific complex situations, can be illustrated rigorously through deep insights, sense-making and theoretical abstractions, this simply might be to overwhelming for not only readers but also the researchers themselves. While this truly offers new knowledge, the concrete understanding might be lacking, why such knowledge might be reduced little more than information. In a society where information is anything but lacking, such research will do no more than add to the already existing information overload. This is something which challenges the true dissemination of research in order to obtain practical usage. Only by entering the mind consciously as useful knowledge and developing an understanding for the specific context, can research obtain practical value.

We believe there is a better way to develop and disseminate research. This goes through an active involvement of both researchers and readers in the research in order to develop knowledge which is understood of both.

The developed case has therefore been developed on the premises of the case method, while the research itself is founded in a case study design with strong references to the case method of how to learn from such exercise. This also means that this entire research projects consists of two separate, but related parts. Part one contains a case written from a Harvard Business School case method perspective. Part two, and thereby the

following, consists of a case method, which builds on the case method perspective. The second part thus serves as our direct contribution to knowledge and understanding development, by solving the case and thereby disseminating the results whereas part one does this on an indirect basis. Here it is up to the reader to actively develop his own knowledge and understanding. Part two can however be regarded as a supplement for the reader in such process.

Although carrying the basis for quantitative research, both the case method and a case study design have in general a tendency, to be associated with qualitative research (Hammond 2002, Bryman and Bell 2003). This study will also, not based on this tendency, but rather because of the relevance, build upon qualitative research. This is so because qualitative research emphasizes words rather than quantification in the collection and analysis of data. This relates to the desired inductive orientation of this study. Furthermore as the study works within the theoretical frames of branding, which per definition relates to emotions, attitudes and other intangible factors, qualitative research is better to capture and illustrate such, and ultimately give the basis for an analysis which can lead to the creation of knowledge and understanding. Finally, as the basis for this study has shown, we are living in a constantly changing social reality, based on individuals' creation. Once again such qualitative research offers better opportunities to give meaning to complex issues as compared to quantitative research which usually is related to issues where measuring is of interest. Furthermore, qualitative research also opens for a deeper understanding of this particular phenomenon. Keeping the purpose and the characteristic of the specific case in mind we there find that qualitative research gives the best basis interpretation. We will however to less extent make use of quantitative data, but this is more to illustrate certain points in the case method more detailed. They will not serve any isolated purpose, but only as backup for the collected qualitative research. Therefore, this aspect will not be treated any further.

In our research process the case method can be regarded as the foundation for the case study. It hence can be seen as part of the methods of data collection to establish the foundation for the case study design. Therefore, the case method together with the other used methods will be describe in the following section, whereas we first will describe the case study design in further details.

2.3.1 Case study design

The case study design is essentially a detailed and intensive analysis of a single case and is concerned with the complexity and specific nature of this (Bryman and Bell 2003). This case study will concern the single event of Arla in the Muhammad crisis, and use this as the basis for research in order to develop knowledge and understanding. This is important to point out, as the case itself becomes an object of interest which we aim to provide and in-depth elucidation of. Without such distinction, it is difficult to distinguish the case study as a special research design. (Bryman and Bell 2003)
What make this case study interesting are the unique features in the surroundings, which Arla have faced under the Muhammad crisis. Hereby can the event studied be characterized as a revelatory case study (Bryman and Bell 2003). This implies that we, as investigators, for the first time have an opportunity to observe and analyze a phenomenon previously inaccessible. This case study will take a longitudinal perspective, in order to capture the development of the revelatory aspects of the case study. This is in order to elucidate the very unique aspects of this case in point, which has developed over a longer period of time. Little understanding will be obtained by only treating an isolated part of such complex situation.

The case study happens on the background of a case, developed after the case method. This means that the case study will contain some standardized design features in order to be able to deliver the proposed benefits of learning under the case method. Therefore, the research will happen on the basis of the created case method with a strong reference to various existing theories. The case study has been designed to focus on four central issues, which the managers of Arla have faced under this crisis. We have done this in order to structure our own research and thereby be able to work with a strong focus. This also lets us work with certain critical, and as the case has shown, new elements within branding whereby we can expect to develop new knowledge and understanding. Finally it is also seen as part of the external aim, why it for the reader of

the case, is essential that they also can work with the case in a way giving basis for argumentation and analysis, which still is structured within the frame of branding. This is also the reason why we have decided only to treat the case up to Arla advertising campaign March 19th 2006. We see as a major development and very active involvement from Arla's in the crisis. Consequently we find this a central point for both us and the reader to understand the consequences of and take a decision to.

Although we acknowledge the problems concerning the inherent subjectiveness of such research, we still find that this method is the most appropriate. This is due to our view of reality combined with the phenomenon of interest which stresses a rather complex and unique features.

2.4 Methods

In order for our research to live up to the purpose, the case method is of critical importance. Not only is it the foundation of our case study design, it is also part of the purpose to create a case with external relevance. In both instances it is central that the case method can help sharpen analytical skills in order to produce evidence to support recommendations (Hammond 2002). Without a strong elucidating background neither we as researcher nor external readers will be able to defend arguments and analyses. It is therefore central, that the case method brings the basis for recognition of certain managerial problems. Learning after the case method only occurs when the reader is presented to real problems which are solved through active learning by doing. While specific questions are given, the case reader must still ask himself what the real problem is in order to solve such question. Such answering does not provide *the* answer, but rather one viable to it. This also relates to our conception of reality and management, which we do not consider an exact science. Therefore, although many academics and consultant claim so, in realty there is no single, demonstrable right answer to business problems. The important thing is therefore not the answer as such, as there always exists the opportunity that an even better answer exists. Rather it is important that the individual know what to do in a situation and most importantly why! Such skills can not be acquired through books or lectures, but only through the practice of analyzing real business situations. The approach to learning by the case method is illustrated in the following model.
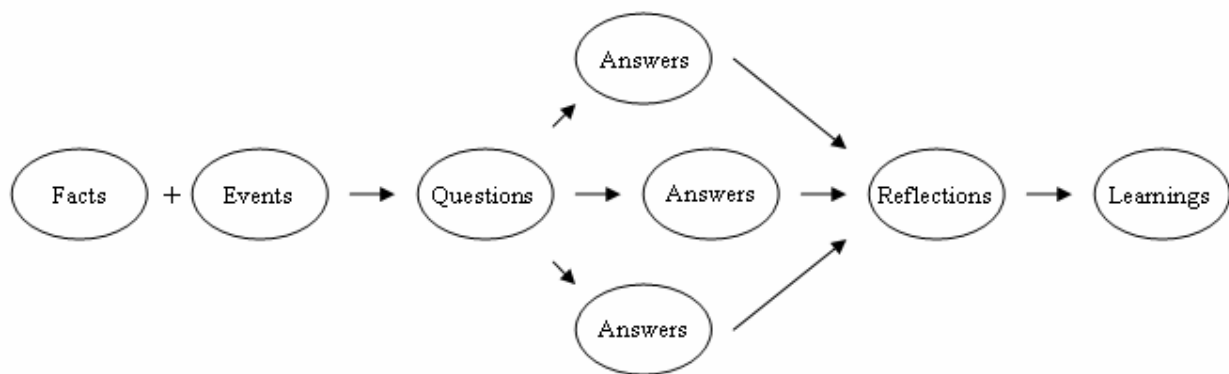

Figure 1 Learning by the case method (own construction)

This gives certain implications for the development of a case. While the case itself must be clear-cut and precise, it should also stress the complexity of the specific case. In order to gather such data for the development of this specific case, we have used several sources. Besides the relevant theoretical literature, which will give us the basis for analyzing the case, these all relates to document sources. These have been selected in order to stress the multiple actors and the complexity of this specific case. These are all documents, which has not been produced at the request of a business researcher, why they must be assembled and ultimately analysed of us (and readers) as researchers. This is not a straight forward task as it might seem. Rather the search for documents is a highly complex and protracted process, as it must be able to live up to the purpose and be able to stress the multiple actors. Finally, and perhaps most importantly

when collected, the data must be structured, its meaning ascertain and analyzed. This can be more complex than with data which does not exist and therefore is collected for a specific purpose, which inflict on the complexity of the hermeneutical process, which will be discussed later on.

2.4.1 Data collection

Central for documents as sources for research, is their quality. This is a highly debated subject, which implies a conscious approach to documents. Scott (1990) distinguishes four different criteria's for evaluating the quality of documents. Authencity refers to the origin of the documents, meaning whether this is genuine and unquestionable. Credibility refers to the evidence of error and distortion free sources. Representativeness relates to the evidence for typicality. Finally meaning, concerns whether the evidence is clear and comprehensible.
From Scott's (1990) criteria's for evaluating the quality of documents, we have used three types of documents, namely public documents, organisational documents and mass media outputs (Bryman and Bell 2003).

First of all, we have used mass media outputs, in specific several international newspapers, one Danish business magazine (www.borsen.dk) and the internet site of the largest Danish TV station (www.dr.dk). As all these sources represent larger news agencies, we have little reason to believe that data from these is questionable in terms of quality. The mass media output has primarily been used to collect data with respect to the overall development of the crisis and the different events.

To go deeper into the crisis, we have used organisational and public documents. This is in order to get a better grasp of certain events and better illustrate the complexity, and thereby ultimately create the basis for the development of a deep understanding.

Organisational documents have primarily been related to Arla and their reactions to the crisis. These are direct statements posted on their corporate homepage (www.arlafoods.com) as information and press releases. Additionally we have found data concerning their strategy and markets here as well. We do not find any reason to question such information. Organisational documents have also been used to capture some other important actors in the crisis besides Arla. Such data has been found on the respective organisations homepage. This has added to the data which has been presented in the mass media, as this often is an interpretation or reference to such organisations. From a quality perspective we find it better to seek out these original sources whenever possible.

Finally, public documents from the Danish government and other official sources have been used in order to concretize the high level this crisis has worked on. These official sources of governmental or semi-governmental organs are in essence to be regarded of high quality, and as they primarily relates to certain opinions which the organ represents, we find no reason to question these.
Generally for the data collection we have therefore also, when possible, always sought the original source. This is likely to bring more quality in data, as distortion, misinterpretations will not be passed on to third-parties.

With this data collected, we have written the case from which the later analysis is based upon. We have placed much focus upon selecting the most important events. Naturally this is done from a subjective perspective, and whether we have selected the right data to bring in the case, can always be debated. In order to create a thorough and deep, yet concrete and straight forward case, we have made extensive use of quotations and appendices in the case. We find this essential for the case reader, and thereby also us as researchers in order to get a good grasp of the complex situation in a condensed matter – which the case method essentially is about.

It was previously discussed that a broad theoretical scope is an appropriate approach to secure a good and comprehensive understanding of Arla's position in the Muhammad crisis. The literature selected ranges from basic brand literature to crisis management. We believe that such approach is needed to fulfil the purpose. Brand literature is essential due to the studies nature and its purpose, since branding is the central focus point. Especially, resources have been put into the concepts of brand identity and image. Further central literature which has been included and discussed is concepts of corporate branding, corporate social responsibility, brands in a global environment, stakeholder perspectives, crisis management and finally boycott theory. All included literature has carefully been chosen and evaluated to be essential for the desired outcomes of this study. The literature presented in the literature review will extensively be included in the analysis, together with the facts and events from the Muhammad crisis, to come up with our evaluations and conclusion.

From the developed case, an discussion and analysis follows. The analysis build upon a general understanding of surrogate boycotts which we have developed in the discussion section. This has been part of our hermeneutical process, where we have went from a general understanding, to a more specific understand, and finally ending up in applying this understanding on the specific case of Arla. In the discussion three central areas are identified and discussed, these act as the foundation for the later analysis. This analysis is as earlier explained, centering around four central issues of the crisis. These four issues have been constructed after our construction of the case. Through hermeneutically processes, waving back between the case, existing theories and the discussion, we find these questions essential for the understanding of this case in a corporate branding context. The argument for these questions has earlier been given. This naturally has certain implications for the reader of the case, but both for us as researchers and creators this is essential to keep a focus of the study. It is therefore our interpretation of the essential aspects of the crisis which these questions reflect. On the other hand it also brings a focus to the reader of the case, which is a normal practise within case methods.

The final analysis has likewise been based on a hermeneutical process, where we with basis in existing knowledge and related theories to the questions have tried to solve the respective questions and thereby bring out meaning of the case. This process has included a continual search for new knowledge through literature and theories, which we have found applicable. From such ongoing search, we have constructed our own understanding of the crisis and the essence to solve the questions, and this has led application, revision and development of theories.

2.5 Research quality

To evaluate the quality in a certain study different approaches can be used. Three commonly used concepts are reliability, validity and generalizability. These serve to determine whether the study is trustworthy or not. Still, the appropriateness of these depends on the actual research approach. (Easterby-Smith et al 2002)

The context to which degree such concepts can be used with respect to a case study depends on the researchers felt appropriateness, and much discussion has centred on their relevance in such context (Bryman and Bell 2003). We believe that case studies to some degree, can and should, be evaluated according to these concepts.
As this case treats several actors over a period of more than seven months with clear references to the data sources, the study gains access to experiences in the setting. This implies validity from a social constructionist perspective (Easterby-Smith et al 2002). As these sources have been directly quoted and referenced, and as the process of making sense of the raw data has been thoroughly examined, we also see this study as reliable from a social constructionist point of view (Easterby-Smith et al 2002). With the purpose to create a deep understanding of this specific and unique case, we however do not find any justifiable basis for claiming a strong generalizability of the findings. We do not delude ourselves into believing, that the finding from the case represents a sample of one. However, with the basis of such case

study as an intensive analysis, we believe we can generate theories out of it from our developed understanding. This relates back to our inductive approach and the characteristics of case studies. Thus, as argued by both Mitchell (1983) and Yin (1984) the essential thing is not whether case studies can generate findings to a wider extent, but rather to which degree researchers can generate theories from the findings. Thus, with the aim to examine this new and complex issue, we will argue that we based on a intensive examination of this single case from where we derive an understanding which can engage us in a theoretical analysis. Moreover it will give us practical skills in approaching, analyzing and solving complex managerial issues, which in any case can be generalized and used later on. As earlier explained, such skills are not to neglect for us as future managers and for the readers of the case method.

2.6 Limitations

This study covers the Arla's role in the Muhammad crisis from a branding perspective. Due to this specific focus certain limitations will have to be stressed.

As the case of Arla is very comprehensive and complex, various elements such as Arla's internal strategic vision and economical factors have been left out. We are not neglecting that these variables are highly important for Arla's motivated strategic actions during the crisis, but due to limited resources, data accessibility and our interest of solely evaluating the situation from a branding perspective we believe that such limitations are appropriate. Future research, investigating and implementing our mentioned limitations, would be of interest for a more in-depth understanding in respect to how Arla has decided to address the crisis, and might contribute to a more developed understanding for corporate decision making in such situation, where strategic goals are balanced with the element of branding. Such information about Arla's internal strategic perspectives and the economical variables could be collected and added to this study, by conducting personal interviews.

A further limitation is our approach to data collection. We have exclusively collected secondary data, nevertheless, primary research could be suitable to collect more specific data regarding central elements in the case. An interesting study would for instance be to examine the impact of the crisis in respect to Arla image. This study merely uses known literature and published resources to predict stakeholder reactions. A different perspective could have been taken by conducting interviews and surveys to create a more specific understanding of the various stakeholder opinions. Such data is of great interest and importance in a managerial decision situation, and such research is recommended to get an even better understanding and insight of how to respond in this specific crisis.

We primarily been focusing on the Danish and Middle Eastern markets, nevertheless, a wider perspective would be of interest as well. By taking a wider perspective and include other countries perceptions of the crisis and upon Arla's image, would all ad to the overall picture of the crisis.

3 Literature review

Literature is news that stays news.

-Ezra Pound, *ABC of Reading*

3.1 Branding

In today's society, brands are increasingly being recognized as a tool for companies to create sustainable competitive advantage (Urde 1994). Brands are a name, which is capable of influencing customers in their purchase decision. Saliency, differentiation, intensity and trust are in this connection, prominent characteristics, which makes a brand powerful.
Brands are no longer just a symbol on a product, but they have become valuable assets for the corporation. The brand evokes certain associations and emotions in the consumer's mind which increases the value of the actual product, and reduces time and perceived risk of purchasing the product. (Kapferer 2004)

Brands are in this way able to create value for both companies and customers. This happens on the basis of differentiation on both tangible and intangible dimensions. Here the brand reputation is a central element. A brand is built up over time by promoting a product innovation. In time as the market grows and competitors enters the market, the brand may be preferred over similar products because of habit, proximity, leadership, pioneering aura and most of all assurance. Hereby a brand name is able to protect companies from growing competition. Such protection does not last however. This necessitates an ongoing differentiation and development of the brand and its both tangible and intangible elements. (Kapferer 2004)

3.1.1 Brand identity & brand image

As a consequence of growing competition, brands are increasingly found to be based on desires and emotional aspirations rather than needs. Facets such as ethic, sustainable growth and equitable commerce are gradually brought forward as brand strengths bringing added value, promoting the brand as not a pure business construct with a responsible attitude. Such developments involve the entire organisation, so branding no longer just can be entrusted to the marketing department. The intangible elements of a brand are rather the responsibility of the entire organisation. (Kapferer 2004)
Brand identity is looking at the brand from a corporate perspective, with the purpose to create a differentiated product with unique features. It is through the identity the corporation tries to express its individuality and distinctiveness to certain publics (Nandan 2005). It is only through the identity the corporation can develop a unique brand.
In this way the identity defines what can change and what can not. Brands should be regarded as living organisms making the necessary adaptations to the environment, nevertheless it is important they stay true to them self which is the only way they can develop in a coherent, durable and realistic way – which is the essence of dealing with the concept of brand identity. In order to be durable, the identity should be based on a personal goal which should be both different to others' and resistant to change. (Kapferer 2004).

In this way companies should create brands containing a core-identity which has a position which will not get out of date (Aaker 2002b). The reason to speak of brand identity first of all, is the realization of acting consciously in the management of brands. Previous brand attention has centred on brand image, however this is a rather reactive approach. Thus image is the brand as perceived by the customer, but only by knowing what to send and how to send it, can a brand actively develop effectively and thereby create a desired image.

This calls for a stronger commitment of the sending side of brand management than rather just image on the receiving side.

A strong identity is essentially to be true to oneself, and be driven by a personal goal that is both different to others and resistant to change. In this way it is essential for the brand to form a solid and coherent entity, with deep values, which can be portrayed in external signs. In other words, the identity defines the degree of freedom for the brand to change. Identity is to be seen from the company's perspective, by specifying the meaning, aim and self-image actively. It therefore differs from image, which is the customers approach to the brand. Identity precedes over image as companies must know what to send before they project it to the public. Only by knowing what to send can brands become independent and create an individual meaning. This secures a focus on essence rather than appearance, which is a more long lasting perspective to branding. The brand identity should be consistent over time (Aaker 2002b). Nevertheless, strategic and market circumstances motivates businesses to enter new segments which can lead to a paradox of the brand identity if the extension is not done properly. Kapferer (2004) states that brand development and extensions are necessary for companies to stay competitive in a changing environment in order to generate growth and profitability, but a crucial point is that the core of the brand doesn't change. It is the degree of freedom between identity and positioning which determines the potential brand change over time, while at the same time staying true to oneself.

3.1.2 Brand identity sources

The identity derives from several different reservoirs. Brands, seldom derives an identity of its own. Rather the identity is an ongoing process, which develops both consciously and unconsciously. However a strong focus on brand identity from the very beginning, companies can become proactive in their desired development of their image. This calls for more attention to the sending side of branding. (Kapferer 2004)

The first source of identity relates to the products. From the very beginning these convey the plan and uniqueness of the corporation. This part of the identity however does not only relate to the products in a strict sense. Moreover the production and distribution processes and offered services are elements which will reflect the identity. This way, both intangible and tangible elements of the product adds to the brand identity. The values underlying such product related actions, must suit the core of the product. Intangible and tangible elements are interrelated, as values drive reality and reality on the other hand manifests such values. (Aaker 2002b)

Identity will likewise be born out of the geographical and historical roots of the corporation. Among other brands has its own culture, which becomes central for the identity. Such culture derives from the basic governing principles of the corporation. Brands are however not only driven by culture, but also convey it. Country of origin here plays an essential role of the culture, whether it is directly communicated or not. Some brands base part of their uniqueness upon the country of origin, while others try to hide it. This is often a very conscious decision. Where it can benefit some, it can also be a harmful or unimportant part of the identity for others. The earliest founding acts of the corporation are also many times leaving a long-reaching impact. The founder and the first products, distribution channels, communication and places are here elements which often influence the identity heavily.

Brand origin is defined as the place, region or country, which a brand is perceived to belong to by its target markets. Some brands may even take advantage of their national origin, or try to make the consumers believe that the brand origins from a favourable nationality. Consumer perceptions may differ from reality due to ignorance, lack of salience of origin for a certain brand or deliberate manipulation from the manufacturer to disguise their actual origin. (Thakor and Lavack 2003)

Sholofsky (1987) argues that a brands origin has an influence on the perceived image and that the related credibility of the origin consequently is important for a global brand. Aaker (1991) introduces the concept of default origin of a brand. The concept highlights that a brand is influenced and related to the country where the brand first started to do business. In other words, even if a brand tries to disguise its true origin, there will always be some link to it, which can be traced.

Plummer (1985) argues that brand image consists of three different variables; brand personality, product attributes and consumer benefits. Batra et al (1993) elaborated on the concept of brand personality and underlined that demographics of a brand are often the most salient personality characteristic.

An article by Baker and Ballington (2002) is arguing that the origin matters in the global environment companies are facing today. Due to the raise of internationalization and increased competition companies are having more difficulties creating sustainable competitive advantage, why a brands origin can work as an alternative approach to create a sustainable advantage.

In the case where the product brand name is the same as the corporate name, the brand becomes a sort of spokesperson for the corporation, and there therefore has to be a relationship between the brand identity and the corporate identity. If the product brand name is unrelated to the corporate name, it leaves more freedom for the corporation to create a brands identity of the respective product. The model below suggests that corporate named brands have/or should have the same culture as the companies who owns them.
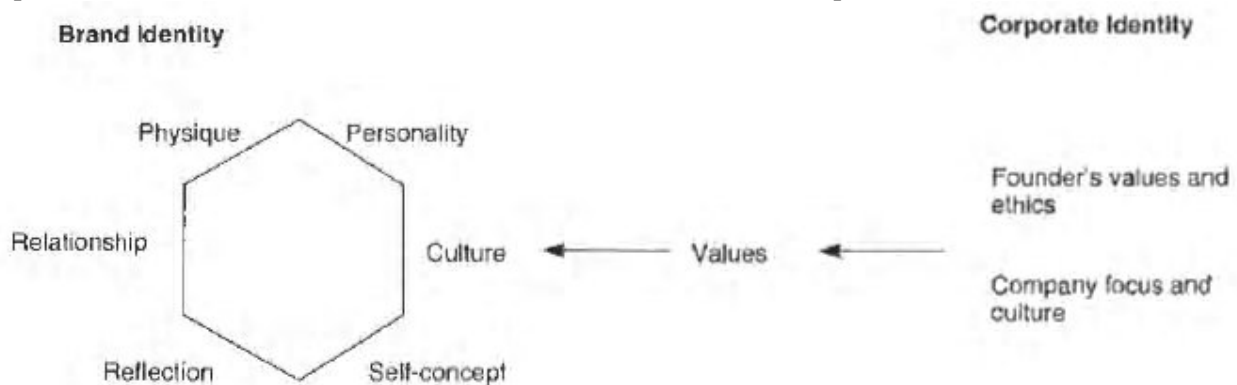

Figure 2 Transfer of company identity to brand identity when company and brand names coincide (Kapferer 2004)

As earlier described, identity precedes image. Image nevertheless remains a central concept in brand management. The whole purpose of branding is to create a preferred image – strong enough to result in a transaction. From the brand and its identity the customer decodes, extracts and interprets in order to come up with a "picture of the brand" – an image. Therefore image must be understood from where it derives which is from the eye of the beholder. In this way identity does not necessarily equals image – or at least in most cases it does not. In this way not only will an identity be judged by the single customer with his own characteristic and foundation for doing so, but the process of doing so will be influenced by different external factors such as competitors and so called noise (Kapferer 2004). In this way brand image refers to customer's perception of a brand. Herzog (1963) argues that such image is the total sum of impressions, which customers obtain from several sources, which together form a brand personality. The central point in brand image is therefore that it is a customer constructed conception of a brand.
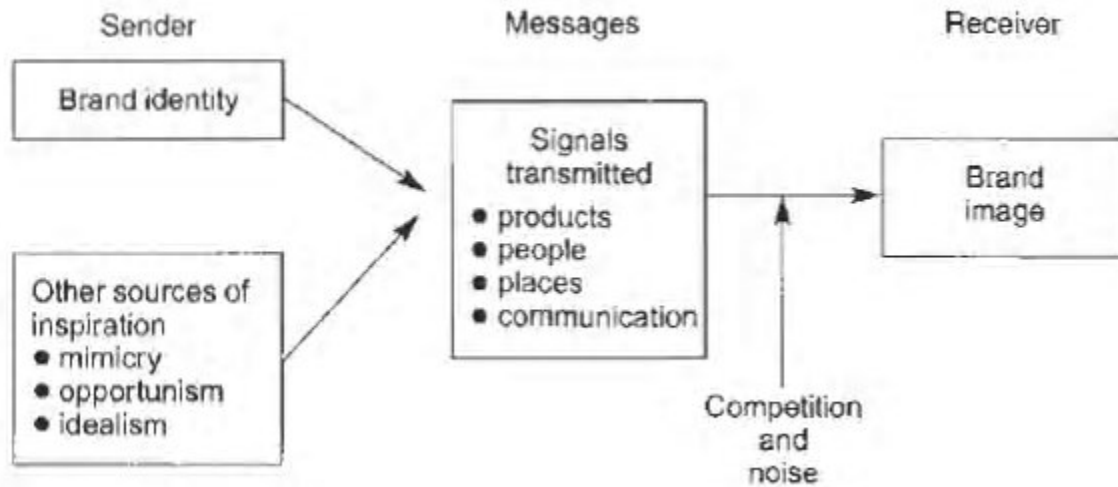
Figure 3 Identity and image (Kapferer 2004)

Where brand identity originates from the corporation, with the purpose to create a unique and differentiated product, brand image relates to the customers perceptions and beliefs of the brand. Both are essential for creating a strong brand and congruence between them is necessary in order to enhance brand loyalty (Nandan 2005).

However such link is not a matter of course. In an increasingly complex and over-communicated marketing environment it is very likely that the brand identity created by corporation and the brand image which is created by the customers perception, is out of tune. This happens if a communication gap exists between the encoding and the decoding processes. As people will respond differently to brands, be influenced by different sources and use their own interpretations of brands, it is all the more important that the brand message is communicated clearly and consistently. (Nandan 2005)

It is therefore central that a connection between the brand and the customer is created. Such connection must be based upon dialogue and customized interactions, which relates customer needs, motivations and dreams to the core benefits of the brand. An effective communication is essentially expressing the essence of the brand in such a way that the consumption experience matches the purchase expectations. Interpretive communication, which focuses on the receiver side rather than the source, is one way to improve the linkage between brand identity and brand image. With the goal to make sure that the meaning assigned to a brand by an organisation (brand identity), is shared by the customer (brand image), this type of communication will enhance long-term interaction between brand and customer. (Nandan 2005)

3.1.3 Emotional branding

Awareness is not everything and enough to obtain long-term success. To be able to convince people of the brands values, emotions is a central element.

For many brands, especially high involvement products, it is important not only to create awareness but also build emotional connection. Lynch and de Chernatony (2003) states, that development and communication of emotional brand values may enhance the potential value creation and can be a way to develop a sustainable differential and competitive advantage.

When talking about brand emotions one has to be careful not to mix it together with brand awareness. Some products can be well known and thereby have a high awareness among costumers, while other less known brands may be loved and adored. Emotional brands are argued to be loved, communicate a clear and defined

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internal culture and finally have a language that reflects a unique vision in visual, verbal and sensory terms. (Gobé 2003)

The relationship between consumers and brand can be experienced differently from consumer to consumer and brand to brand and can best be understood by the head, heart or gut theory. Head is referring to rational and practical buying arguments. Heart refers to feelings and ethics and finally gut relates to inspiration. A brand should have a mix of all of them, but depending on the product often has an emphasis on one more then the other (Gobé 2003). Gobé (2001) claims that the emotional aspects of products will create the main difference together with the price that will motivate loyalty. Gobé (2001) argues that emotional branding is a mean of creating personal dialogues with consumers. Consumers expect brands to know them on an individual level, with a solid understanding of their needs and cultural orientation. The future of branding is listening carefully to people in order to connect powerfully by bringing pleasurable, life-enhancing solutions to their world. Hence, brands will have to focus on providing strong emotional content in their marketing.

3.2 Corporate branding & reputation

The importance of reputation is increasingly becoming a managerial concern. This happens not only on the product brand level but moreover also on a corporate level. Where distinct product differentiation increasingly becomes more difficult to obtain, many companies use their own identity to build up brand personality (Jones 2005). Thus many companies, with a historical product brand focus, have initiated corporate branding initiatives. They have found the corporate reputation to be important in order to achieve business goals and stay competitive (Argnenti and Druckenmiller 2004). Thus, many companies have found corporate brands to be an important tool, which can provide credibility to new products and to various stakeholders under the changing dynamics of today's market. (Argnenti and Druckenmiller 2004) A corporate brand is thus a brand which spans an entire company. It can be aspirational, and will express what the corporation will deliver with respect to products, services, experiences and how this is done. Successful corporate branding implies a shared set of coherent statements about the values of the corporation aimed at its various stakeholders over time (Morsing and Kristensen 2001). Corporate branding involves the identity of the entire company and not just of its products. It is therefore not only what the products stands for, but moreover the entire organisation. Besides product values, standpoints with respect to ethics, employees, customers, suppliers, environment etc. hereby becomes central. As consumers are concerned about their own identity, which they connect closely to their consumption practices, they seek more than mere functionality, but increasingly meanings and good stories. This puts pressure on companies in order to communicate clearly about their corporate distinctiveness. In this way corporate branding can be regarded as a way to use visions and cultures as part of the marketing.

With the aim to develop a strong reputation, companies makes corporate brands, by making actions, values and missions more salient and spread certain added values. On a corporate level, reputation takes the company as a whole, and reunifies all stakeholders and functions. The importance of corporate brands relates to a world where people increasingly react to names, reputations, rumours and word of mouth. This calls for corporate brands which speak on behalf of the company and draw attention to its presence and actions. (Kapferer 2004)

In a time where public confidence in business is low and scrutiny is high, managing the corporate brand and its communication, means managing the profile towards multiple stakeholders. (Argenti and Druckenmiller 2004, Kapferer 2004) This necessitates a stronger focus on building and maintaining a strong reputation. The reputation relates to the collective representation of the multiple perceived images. Keller (2000) consequently also argues, that strong corporate brands, is based upon stakeholders' coherently positive perception of the corporate brand.

Reputation is thus the average perceived image of the corporation from an overall stakeholder perspective. It is therefore built up over time, and is based on the identity, performance and appearance of the corporation and how the public based on these and other factors has perceived the corporation. (Argenti and Druckenmiller 2004) Whereas a corporation can define and communicate its identity and brand, the image and reputation results from peoples perceptions of the corporation's behaviour, and are therefore less within direct control of the corporation (Argenti and Druckenmiller 2004). This puts even more focus on the management of identity and brands, as a conscious and consistent behaviour here which is in tune with the various stakeholders, is the only way to obtain a desirable image and reputation. Central for this is that customers continually get what they expect, whereby the brand promise is kept, and thereby the reputation strengthened. (Argnenti and Druckenmiller 2004) A strong linkage, therefore exist between identity/branding and image/positioning. Consequently, companies are increasingly found to incorporate many of the factors which influence the reputation in the branding, such as corporate social responsibility etc. (Argnenti and Druckenmiller 2004) As stated by Wally Olins: *"brands of the future will have to signal something wholesome about the company behind the brand. The next big thing in brands is social responsibility"* (The Economist 2001).

In order to reap the benefits of branding and obtain reputation, brands must have its own specific point of view. It is such specific point of view, or more accurately the customer's perception of it, which justifies the brands existence. Corporate brand strategy therefore consists in defining the absolute necessity of the brand – its raison d'être. It is therefore the common spirits, vision and ideals behind and within the brand, which unifies the corporate brand rather than common external signs. (Nandan 2005)

A brand is to be seen as the memory and the future of its products. Therefore corporate brands must stay true to them selves in order to build customer loyalty. It is central to emphasize a consistent brand identity in order for customers to develop a coherent and related brand image. It is only through a consistent behaviour that brands can live up to their very purpose and act as differentiators, which offers customers associations, emotions and security by acting as risk and time reducers. Such consistency should be able to stand the test of time, by letting the brand/product develop without changing such fundamental values. (Nandan 2005, Kapferer 2004)

3.3 Brands as a co-creative construct

3.3.1 The influence of opinion leaders and word-of-mouth

All stakeholder groups have influencers, which are referred to as opinion leaders. An essential brand questions one has to ask, is who will influence the group rather than thinking of whole market segments. The idea of this is that if a brand can get the support and interest from the opinion leaders it will influence the whole segment to which this opinion leader is symbolizing. The brand has to understand these opinion leaders and present them selves as being on their team and sharing their values.

Valette Florence (2004) has suggested that opinion leaders are characterized by three fundamental traits, why they are perceived as experts, have charisma and a desire to be different and finally have high social visibility.

Richins (1983) has researched how dissatisfied customers potentially react, and how this could influence a corporation. He stresses that dissatisfied customers potentially could impact a corporation in three different ways of actions by switching brands, making a complaint or tell others about dissatisfying experiences. To tell others about dissatisfying experiences is what is referred to as negative word-of-mouth. The potential impact a negative response from a customer can have on a corporation is significant. If the number of dissatisfied customers is high enough the impact could very well have a lasting effect in terms of negative

image and reduced sales. On the other hand positive experiences, is likely to bring positive word of mouth. In an over communicated marketing environment, this is one of the effective marketing tools. People are thus increasingly found to be influenced by word-of-mouth rather than corporate controlled marketing actions (Kotler 2000).

3.3.2 Consumer culture

Consumer culture theory is an essential element for brand managers in order to understand what appeals and triggers consumers to purchase certain brands. It has for a long time been accepted that consumption was about showing social status through conspicuous consumption, indicating wealth. (Veblen, 1975). Bourdieu (1984) disagreed with such reasoning, and argued that there was more to the concept of social class than wealth. He added culture capital as a variable to Veblen's theory, and thereby suggested that consumers demonstrate more than just wealth in respect to what they consumed. The culture capital variable, indicates that consumers want to tell something more specific about them selves e.g. how educated one is, or reflect ones ethical and/or moral believes.

Another author who supports Bourdieu is Maffesoli (1996). He argues that our society can be described as being post-modernist. This is important to understand, because it puts light on how goods are used symbolically. Our society today in the developed world has moved from people belonging to big social classes to more individualistic lifestyle. The argument supporting this is saying that goods and thereby brands are working as signs, for individual consumers to purchase and thereby sending messages about their way of living to its environment (Corrigan, 2005). *"Instead of consuming the goods themselves, we consume the meanings of goods as constructed though advertisement and display"* (Featherstone 1991)

3.3.3 Brand involvement

The involvement factor indicates the relation a customers has to a certain brand and their buying behaviour. Kotler et al (2004) identify four types of buying behaviour, which is defined by the level of involvement and differentiation in the product category.

	High involvement	Low involvement
Significant differences between brands	Complex buying behaviour	Variety-seeking buying behaviour
Few differences between brands	Dissonance-reducing buying behaviour	Habitual buying behaviour

Figure 4 Buying behaviour (Kotler et al 2004)

The model intend to create a picture of consumers buying behaviour, which in the case of complex decision making involves more interest and consideration, whereas habitual buying decisions are significant less influenced personally involved. Kotler et al (2004) is primarily stressing that whether a product is high or low involvement depends on the economical risk and self expression which is related to a given product. However, it is essential to realize that a product can represent a relative high involvement even if it does not

involve economical risk. Bloch and Richins (1983) presented three variables which has influence on customer involvement. Personal involvement relates to an inherent interest, values as well as other needs which motivate a purchase.
Physical involvement refers to characteristics of the product that increase differentation and thereby increase the customer interest. Situational involvement relates to temporary increases in relevance or interest towards a product.
Gilles and Kapferer (1985) underlines that depending on the involvement of a certain product, consumers may be either passive or active when they receive advertisement messages. By this he expresses, that consumers with high involvement are more likely to have an interest and an opinion, whereas low involvement products are characterized by low interest.

3.3.4 Branding from a global perspective

We discussed the concept of identity, and it is important to underline that it implies that some facets, has to be identical over time. Nevertheless, a brand to some degree has to change if not to loose its relevance, which is determined by the changing market environment. The challenge for companies is how to change and adapt to the ever changing market without undermining the essential values in their brand identity. Some of the environmental changes managers have to consider are how society changes over time. Due to economical development and globalization the ways consumers are consuming has changed. Today consumers are not satisfied with big and large brands, instead they want better brands. This naturally has an impact on what a brand has to communicate to appeal to consumers depending. (Kapferer 2004)

Therefore, due to the fact that consistency in the brand identity is very important and the need to adapt to different and changing market environments, brand managers are put into a dilemma.
Another thing a brand manager should consider, when faced with this dilemma of identity and diversity, is to dig down deep into the brand and determine its specific identity. More precise, what is the brands kernel? (the source of its identity), what characterizes the attributes that are necessary for the brand to remain true?, and what are the traits that can show some flexibility are? (Kapferer 2004)

When a corporation decides to go international, they have to consider various elements regarding their brand. They have to ask themselves to what extent they what to be coherent with their national brand or if they what to adapt local markets. In the literature of international marketing, the issue of global advertisement and branding is discussed. There are various opinions regarding whether global brands really can exist or to what extent they can be globalized. There are powerful arguments why it is profitable to standardise all products and communications in the markets where an organisation operates. On the other hand, we are living in a world full of different economies and cultures, and this is putting a limit to what extent products and brands can be standardised (Ghauri and Cateora 2005). Quelch and Hoff (1986) are suggesting that it is essential for corporations to adapt to the different environments in the respective markets where they operate, whereas Levitt (1983) on the other to large extent should standardize products and brands. Nevertheless, a more resent study by Kapferer (2005) is taking neither the side of Quelch and Hoff or Levitt, but argues that companies should aim at a selective globalization of brands. He underlines that global brands should not forget that business also must be local. Discussing global brands, it has been argued, that consumers prefer global brands to signal that they belong to the global culture. Nevertheless, a study conducted by Alden et al. (1999) concluded that this was not the case, and showed that consumers motive to buy global brands were their perception of these brands to be of higher quality, and secondly the associated prestige. Nonetheless, neither of these effects was as strong for the ethnocentric consumers who were more focused on the national value of a brand.

An essential question for brand managers is how to make their global brands fit with the complex diversity of the world in terms of culture, norms, economy and legislation. A corporation might be forced to adapt to some of these differences to fit in a certain market. Kapferer (2004) is underlining that brand managers should be aware of the real value and cultural differences in perceptions in the world. A trend among

younger consumers is to consume brands with strong national identities. The claim rests upon the argument that we are more and more affected by mixed culture in our everyday lives, and we therefore tend to prefer brands with a strong national identity to express our own personal identity. (Kapferer 2004)

3.4 Stakeholder perspectives

Clarkson (1995) argues that companies should act responsibly towards groups who have a direct or indirect influence on the corporation's activities. These groups are called stakeholders and can be divided into four main categories:

- Organisational – employees, customers, shareholders and suppliers
- Community – local residents and special interest groups
- Regulatory – municipalities and regulatory systems
- Media

Stakeholders can have a positive as well as a negative effect on the corporation by contributing with, or withholding resources (Grant et al 1991). Dunfee et al (1999) introduces the concept of conflicting norms among different stakeholder groups, which can lead to disputes affecting the corporation. Nevertheless the general contact involves broad macro social norms, referred to as hypernorms, which captures a small and general set of principles which is morally right or wrong. These hypernorms provide the normative ground rules of a secondary set of norms among specific stakeholder communities. Donaldson and Dunfee (1994) concludes that strategic business units, professional associations and nations are examples of communities, which embrace their own norms and values questioning what is right and wrong. Furthermore, Donaldson and Dunfee (1994) view an individual corporation as having its own norms and values. These norms should overlap, be influenced by, and influence the norms of stakeholder communities which interact with the corporation. In the lack of sufficient overlap and mutual influence, this might lead to potential stakeholder actions against the corporation.

By looking at the various stakeholders the corporation can identify primary and secondary stakeholders. Such identification shows which stakeholders affect the brand generally and which only does so in relation to specific issues (Beailieu and Pasquero 2002). Based on such categorisation, the stakeholders can be prioritised according to their brand influence (Jones 2005). Mitchell et al (1997) adds to stakeholder theory illustrating three factors of influence; stakeholder power, legitimacy and urgency. Power is defined by stakeholders' ability to exercise power over the corporation and other stakeholder communities. Legitimacy defines what is socially accepted and can help the stakeholders to make their claims count. Finally, urgency is how time-sensitive the issue is, and sets the stage for the dynamics that focuses on addressing and resolving the issue.

Customers want to be heard and express their opinions. Therefore advertising is not sufficient to build a strong brand, because it's a one-way communication channel. A customer relationship with a brand automatically creates a need of dialogue between them and the brand or corporation. If the dialogue between the brand and the customer is managed well, and the customer feels that his or hers opinion is important, it can lead to customers who are committed and loyal. On the other hand, a brand can for resource related reasons not handled every individuals demand for dialogue, but instead aim at developing a general picture of the market segment and its opinions.

Hill and Jones (1992) underline three different stakeholder actions to demonstrate and push through their issues. These are legalistic approaches, exit strategies and voice strategies. With these types of actions stakeholder communities can demonstrate their influence on the focal corporate activities.

Stakeholder theory illustrates that companies as brands are directly affected by actions of various stakeholders, which traditionally is not considered in branding theory. Stakeholder theory thus illustrates that companies is reliant on a network of relationships and obliged by these to various degrees. Each stakeholder will normally have different primary concerns and objectives regarding the brand. It can therefore be argued whether the brand only is concerned with the customer perceptions. (Jones 2005) A stakeholder perspective offers a long term approach to brand value and not a more short termed approach as when only customers is focused upon. The stakeholder perspective offers a more holistic view to branding and a richer picture of the sources which creates value and influence the brand. Concretely the stakeholder perspective calls for an identification of the stakeholders which can influence or is being influenced by the achievement of corporate purposes. Brand value is created by addressing the various stakeholders through interaction between brand and stakeholder. (Jones 2005)

3.5 Corporate social responsibility

Corporate social responsibility (CSR) is based on the idea that companies have a social responsibility. An ideal social responsible organisation acts according to or even exceeds the ethical, legal, commercial and public expectations that stakeholders have (Grant, 1991). Being social responsible has to be motivated by an authentic will to do good (Swanson, 1995). Nevertheless Friedman (1970) claims, that companies only should use CSR to protect their own economical responsibility towards shareholders. Thereby, Freidman argues that companies should take care of the stakeholders, but the overall goal is to satisfy the shareholders. One could have an endless discussion about if companies are truly socially responsible or if they are only acting according to their economical interest, but both perspectives accept and realises the threat of stakeholders and how CSR can minimize this threat.

The advantages of corporations implementing CSR practises aligned with stakeholder norms minimises risk and improves the likelihood that stakeholders continue to provide necessary resources for the organisation. This encourages the creation of bonds between the organisation and its stakeholder communities. (Maignan 2004)

Furthermore, Maignan et al (2005) states that companies can't satisfy all stakeholders, due to limited resources and conflicting norms and values in different stakeholder communities. This makes CSR a difficult issue for companies because one specific corporate decision can positively affect one stakeholder community while at the same time have a negative impact on another stakeholder community. Nevertheless according to Donaldson and Dunfee (1994) conflicting communities can coexist as long as they are in line with the hypernorms.

Corporations should identify the most critical stakeholders and take social responsible actions to satisfy their desires and values, and align it with the core values of the organisation, otherwise the corporate identity will diminish (Grant 1991, Topalian 2003).
Responsibility include having and adapting certain norms and ethics which stakeholders value or even demand from corporations today. Snyder et al. (2006) discusses how organisations communicated ethics are put to the test during a crisis, and how an organisations ethical identity is viewed depending on how they address the issue. A crisis challenge how explicit and organisation and its management are committed to their official norms. During normal circumstances it can be difficult for stakeholders to judge to what degree a corporation it devoted to their values, or if they actually exclusively are concerned with profit. Nonetheless, a crisis can put so much strain to a corporation that they have to compromise on their highly held values. The conclusion of Snyder's et al. (2006) study, argued that the way persons are judged by their actions when they are under pressure can be referred to organisations as well. In other words, an corporation's behaviour during a crisis will determine its ethical integrity.

3.6 Corporate crisis

Corporate crises have always been part of business life. However, due to increasing globalization, corporate conglomeration and stakeholder influence, crises have become more frequent and comprehensive. In this way, crises can vary in scale, scope and nature. In general, we can distinguish between four different types of crises; internal-normal, internal-abnormal, external-normal and external-abnormal. (Snyder et al 2006)

The internal-normal crisis is with respect to timing and magnitude the most predictable of the four and can be expected to occur more often. Because it is more predictable and internal it is relatively uncomplicated to prepare for the crisis and maybe even solve the issue before a crisis ever appear.

An internal-abnormal crisis originates internally in an organisation and can be categorized as being rare but at the same time unpredictable in respect to timing and magnitude. Because it is rare and unpredictable it is not possible for corporations to pre-plan a response. However since the crisis is internal, the timing of response can vary depending on the urgency of the issue.

The external-normal crisis originates outside the organisation and is relatively predictable with respect to magnitude and timing. Even though, because the crisis originates outside the organisation the predictability is reduced compared with the internal-normal crisis. The crisis can affect more than one organisation.

An external-abnormal crisis originates outside the organisation and is unpredictable regarding timing and magnitude. Therefore, it is not possible to scan the environment in the hope of foreseeing and preventing a crisis in respect to the economical resources needed to do this efficiently. When this type of crisis occurs it could affect the equilibrium between corporations. In such situation where the environment changes, the corporations strategy has to change as well. First mover effect is significant in these situations and affected corporations therefore have to take fast and well evaluated strategic decisions. Therefore, it is essential to prepare for such crisis before it hits, in order to respond fast. To improve the outcome of such crisis corporations will benefit by making their strategic decision based on ethical arguments.

Snyder et al. (2006) furthermore introduces the concept of ethical rationality in crisis situations. It suggests that corporations by using ethics as a strategic foundation in decision making, could put the organisation in a better position compared with traditional rationalisation.

3.6.1 Communication during a crisis

The purpose of communication during a crisis is to influence stakeholder's perception of ones organisation and to protect the image from damage (Ray 1999). Protecting ones image can be done by modifying public perceptions of responsibility for the crisis or aim to control the impressions of the organisation itself (Coombs 1999). Ray (1999) further argues that communication in a crisis situation can be used to inform, convince or motivate certain stakeholder initiatives. Sturges (1994) argues that communication is essential and a central element is damage control in order to prevent severe negative reactions in the corporate environment. Lerbinger (1997) is introducing a secondary objective in respect to crisis communication. This objective is about communicating corporate missions, values and operations to the environment.

When corporations are considering what message strategy is appropriate in a certain crisis, central elements are primary stakeholders, the type of crisis, available evidence, severity of damage, the corporations performance history, and legal issues (Coombs, 1999). Additionally, a corporation's perceived credibility is significant. Corporations that are perceived to be credible in the eyes of the stakeholders are more likely to be trusted and forgiven.

"Sour Milk": corporate branding under surrogate boycotts – the case of Arla Foods

Coombs (1995) developed a five stages strategic communication model, which aim is to help corporations in a crisis situation to choose and appropriate response strategy. The model describes five different crisis communication strategies; non-existence, distance, integration, mortification, suffering.

The non-existence strategy tries to eliminate the threat of the crisis by denying its existence, clarifying that no crisis exist, attaching a more aggressive strategy, or use ones position to intimidate others who are less powerful.

The distance strategy is intended to weaken the link between the corporation and the crisis. By doing so the organisation acknowledges that a crisis exists, anyway they try to make excuses or justify the crisis. By excusing, corporations minimize the responsibility by denying intentionally to have caused the crisis. This could be by blaming others for the situation. Corporations who are addressing a crisis by justifying it is trying to convince an audience that the crisis is not that serious or claiming that the crisis was misrepresented.

In an integration strategy the central point is to find a way to get the public approval, by for example taking advantage of ones established corporate image, transcending the crisis to a more desirable position, and talk well about others to get their approval.

The mortification strategy aims at winning forgiveness and develop acceptance. This could be done by offering compensation to the victims and thereby gain forgiveness. Further, this strategy is clearly sending signals that similar situations will not happen again.

The suffering strategy is aiming at portraying the organisation as the victim rather than a felon, and thereby gets sympathy from the stakeholders.

After the study where the introduced message strategies was introduced, Coombs (1999) has elaborated and added two more strategies to the five above. The first one is named salience, where corporations are addressing a crisis situation by being passive. The second is referred to as endorsement of external expert, and is a good way to boost corporation's credibility when they are in the middle of a crisis. The experts' role could be to approve the organisation and the way it is dealing with the issue. Coombs (1999) finally claims that the best way for corporations in a crisis to protect their image is to modify the perception of the stakeholders who are responsible for the crisis, if it is possible.

3.7 Boycotts

The term boycott in the context of business, can be defined as *"the concerted, but non-mandatory, refusal by a group of actors (the agents) to conduct marketing transactions with one of more other actors (the target) for the purpose of communicating displeasure of certain target policies and attempting to coerce the target to modify those policies"* (Garrett 1987).
Boycotts are distinguished from other influential actions placed upon companies, such as embargoes, divestment and individual preferences, as it deals with the organised refusal to do marketing transactions based on purely social pressure to encourage participation (Garrett 1987).

Boycott can take many forms, thus we can distinguish between obstructionist, secondary and surrogate boycotts. Surrogate boycotts refers to actions towards political entities such as nations and states (Mills 1996). Hence it deals with a protest groups which finds itself dissatisfied with the public policies of a city, state or nation and acts accordingly by boycotting surrogates. This is an increasingly used boycott, and the one with most effect especially towards what can be termed innocent targets. The rational behind surrogate boycotters' actions is end-justifying-means. Because the end justifies the means, many neutrals and innocent will potentially be affected by such a boycott. (Friedman 2001)

Boycotts may differ widely, but in general two justifications can be identified. A strategic justification is based on activists perception of offensive practises conducted by companies, whereas integrity-based justifications relates to practises which has become offensive only through their association with other parties which is seen offensive (Mills 1996).

The concrete orientation of the boycott can be carried out in two different ways. Either as a market boycott, concerned with the influence of agents to retain from purchasing goods from the target. Or as a media boycott, which increasingly is seen as a feasible way, where the focus is placed on influencing the media in order to humiliate targets, and thereby cover the boycotters concerns and goals. (Friedman 1999).

The potential of a boycott is naturally depending on participation, which can vary greatly and is determined by several factors. Awareness is central for a boycott to come about in the first place. Moreover, the values and goals of participant are important in order to line up behind a boycott. Likewise social pressure, limited personal costs and the support of a highly credible leader will influence participation. (Garrett 1987)

In relation to boycott and other occasions where a corporation is threatened it is appropriate to discuss the concept of bargaining power introduced by Porter (1985), as it puts light on the issue on how corporations are likely to be affected by such threat. In B2B markets the focal corporation is often in a stronger position regarding its customers in comparison with B2C corporations. This is because it is less risky and complicated to switch e.g. a shoe brand than it is to switch supplier in respect to cost, competition and operation. Nevertheless, even within B2C markets, corporations can have relatively high bargaining power over consumers as a result of available substitutes and brands.
In boycott situations three different variables influence the potential outcome and development of such an act.

First is the economic pressure of the agent that can create financial hardship for the target. This is of course of major importance and the economic pressure could also increase if the agents increase the number of constituents such as consumer, labour and political groups (Garrett 1987). From an agent perspective boycotts can be considered social dilemmas where the self-interest of withholding consumption is matched with the cost of engaging in the boycott and the uncertain utility gained. Individual costs relates to the intrinsic preference of the product and the availability of substitute products (Sen and Bhattacharya 2001). In most cases, consumers will be better of withholding consumption, unless the majority participates in a boycott thereby reducing the likelihood of failure, social risks and costs. The higher the likelihood of participation and concrete action from agents, the higher the potential economic pressure will be. (Friedman 2001)

Image pressure results from the undesirable publicity for the target which a boycott announcement can create - no matter how justified the agents claim might be. Such potential exist even in cases where the actual economic threat of the boycott might be low (Garrett 1987). This image pressure is increasingly becoming of importance as corporations move towards a more public image orientation (Guzzardi 1985, Balmer and Greyser 2003). Thus many boycotts today take more of a media oriented perspective because of its relative easiness and the difficulties related to engaging in an effective economic boycott (Friedman 2001).

Policy commitment relates to the resistance that the target has and acts upon at the outset of a boycott as the response to the agents' actions. Such commitment can be based on the different targets reasons and interests (Garrett 1987). Reasons for high policy commitment can be a perception of illegitimacy and little understanding of agent's complaints and demands, as well as the costs related to policy modifications (Sen and Bhattacharya 2001). In cases with high policy commitment the target will feel less receptive towards the potential economic and image pressure from a potential boycott.

These variables are heavily interlinked and have a positive correlation between economic pressure and image pressure. As the media coverage of the boycott will intensify, the image pressure will raise when more consumers become aware of the conflict and support this and thereby increase the economic pressure.

Moreover, will the media recognise the upsurge of the boycott activity as more consumers join, thereby increasing the image pressure. Negative correlation exist between policy commitment and the two forms of boycott pressure so that targets tend reduce their policy commitment when the potential pressure is high and agents tend to become dishearten and reduce their boycott eager when targets is perceived committed to their policies (Garrett 1987).

From the above it is clear that a boycott will be most effective in situations with high economic and image pressure and where targets policy commitment is low. Based on the estimated pressure from the economic and the image factors which the boycott could provide and the agents desire to change policies based on their commitment, four strategic implications can be visualised.
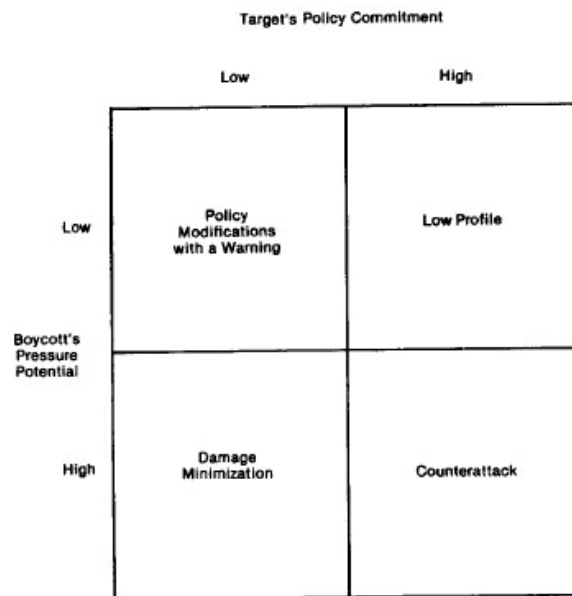
Target's Policy Commitment

	Low	High
Low	Policy Modifications with a Warning	Low Profile
High	Damage Minimization	Counterattack

Boycott's Pressure Potential

Figure 5 Strategic options for boycott target (Garrett 1987)

Policy modifications with a warning should be applied when the target has a low commitment and the boycott pressure is minimal. The target may comply with the sought changes by the agents but doing so also sending a clear message, that it's not because of the fear the boycotts as this otherwise will encourage future boycotts. (Garrett 1987)

The imperative for targets is not to forget that boycotts can cause significant pressure. When targets has limited policy commitment and perceive agents to have legitimate reasons for a boycott, leading to a high pressure, potential damage minimization should be sought. Therefore the target should as fast as possible change the policies, before the boycott can cause unnecessary damage. (Garrett 1987)

In situations where the target has a high policy commitment and the pressure is relatively low, the target should keep a low profile, avoiding destructive behaviour which only can benefit the agents' pressure. (Garrett 1987)

Where the pressure potential is too great to ignore, and the policy commitment is very high a counterattack might be a feasible strategy. Here the target should attempt to act resolutely and consistent to influence and minimize the boycott and its support. (Garrett 1987)

3.8 Argumentation perspectives

It can be argued that we today have a finished world[1], where companies need to gain social acceptance in order to exist. This is exemplified by the increasing focus on corporate branding whereby companies are expressing values and in order to gain customer acceptance (Klein 2005, Holt 2004). By claiming this, it is evident, that in gaining social acceptance, corporations need to argue for their raison d'être and their continuous policies in order to obtain long-term viability (Brønn 1998). Policies can thus be seen as a reasoning process, involving different stakeholders, which argues for perceptions and needs (Brønn 1998). This illustrate the ongoing reasoning process between stakeholders and corporations, where argumentation is the key, connecting the two sides. Arguing occurs when people state the not obvious, and anything that disrupts social order needs to be argued for (Toulmin 1958, Corvellec 2002).

In a corporate context, argumentation is a matter of justification, with the aim to seduce and convince stakeholders (Sillince 1999). However this becomes complicated in a corporate setting, because argumentation is a knowledge based activity, where what one knows, might actually not be the truth, supported by evidence and often based on assumptions (Brønn 1998). This brings subjectivity into the argumentation, which means that different actors bring different views into the policy system which the corporation must relate and respond to (Mitroff et al. 1982). Therefore conformity can only be attained by rejecting or neglecting some of the claims put forward.

One way which argumentation can become effective is to adapt to the particular context. In doing so, the arguer must select a particular combination of appropriate dimensions and rhetoric. Because people see the world as a set of contrast, rhetoric is a way of illustrating and creating such contrasts. They serve as bipolar rules of thumb, mottos or proverbs. Such rhetorical form is influenced by arguers meta-position on weather change is desired or not (Perelman and Oldbrechts-Tyteca 1958). Related to this, are the norms and values which is the basis of legitimacy and give the foundation to which degree argumentation can be persuasive. The degree of, and strength of these norms and values, determines the degree to which argumentations can be persuasive. In other words when hypernorms of the respective stakeholders are contradicting each other, disputes can be difficult to solve. In such case we can talk about positions of principles which collide. Here argumentation will never be able to lead to persuasion and influence, no matter how soundly based they might be (Corvellec 2006).

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[1] This concept was introduced more than fifty years ago by French poet Paul Valery with the quote "Le temps du monde fini commence" in the book "Regard sur le monde actuel". He postulates that the world has already entered a finished stage, leaving no empty positions to be taken, hence all actions and existence has to be argued for in order to be accepted.

4 Discussion

Whoever in discussion adduces authority uses not intellect but memory.

-Leonardo da Vinci

The surrogate boycott of Denmark is, although perhaps the one who has received the most attention, only the latest from a phenomenon on the rise. Thus Boycott Quarterly in its final edition (Spring 1998) lists new surrogate boycotts of Australia, Ireland, Montana, Pennsylvania, Puerto Rico and Wisconsin. The British consumer organisation Ethical Consumer, in May 2006 for various reasons lists Botswana, Burma, Canada, China and Israel as surrogate boycott targets. Additionally surrogate boycotts are at present at least called for Aruba, Muslim countries and the United States (Wikipedia 2006a).

Etzioni's (1969) observation of increasing militancy of social protest and that direct action is becoming *"part of the daily routine of our democracy and its most distinctive mark."*, seems to be truer than ever. The increasing focus upon stakeholder management and social responsibility underpin such development, which has brought politics on the management agenda. This has spawned substantial interest into how companies, both directly and indirectly, behaves on the global stage.

As surrogate boycotts, seems to be an increasingly used tool and an integrative part of the democracy, it is noteworthy that this specific consumer expression has received little or no practical and theoretical attention. Friedman already in 1985 pointed to the *"special interest...of...the growing use of surrogate boycotts"*. Despite growing interest in boycotts, this area largely has been neglected, or perhaps forgotten in the increasing interests in secondary boycotts. Due to the very characteristics of surrogate boycotts, it can be argued that this largely is out of direct management control and only hits companies in order to influence political offenders, which otherwise would be immune. Therefore no direct connection exists between corporate actions and policies and the offending politic, besides the geographical proximity. Nevertheless a surrogate boycott has a direct influence on corporations, not only in terms of the most obvious and immediate economical effect of sales, but moreover also on a long term basis by influencing the brand image. Surely such boycott, might on the surface seem unpredicted, unfair and even unmanageable, but this is no reason not to deal with such problem on a theoretical, and especially not practical level. We do believe that companies to some degree can act actively, both up to and under a surrogate boycott in order to reduce or even avoid its harmful potential. However, in order to do this, familiarity with surrogate boycott as a concept is needed.

This section sets out to build a general understanding of surrogate boycotts from a theoretical perspective. By integrating and developing on different theoretical branches, we discuss surrogate boycotts from a general branding perspective. This serves as the background for the following analysis of the surrogate boycott of Arla, which should give practical implications, for the theory discussed and developed here. Therefore this section and the following analysis are closely related, and are respectively contributing with theoretical and practical knowledge of surrogate boycotts.

In order to develop such theoretical understanding three elements is of central importance. These are; the characteristics of a surrogate boycott, and how they influence companies? How companies can act under surrogate boycotts? And finally how surrogate boycotts can be prevented?
These questions are of central importance to develop a theoretical understanding of surrogate boycotts, and will be used as reference in the analysis of the surrogate boycott of Arla.

4.1 How can a corporate brand be influenced under surrogate boycotts?

In order to discuss this issue it is essential to get into the nature of surrogate boycotts. Surrogate boycotts can for corporations be difficult or even impossible to predict and prevent, as they are not the direct target, but rather the victim of a dispute between infighting external stakeholders. A surrogate boycott will not only put economical pressure on the boycotted corporation, but indirectly it has to be stressed that image pressure is significant, even if the organisation is not directly involved in the crisis. It may not be obvious that corporations could suffer under image pressure, when they are not being pressured due to their corporate actions. Nevertheless, brand literature stresses that a corporate image is not solely determined by tangible factors but also by intangible variables. It is significant to realise that deeper corporate identities are playing a role in such circumstances. These deeper corporate identities which could threaten a corporate brand could be related to their country of origin, the founder, political stand points and the corporation's basic values and norms. As an example, if a corporation is affected by a surrogate boycott as a result of national reasons, the corporate brand will suffer in terms of the negative perceived image of their origin in the eyes of the boycotters. To sum up, a surrogate boycott will threaten an involved corporation economically and with respect to its perceived image.
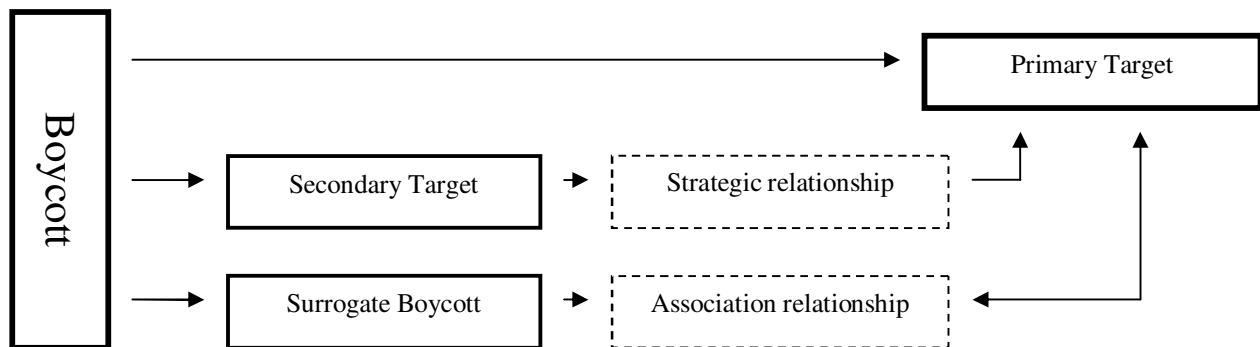

Figure 6 Surrogate boycott connection (own construction)

The magnitude of the corporate pressure in a boycott situation is related to the boycotter's influence, which is determined by their power, legitimacy and the situations urgency. In today's society, media plays a significant role and is increasingly used by people and corporations with opinions which they want others to hear and take a stand on. This development equalizes the power relationship between the large corporations with profit interest and the smaller previously insignificant stakeholders who think that business has certain obligations such as e.g. being social responsible. If the media is interested in a certain issue, it can therefore awake significant awareness of a situation, which clearly can be threatening for a corporation.

The level of involvement should be of corporate concern, when they evaluate how a threat as example a boycott may affect their brand, and furthermore, help corporations in respect to how they should act in such situation. We propose that involvement can relatively increase and decline depending on branding activities, corporate activities as well as external factors. The model below illustrates an example of how a corporations involvement can be affected by a boycott and moreover its response.
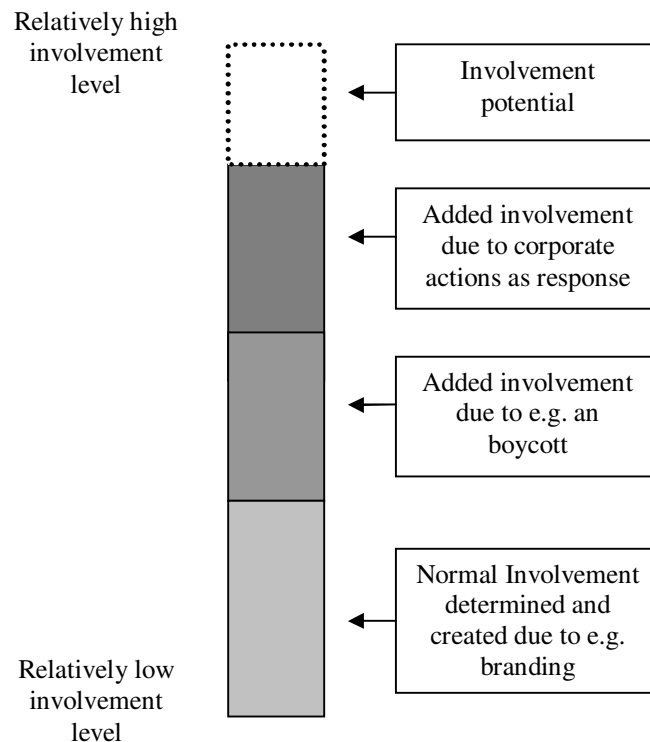
Relatively high
involvement
level

Involvement
potential

Added involvement
due to corporate
actions as response

Added involvement
due to e.g. an
boycott

Normal Involvement
determined and
created due to e.g.
branding

Relatively low
involvement
level

Figure 7 Involvement levels (own construction)

A corporation trapped in a surrogate boycott and which products is perceived as being low involvement might be better of by staying neutral, because as the model shows it could maybe make the situation even worse. By avoiding attention, which maybe would increase negative increased involvement in the eyes of the corporation's customers, could be the best way out of a conflict with minimal image damage. However, increased involvement can be both positive and negative for a corporation. Positive involvement is often created by the corporation as a result of internal actions e.g. branding, product attributes and corporate communication. Negative increased involvement could arise due to stakeholder dissatisfaction with a corporation which then can be related to the situational influence factor as the corporation temporarily is of interest. Therefore it has to be stressed that it is not possible to put a finger on which actions and situations will affect a corporations positive or negatively, as they are highly individual of nature.

The problem with increased involvement is that it increases brand sensitivity. The more interest and thereby involvement there is concerning a corporation, the more attention it will attract and thereby have an influence on the perceived image. Therefore, depending on a corporation's evaluation of a certain situation in respect to if a potential response will increase involvement negative or positively, a strategic approach to get out of the crisis should be taken. By this we mean, staying neutral or take a public stand to the situation if such action is believed to be beneficial for the corporate image.

The following will discuss this further, by getting more into the essence of identity, image and stakeholders in order to get the bigger picture of how corporate brands are affected by pressure deriving from situations such as surrogate boycotts. What is of interest is to investigate and determine how these kinds of conflicts emerge in the first place?

It is well recognised that the stakeholders of an organisation can have both positive as well as negative impacts on a brand. Whether certain stakeholders will affect an organisations corporate brand positively or negatively largely is determined by how well they identify them selves with the norms and values of the organisation. This can very well be understood by the concept of hypernorms, which stresses that a certain fundamental overlap of norms and values between corporations and its stakeholders have to exist. If this is

not the case, it can potentially lead to a situation where disagreeing stakeholders take action which might cause a threat. In a surrogate boycott situation this missing overlap has to be found in the variable which was the source for their relation to the external primary target which caused the boycott.

A way to prevent stakeholders to take action, due to a lack of overlaps, is for corporations to listen and act according to stakeholders desires. Nevertheless, a corporation's network of stakeholders is very complex, and conflicting expectations from individual stakeholders are unavoidable in the light of individual interests. This issue of conflicting stakeholder expectations becomes even more significant as brands are facing increasingly fragmented consumers as a result of our changing society as business increasingly is internationalized. Perceptions of what is right and wrong depend on values, culture and origin of the receiver. A second element which makes it difficult for corporations to adapt and act according to certain stakeholder expectations come into the picture when it conflicts with its basic corporate identity, which may not only be critical to change, but also hard or even impossible.

Brand literature is suggesting that corporations should put its identity before its image. Identity is defined as how the corporation wants to be perceived, whereas image is how the corporations are perceived by their external stakeholders. Therefore, as image basically is what branding is all about this variable should not be neglected. These two variables identity and perceived image are seldom identical as the perceived image of a corporation is affected, not only by internal factors but by external as well. The external factors are referred to as noise, and it is largely out of corporate control. Even though the perceived image of a corporation can be difficult to control, corporations can through communication minimize the impact of noise. Image is created through stakeholder's total sum of impressions and experiences with a brand. As people are likely to respond differently to brands, due to their individual experiences and various networks, they are creating their own interpretation of the brands. These interpretations are likely to be influenced by people's basic values and needs. In other words, the perceived image of a corporation is not likely to be identical in respect to their diverse external stakeholders. Consumer culture theory can be related to this, by introducing the way consumers chose to create and signal their personal identity through their consumption patterns. Consumers are to a wider extent creating their own meaning about brands, and they consume inline with what they want to be viewed as by their environment. It could be argued that consumption, especially in the western world, is becoming a symbol of individual values and norms, which is putting business into a situation similar to a democracy. The figure below is created on behalf of this statement, and will work as a tool, to understand how a corporate image is perceived differently depending on the receiver.
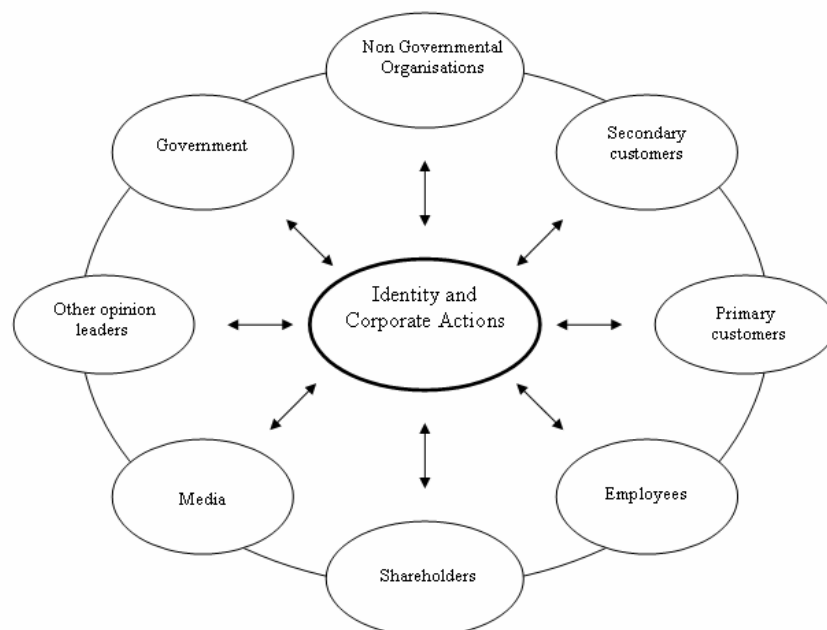

Figure 8 Stakeholder environment (own construction)

The model illustrates how corporate identity and corporate actions are communicating to its environment and thereby create a perceived image in respect to the receivers. However, the model further suggests that various stakeholders, depending on their relationship, values and norms, knowledge, expectations, culture and experiences of the focal corporation, are developing individual images of the brand. In other words, one stakeholder group can perceive a certain corporation as having a specific image, however, another stakeholder group, with another background, are likely to have a different picture of the same corporation. Finally, the model stresses that stakeholders are influencing one another. If these stakeholders, who are influencing a corporation, are external then it is largely out of corporate control. These factors make it very difficult for corporations to create a specific image, not only because of the noise factor, but also due to the individual stakeholder expectations and background which influences and determines the brand image.

In respect to surrogate boycotts, this model illustrates and can help to explain how such situation can come into existence and how the respective stakeholders are likely to influence the corporate image. For example, a corporation may be perceived by some stakeholders as being social responsible due to certain corporate initiatives or basic values, but on the other hand, on basis of the exact same initiatives this might not be approved by other stakeholders because it goes against what they believe to be appropriate, which may initiate a conflict, if the policy commitment is strong enough. What should be added to the model is the concept of opinion leaders. Nobody is totally individual in the way we perceive brands, and here is it that opinion leaders come into the picture. By identifying, influencing and controlling the opinion leaders corporations are in a better position to protect their brand from noise factors as well as minimizing the risk of a boycott. Nevertheless, as it is impossible to satisfy all stakeholders, it is likewise not possible to satisfy all opinion leaders.

It was discussed in the literature review that emotional connections with brands are a source for consumer loyalty. The argument for this was that the connection simply is stronger between them and the corporation, which put the corporation in a special place in the consumers mind. On the other hand, these emotions can be reversed, which than has the exact upper sit effect. The worst stakeholders are those who really hate a brand. These stakeholders are likely to make complaints and talk with others about their hate-relationship with the brand. This negative response might have a significant impact on a corporation if the number of unsatisfied supporters is high enough. This is relevant according to the question of surrogate boycotts influence on corporate brands, as it helps to identify how strong the commitment from the stakeholders is in such situation and further, it will work as an indicator of how strong the image pressure is. For a brand to appeal to consumers on an emotional level it is important for the corporation to know the receivers needs and cultural orientation well.

4.2 How can a corporate brand act under a surrogate boycott?

Existing surrogate boycott literature is limited and simplified. We find need for specification in order to illustrate the complexity of such a situation. We therefore distinguish between two phases in surrogate boycott; the proactive and reactive.
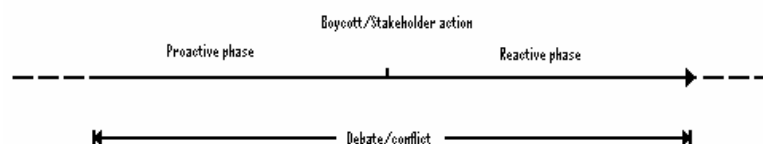

Figure 9 Boycott Phases (Own Construction)

The proactive phase will address how corporations can avoid a surrogate boycott situation by acting according to different stakeholders' norms and values. The proactive phase is critical to discuss because it can prevent an evolving issue to develop even further. In the light of image damage and threat of financial

loss, corporations will benefit from solving potential and developing disputes before they get out of hand. This has not been treated directly before in relation to surrogate boycotts. This is discussed further in the latter section.

If corporations do not manage to solve upcoming dispute between the stakeholders a much more severe situation will develop. This will lead to what we define as a reactive phase of a surrogate boycott. This will call for much larger actions and initiatives from the corporation and will also lead to much more pressure. Here central elements become boycott management via the usage of communication, argumentation and concrete actions.

As mentioned, a surrogate boycott situation occurs when the pressure on the corporation has resulted in concrete actions forcing either economic and/or image pressure upon the corporation. When confronted with a boycott situation, the corporation is according to theory expected to estimate the potential pressure the boycott can be expected to give based on the economic and image pressure which the stakeholders can impose. Further the corporation is expected to evaluate its policy commitment regarding the topic, which has lead to the boycott. From that, four general options are considered to be available. However the reasoning for those four options and the degree to which they can be applied can be questioned in the case of a surrogate boycott. The primary concern of this relates to the policy commitment aspect, as a corporation exposed to a surrogate boycott can be considered a more or less innocent victim caught between two external arguing parties. Therefore the corporation as such, can not in itself directly change the policy which has let to the surrogate boycott. Naturally it can to some degree influence the policy makers indirectly, via means such as e.g. lobbyism, however this to a limited and very situation specific degree. Another action related to the policy which is available for the corporation, is to take a position according to the concrete policy. This is not as such a policy change, but rather an argument broadly spanning from dissociation to association related to the given policy. Naturally the most common statement will be to make a clear dissociation to the policy, as nothing else will be expected to change the boycott opinion of the corporation. But as this in it self rarely leads to policy changes, it is unlikely that this will in it self lead to changes in the boycott, especially as the boycotters not is expected to change or stop the boycott before policy changes has been made.

Furthermore the degree of pressure upon the corporation becomes more complex compared to more traditional boycotts, where it actually is a given corporate policy which leads to the boycott. This is so because, surrogate boycotts purely hits a corporation because of its association with a given political policy. Because of this the complexity of the boycott pressure increases. This is due to the origin from where the corporation officially operates and derives from. This puts the corporation in between its home market and the foreign market – which presumably are leading the boycott. This puts the corporation not only in a complex situation, but also a dilemma, because a stand for one of the sides will automatically mean distance taking from the other. By taking the side of the policy makers, which normally is founded in a democracy, thereby most often reflecting the general opinion, will lead to resentment from the boycotters side, which has potential to intensify and spread the boycott. On the other hand, an action for or supporting the boycotters side which has the potential to end the given boycott, will normally lead to resentment from the companies origin. This also has a negative potential, as it can lead to a domestic boycott instead, because of a feeling of lacking corporate commitment to domestic policies. Therefore the concrete pressure, from a surrogate boycott, has to be considered a balancing act where any action taken normally will have a negative impact on the corporation, and not just a positive. It is therefore essential that organisations are able to have overlaps in especially hypernorms in the markets where it operates. This should also be seen as an ongoing process of mutual influence, as stakeholders and organisation otherwise will move apart – threatening the long term viability. A final element which has to be discussed is how corporations deal with a surrogate boycott, and how this action will influence the corporate image. Corporations have recognised how they can minimize the threat from demanding stakeholders, by implementing social responsible policies into their identity. However, a crisis which is pressuring corporations to compromise on these communicated values will suddenly put their integrity to the test. Depending on what a corporation does when they are put under pressure, as for example in a surrogate boycott, situation, may have significant impact on the corporate

image. So not only is the boycott influencing the corporation, the actions taken on the background of the boycott, will also lead to reactions and influence from the environment.

We can therefore due to the economic and image pressure rather talk about market shift potential in surrogate boycotts, and not just market loss, which is the normal case in traditional boycotts. Therefore the concrete pressure in surrogate boycott has to be related to the different markets where the corporation operates and their position towards the political policy bringing the boycott about. We therefore argue that surrogate boycott pressure should be seen as potential market shifts which can occur. Such shifts can based on the boycotters, other stakeholder, the corporation and their respective actions, occur over various time horizons. Therefore companies have to identify their key markets and the key stakeholders influencing the operation here. High boycott in pressure in relative terms will therefore only occur in situations where the boycotting markets/stakeholders have a higher market share than the markets which in overall terms support the given policy, or have the potential to intensify or spread the boycott in terms of economical and image related ways out of tune with the corporate strategy, thereby threatening the very survival. Adding to this complexity is the degree of commitment for and against the given policy. In this way companies will have easier to neglect and act against an opinion which does not have very high commitment.

As discussed above, a surrogate boycott is of great complexity for the exposed corporation. Hence, the theoretical foundation yet presented by scholars in this matter is not really applicable and credible in these situations. We therefore propose a different theoretical approach to handle such matter from a corporate branding perspective. This is based on the before mentioned elements in surrogate boycotts, namely the degree of policy commitment of the affected parties and the relative market importance of those. In this context we therefore find the boycott pressure a central element. In the case of surrogate boycott, the pressure is distinguished from the model presented by Garrett (1987) as to include not only image and economic pressure, but also the degree of commitment of the boycotters. In a surrogate boycott we see commitment of stakeholders in the affected foreign markets, as a function to the degree of potential image of economic pressure, which thereby defines the strength of these. However, because of the geographical limitations which surrogate boycotts often has and the before mentioned market share shift, the economic pressure should more be seen as the relative market share in the affected market and the overall image pressure which it may cause.

A second factor is in this study identified as the potential sacrifice which the corporation has to make in order to face the boycott in the most optimal way. The sacrifice is related to those actions a corporation takes in order to influence the policy that has led to the boycott and thereby change the course of this. The sacrifice should be seen as not only the cost of influencing the policy makers' e.g. by lobbing and PR. But more over and perhaps more importantly the economic and image costs which the corporation, primarily in its domestic and related markets, will face both in the short and long run by standing up to these policies. The importance of these factors and thereby the associated "cost" is dependent of the degree of commitment to these policies of both policy makers and stakeholders. Such sacrifice is closely connected to the corporate brand identity and brand image. The connection to the policies which have led to the boycott is by definition indirect. But as soon as the corporation will act in relation to this, its connection will establish more directly. But many times there is a snag in this, as some stakeholders, expects the corporation to take a stand in such situation. This is due to the characteristics of brands, which increasingly are based on desires and emotional aspirations rather than needs. This is so because consumers increasingly find them in a position with interest to influence the brand. Surrogate boycotts are by definition reactive, as the brand image already is being influenced by various stakeholders, and the corporation has to relate to such development. But this does not mean that the corporation should purely focus on the image. Rather the corporation has to relate to its brand identity. This will secure that the intended reactions to the surrogate boycott, actually can be carried out in practice, and hence develop into a conscious brand building process. It is therefore central that the brand only adapt to changes in a way that stays true to itself. Therefore the corporation has to consider the degree of freedom for brand change which exists. There is little sense in undertaking initiatives, which cannot be absorbed by the brand. This is perhaps one of the biggest challenges and pitfalls within surrogate boycotts. As such boycott hits rather unexpected innocent victim, managers will often be tempted to take short-termed opportunistic

actions, as they see them in their best right to do so. This is however not the case, as the actions under a surrogate boycott still has to be put in relation to the brand identity and the long term development.

The model is based on the two axes "Pressure" of the agent and "Sacrifice" which the organisation has to do in order to influence the policy maker.

Figure 10 Strategic options for surrogate boycott targets (own construction)

One possible scenario would be if the boycotter's pressure is relatively high while the organisation's sacrifice in order to influence the policy maker is low. In such *LobbyOver* situation, an appropriate approach is then to very actively argue for the sake of the boycotter to obtain a policy change to cease the boycott. Such an act by the corporation is for example to excurse lobbyism and publicly in the media establishes statements of that kind that are clearly taking an active stand for the sake of the boycotter. This clearly implies making use of arguments in order to convince the policy maker to change. As their commitment to their policy is expected to be rather low, this is not an unlikely option to follow. However, the corporation is in need of sound arguments as it is policies they are about to change after all. In such situation it is most likely that the policy makers and the other different stakeholder supporting them possesses legitimacy alone but do not have power nor urgency. Hence the argumentation should be aimed at creating rhetoric establishing moral authority. Here central elements to use in the argumentation are fairness, responsibility and commitment. (Sillence 2002) However this should be done without neglecting the brand identity, which also is the case in the three other options. Here Coombs communication strategy called "endorsement of external expert" might prove very useful. Experts and professionals within the issue which has let to the boycott, can be good proponents to influence the given policy. This will not only address the policy in itself, it will also show a commitment to the agents who are leading the boycott. Thereby it will be able to both change the policy and/or ease the boycott itself through the stronger association to the agents which will be established.

In situations with both low pressure and low sacrifice, the boycott situation is not very threatening and can be considered a *WalkOver*. However the corporation has a clear opportunity to regain its market acceptance in the affected market by influencing the policy maker. Since the pressure is relatively low the amount of resources to use in order to change the policy should of course be taken into consideration. Basically the situation is the same in the above-mentioned lobby over, although the pressure is low. This means that the corporation should take similar actions but in doing so, the economic aspect of influencing is of key importance. Therefore the argumentations should normally be restricted to making public argumentation statements.

A severe and complex exist when both pressure and sacrifice is high. Such *TurnOver* situation is a very delicate matter for the organisation and puts it in a hard dilemma, as both sides will argue strongly for their positions. Since the cost of influencing the policy maker will be high, it is recommendable for the corporation to peruse the cause of the boycotter since their pressure is of great importance to the companies' survival. This only leaves the corporation the option to actively take the side of the boycotter in order to regain acceptance in their main market. The way to do this is to differentiate from its association and signal a clear and long term commitment to the boycotters. This will naturally have effect on the market related to the policy, although that market is of less importance to the organisation. Therefore the only option for the corporation, although difficult, is to change side to its most important stakeholder. This will clearly have an effect on the markets supporting the policy, however the costs which this might bring must be accepted in order to rescue its main market. The task of convincing boycotters is so to speak not an easy one, and as the boycotters can be expected to have legitimacy, power and urgency, the corporation need to act fast and convincingly. The way to do this is to play on and use the self interest of the boycotters in the argumentation. By illustrating reciprocity, consensus, consequences, promises in its argumentation the corporation is likely to convince the boycotters of benefits of all, and thereby also at the same time distance taking from the policy markers. (Sillince 2002) The integration and mortification strategies illustrated by Coombs are tools which can be used to differentiate from the policy association and establish relationships to the agents. Ways to get such public approval might be to refer to the corporate image and thereby find arguments which illustrate the corporation's natural distance from the policy and thereby get approval among agents and turn the boycott. More concrete is the mortification strategy which aims at establishing forgiveness. This is not directly applicable to a surrogate boycott, as the corporation here per definition has nothing to forgive. Nevertheless the same concrete approach might be taken. Here Coombs argues for the use of compensation as a way to obtain forgiveness and hereby illustrate that a similar situation will not happen again. Although we can not speak of compensation it its strict sense, the corporation is however able to show strong commitment to the agents. This can be done by offering concrete professional and economical backing for the agent's course.

The final situation, *BlowOver* occurs when the sacrifice is high and the pressure is low. This is in many times a matter of time before the situation will change to the better, and in any case it doesn't reflect a very critical situation for the corporation. This combined with the high sacrifice in order to influence the policy makers it is recommended not to do anything, especially not going against the policy makers, as it normally only will put the corporation in a even worse situation. What can be done in order to optimize the situation, is to use the fact of their innocence in this situation and argue for the impact this has for the corporation. Such statements will in itself not lead to any escalation of the boycott, but will have the likelihood of gaining more support in the policy affected markets. (Friedman 1996) What Coombs refers to as a suffering strategy can here be very usable. By portraying the corporation as a victim, it can be possible to reduce the effect of the boycott. Such strategy can be carried out both on a domestic and foreign level. As the domestic commitment to the policy can be expected to be very high, the public will also be expected to defend such policy very intense. This can lead to strong sympathy for companies which are suffering under this policy. Therefore the corporation can be expected to gain sympathy effects by, illustrating how they are being affected by the boycott. On a foreign basis, the corporation can address primarily the market segments which have little or strong positive opinions for the policy. By illustrating their innocent role in this conflict, this can to some degree be expected to lead to sympathy effects. The more active opponents of the policy cannot be expected to change their mind of the boycott, however this action will as long as it just points to companies suffering, not change their present and future opinion. This is so because they do not have any negative relationship to the corporation as such, but only initiate the boycott with ends-justifying-means rationales to influence a policy.

4.3 How should global corporate brands operate to prevent or reduce potential conflicts?

The proactive dimension of surrogate boycotts is addressing how corporations can minimise the risk of damaging stakeholder actions. CSR and stakeholder theory will be discussed as basic concepts which are useful as proactive tools to take care of important stakeholders. Moreover, the dimension of the global business environment will be added to the discussion as this is a variable which can not be neglected in a brand context.

What a corporation can do to prevent a crisis is of course very situational specific. This is demonstrated by the four different types of crises, which corporations may face. The crisis literature claimed that not all crisis's can be prepared and prevented. Especially the external-abnormal issues are often unpredictable in respect to timing and magnitude. On the basis of that statement, it is clear that situations as for example a surrogate boycotts can not be totally prevented, as they are abnormal circumstances which are hard to predict and furthermore, out of direct corporate control. A corporation faced with a threat of becoming a victim of a surrogate boycott, might have an option to work as a diplomat between the conflicting parties, but this may not be without significant consequences. The situation is becoming increasingly complicated and sensitive when the dispute is concerning missing overlaps, in regard to hypernorms, between the external parties. The reason for this is because of the risk of offending any stakeholders on the respective sides, as they both can be highly committed to stand for what they believe is right.
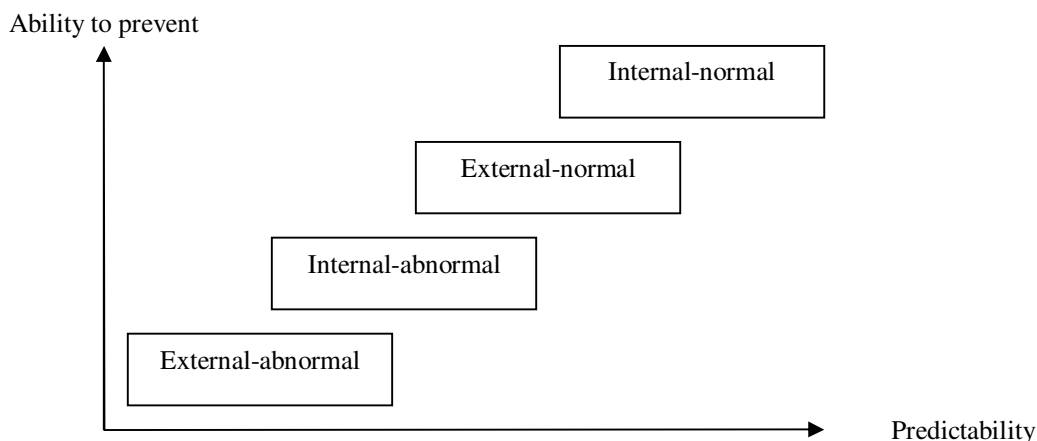

Figure 11 Crisis categorization (own construction)

The general literature regarding corporate social responsibility and stakeholder theory is suggesting that crises can be predicted and solved before it even can become a critical situation such as a boycott. Nevertheless, as presented above this is not always possible and depends on the nature of the situation. However, it should by far not to be neglected, that concepts such as corporate social responsibility and stakeholder theory are very important. Why corporations in most cases can be expected to benefit from their social responsible values and strong stakeholder orientation.

It was previously discussed how important it is for brands to connect with its stakeholders, and by implementing corporate social responsibility into the corporate identity, it will help corporations to make this connection, and thereby minimize the risk of any external problems. If a corporation is really respected and stands for something unique, which most of their stakeholders admire, the probability of stakeholder threat will become less, and further the corporate image will be better prepared to withstand a potential attack. The idea behind corporate social responsibility is to be in constant dialogue with the respective stakeholders, and thereby create a picture of what they expect. In that respect, even when corporations are facing an external-abnormal crisis situation, initiatives such as social responsibility can be beneficial, not as it can prevent a

crisis, but rather that it thereby can minimize the image damage. In other words, a strong brand will not suffer to the same extent as a weaker brand, but then again it depends on the specific circumstances.

As introduced, corporate social responsibilities can not solve everything regarding the external stakeholders. Stakeholders are all different and they all have individual expectations which they value. The stakeholder environment is becoming increasingly fragmented due to social developments, cultural clashes and internationalization. This means that one social responsible initiative aimed at satisfying certain stakeholders, might conflict with other stakeholders and thereby also have a negative impact on the corporate image. This leads into the discussion about corporate identity and diversity. Especially when confronted with a crisis, which put pressure on a corporation in terms of either or both economically and image-wise, it would be preferable for corporations to just change directions and adapt to the expected demands of certain dissatisfied stakeholders. However, as pointed out, this is not likely to be as easy as it seems. The identity of a brand has to stay somewhat consistent over time, which makes it hard for corporations to adapt to all stakeholders demands, if they want to protect their brand value. Hence, the identity of a corporation is setting the standard of what can be changed. Moreover, there is a paradox in the fact that people are becoming more demanding regarding brands, and therefore pressures corporations to create more specific identities. Hereby corporations target markets are simultaneously becoming increasingly fragmented. Some elements of a corporate identity, such as country of origin, the history or the founder etc., might even be impossible to change. If these elements of a corporate identify is the core of a dispute, it puts the corporation in a very unfortunate position.

This dilemma of fragmentation and globalization corporations are facing today is very sensitive, and it is not possible to come up with one single answer on how to solve this, as every business is different. However, we find that a tendency in today's business is the need for authenticity and strong brands which connects emotionally with the stakeholders of a corporation. A way to do this is for corporations to have strong identities which they intuitively act according to. This means that a corporation should actively and self motivated express their opinions about various issues, which will strengthen its identity and thereby its image. By doing so, stakeholders will perceive the corporation as having a true identity with own opinions and being authentic.

Consumers buy brands which they can relate to and want to be associated with. Hence, corporations should identify its primary stakeholder targets and adapt their identity to fit with the specific stakeholder values and norms. This will motivate an emotional connection, as the primary stakeholders find the corporation to stand for what they believe in. If a corporation succeeds in making this emotional connection, it will additionally be better prepared for a boycott, as they have strong supporters which are sharing their identity.

The legitimacy of critical stakeholders is to be considered as well. If the stakeholder's legitimacy who is threatening a corporation is high, it puts increased pressure on the corporation to adapt to their demands. Corporations have to evaluate who are the most important stakeholders to be considered and listen to, and in a worst case scenario a corporation might even be forced to take a side, if conflicting stakeholder expectations are present. Taking sides in a conflict could in the right circumstances boost the image of a corporation in the eyes of stakeholders, as it officially takes a stand which is inline with the stakeholders own norms and values, and thereby directly makes an emotional connection. For this move to be as efficient as possible it has to be self motivated and further by being the first mover it might have an even better impact on their perceived brand. The reason for this is that it can be related to the theory of corporate crisis's, where it is argued, that how a corporation acts in a pressured situation will determine its character and thereby strengthen its image.

Globalization was argued to be a problem for brands in respect to the issue of identity vs. diversity. Hence, the following will address the concepts of brands in a global perspective. The challenge for brand managers facing the global market is to adapt to the local market without undermining the fundamental values of the brand identity. This is related to the previous discussion concerning the fragmented stakeholder environment. What a brand manager could do is to consider to what extent some of their basic values should be reflected in their brand in certain markets. For example, if the origin of the corporations happens to be an obstacle, the

corporation might consider try keeping it hidden. However, it should be stressed, that whatever a corporation does, it will never be able to hide all traces of its origin. Additionally, it should be mentioned that national identities are quite significant in international markets. It can give the consumer the impression of quality and increased status as global brands are perceived as being big and strong. A variable which should be considered by corporations is their strategic position in respect to its customers. If the corporation is highly differentiated and consumers are depended on the products they offer, then the risk for a boycott or other corporate threat initiated by customers would be minimal. However, if the corporation is in a market with low differentiation and high competition costumers will find it easier to find a substitute and thereby put pressure on a corporation which goes against their values and norms.

5 "Sour Milk" - Arla Foods in the Muhammad crisis

If the milk turns out to be sour, I ain't the kinda pussy to drink it.

-Rory Breaker, *Lock Stock and Two Smoking Barrels*

5.1 Arla Foods

Arla Foods (Arla) was established in 2000 by the merger of the Danish dairy company MD Foods and the Swedish dairy company Arla. Arla produces and distributes milk based products. The organisation is owned by approximately 10.600 co-operative milk producers in Denmark and Sweden, and is today the second largest dairy organisation in Europe. The largest market is Great Britain which accounts for 33 per cent of the total turn over. The second largest market is Sweden where the market represents 22 per cent of the turn over, followed by Denmark with 19 per cent. (Arla 2006a) Arla is further exporting to other markets in Europe, North America, Middle East and China. (See appendix 2).

Arla's vision is to become Europe's leading dairy organisation. The goal is to pay the highest possible price to the co-operatives for their milk, and this shall be done by becoming the leading organisation in Europe and thereby improve their bargaining position towards other primary stakeholders. Aside from focusing on the welfare of the co-operatives, it is Arla's intention to satisfy the needs of the consumers by offering inspiring, secure and healthy dairy products.
Arla is conscious about the fact, that if they intend to pay the highest price to the co-operatives and become market leader in Europe, they have to put the consumer in focus. Arla's mission statement is: *"… to provide modern consumers with milk-based products that create inspiration, confidence and well-being."* (Arla 2006b)

Arla intent to create security and wellbeing, which should be done by offering tasty and healthy products. The consumers have to be convinced that Arla through out the whole value chain are concerned with the use of resources, environment, wellbeing of animals and ethics. This is an important part of the image communication and how Arla would like to be perceived by the consumers. (Arla 2006b)

5.2 Market environment

Arla is increasingly facing competition on the main markets. As a way to improve Arla's competitive position and protect them from the discount competitors, Arla wants to improve their brands. Especially, they intent to strengthen their global corporate brand, which requires heavy marketing investments in certain selected markets. (Arla 2006c) As part of this brand vision they want *"To become the world leader in value-creation within the dairy sector."* In doing so, this among others involves becoming:

- Northern Europe's preferred dairy group among consumers, customers and milk producers

- Northern Europe's market leader within all types of dairy products with a broad range, strong brands and a high degree of consumer confidence

Finally as part of this vision, Arla want to build a stronger corporate brand in Western Europe. This brand building should be based on an internationalization of Arla's Scandinavian values. They state that in Western Europe, outside Denmark, Sweden and UK, the Arla brand does not have any such meaning. (Arla 2006d, Arla 2006e)

Further strategic initiatives are made to expand outside the main markets, due to the saturated market conditions (Børsen 2005a). These markets are primarily Northern America, Eastern Europe, Russia and the Middle East. In particular investments to expand and grow are made in the Middle East (Arla 2006c).

An additional motive for Arla to expand in foreign markets is due to their poor image in primarily the Danish market where they are accused of using their dominating position on the market. Arla are therefore announcing that they intend to grow primarily outside their home markets (Børsen 2005b).

Arla's image has the last few years suffered substantially and two third of the Danish consumers are stated to have a negative perceived image of Arla (Modig 2005). Therefore one of the main contemporary initiatives for Arla is to improve its image in Denmark rather than increasing market shares (Arla 2006c). The rapport "our responsibility" is clear attempt of this. It among other states that: *"We shall have efficient procedures for handling complaints from consumers and customers with the aim of resolving disputes within a reasonable period of time and in a reliable manner."* and *"We shall provide our customers with adequate and relevant information about our company, our products and our production processes."*
Arla goes further than that and stte that they shall maintain good, respectfull and constructive sommunity relations. They among other want to do this by creating *"...permanent relations with the local community, based on respect, responsibility, dialogue and realistic expectations."* (Arla 2005)

The bad image of Arla among the Danish consumers, have developed into a situation where consumers increasingly are preferring products from competing dairies as an act of dissatisfaction (Børsen 2005c). In order to create a more positive image, as Arla e.g. is experiencing in Sweden, they want to listen more to the consumers and thereby try to position them selves less dominant (Børsen 2004).

5.3 The Muhammad Crisis

30th September 2005 Danish newspaper Jyllands-Posten posts 12 satirical drawings of the Islamic prophet Muhammad. This was part of a Danish debate, based on writer Kåre Bluitgen's difficulties in finding illustrators to a book on the prophet Muhammad's life. In fear of violence several illustrators refused to contribute to Bluitgen's book. This led Jyllands-Posten to print 12 satirical drawings of the prophet, with their proclamation to maintain the freedom of speech. This resulted in a critical conflict, where Islamic countries and groups protested against the depiction of their prophet, which according to Islamic beliefs is prohibited. The satirical perspective in these drawings naturally intensified such critique. This culminated in a situation, where fundamental norms and values collided between the issues of religion and freedom of speech respectively. This led to intense debates, demonstrations and even boycotts, bringing "innocent victims" such as companies into the crisis. (DR 2005a)

5.3.1 Reactions

Based on the Muhammad drawings, Danish Islamic organisation "Islamiske Trossamfund" and 12 other Danish Islamic organisations in October 2005 in a statement demanded Jyllands-Posten to withdraw the drawings and further give an official apology to all Muslims. The statement contained three central proclamations, which *"...condemned the provoking and arrogant act, which created bitterness and ethnic insults among Muslims in Denmark and the rest of the world"* It stressed that *"...the newspaper with this action, consciously had trampled on the ethnic and moral values of Islam, with the purpose to flatten and ridicule Muslims feelings, shrines and religious symbols."*, and stated that *"Muslims cannot account for the fact that the limit of freedom of speech suddenly stops at critique of Semitism or Dannebrog [Danish flag]. This is perceived as hypocrisy."* (Det Islamiske Trossamfund 2005)

However from a legal perspective, the drawings were not violating any Danish criminal law, why no official attempts to meet the requirements of the Danish Islamic organisations were made by Jyllands-Posten (DR 2005a). After increasing debates, demonstrations and even threats to the "Muhammad drawers" life, the Danish Prime Minister in October actively chooses to enter the debate, by stressing that: *"We live in a free democracy, where an extensive freedom of speech exists, and this freedom of speech also includes the opportunity to stand critically towards religion."* (DR 2005a)

In a reaction to little Danish attempts to respond to the critique of the Muhammad drawing, 11 Islamic countries with embassies and representation in Denmark, in a protest declaration, request a meeting with Danish Prime Minister to get his response and distance taking from the Muhammad drawings and what they call an *"on-going smearing campaign in Danish public circles and media against Islam and Muslims."* (Buch 2005) As a respond to this, and with reference to the fact that *"The freedom of speech is the very foundation of the Danish society…and the Danish government has no means of influencing the press."*, the Prime Minister refuses such meeting in a written statement. (DR 2005b) This decline motivates a delegation of Danish Muslims, primarily imams from "Islamisk Trossamfund" to travel to the Middle East in order to bring attention to the drawings and discuss this matter with leading officials and religious leaders (DR 2005a, Wikipedia 2006b). Central for this is a 43 page dossier which they bring in order to influence political and religious leaders (Wikipedia 2006c).

The Islamic Educational Scientific and Cultural Organisation (ISESCO) which is part of "The Organisation of The Islamic Conference" (OIC) on December 27th threaten to encourage its 51 member-countries to break off all economic and political relations, unless Denmark issues an official apology for "the drawings which has insulted the worlds Muslims." (Politiken 2005)

In January it seemed that the crisis was flagging, when Danish foreign minister Per Stig Møller and general secretary from The Arab League Amr Moussa agreed that the drawings no longer should be a sticking point between Denmark and the Arab countries. (Politiken 2006a) Nevertheless the crisis takes a critical turn when citizens in Saudi Arabia from 20th of January and onwards are encouraged to boycott all Danish products. These encouragements are spreading via emails and SMS-messages throughout the country (Information 2006). The crisis at this time no longer exists on strictly political level, but flourishes among all spheres of society in both Middle East and the western world, and the consumer boycott starts to take form throughout Saudi Arabia, and soon spreads to Kuwait and other countries around the Middle East. Signs are placed in supermarkets encouraging consumers to avoid Danish products and Danish products are even removed from the shelves. (Aljazeera 2006) At the same time religious and political leaders in Saudi Arabia are encouraging to boycott all Danish products. On January 27th the Friday prayer is used by several imams throughout the Middle East, to encourage to a boycott of all Danish products. (DR 2006a)

At this time the boycott, starts to have a clear impact on Danish companies operating in the Middle East, especially after the largest Supermarket chain in Saudi Arabia threatens to bypass Danish products entirely unless an official Danish apology is given. (DR 2006b, DR 2006c)

Due to the increased pressure on Denmark and Danish interest, Jyllands-Posten's editor-in-chief reacts and tries to explain the purpose of the drawing, stressing that no intentions to insult other people were part of this (Politiken 2006b). He deplores unintended to have insulted Muslims. However on the grounds of freedom of speech, he refuses to deplore the fact of bringing the drawings. *"…They were not intended to be offensive, nor were they at variance with Danish law, but they have indisputably offended many Muslims for which we apologize… That this happened was, consequently, unintentional."* (Jyllands-Posten 2006) A number of Danish Islamic organisations are not satisfied with the apology from Jyllands-Posten. On a press conference held at Islamisk Trossamfund", spokesman for the 27 organisations Ahmed Akkari states that: *"We miss a clear statement, where the newspaper apologize the insult. That they stick to it and not subsequently give an ambiguous statement."* (DR 2006d)

As a response to this development, the Danish Prime Minister states that he personally takes distance from the drawings, and stresses that the government can not, nor will apologize. *"Personally I have such a respect for people's religious belief, so I myself never would depict Muhammad, Jesus or other religious figures in a way, which can insult other people."* But emphasises that: *"…freedom of speech is inviolable. It is meaningless, that wee give an apology."* (Politiken 2006c)

Nevertheless the crisis only seems to intensify, leading to increasing boycott of Danish products and political attention throughout the Middle East. Syria publicly states their shock of the drawings, which is considered *"a great insult…which is denounced strongly."* (DR 2006e) More critical is the governmental actions of Bahrain and Egypt, which both actively call for boycott of all Danish products (TV2 2006a, DR 2006f). Early February, boycott of Danish goods is initiated by Omani retail chains, and Islamic retailer Ziyad Brothers suspends business with Arla. The president of Iran, Mahmoud Ahmadinejad, orders to cancel all economic contracts with countries where the media have published the drawings. (Politiken 2006d) During February the crisis develops as several newspapers around the world reprints the cartoons, which led to increasing demonstrations (DR 2006a, Wikipedia 2006b).

Danish Prime Minister Anders Fogh Rasmussen appears on the Arabic TV-station Al Arabiya, where he explains, to the 50 million viewers, that *"...the Danish government condemns every expression and action, which insults people religious feelings."* (DR 2006g) Despite the belief that such appearance on TV would have calmed the situation, the Friday prayer on February 3rd is used around the Islamic world to condemn Denmark. This leads to stronger demonstrations in the Middle East, where Danish flags, embassies and dummies of Danish politicians are set on fire (DR 2006a).

The crisis from Denmark's point of view and the associated boycott is on the other hand not one sided. Buycott campaigns thus are initiated in especially the United States and Germany which is supporting Danish companies. Many western minded consumers are taking distance from the boycott and the aggressive reactions in the Middle East. They express this by consciously buying Danish products, and this could compensate fore the economical loses Danish companies are facing, and eventually maybe even benefit the Danish economy. (Børsen 2006)

5.3.2 Opinions

The debate and crisis has not only worked on an official and political level. As illustrated earlier the Middle East population has taken a very active position in the crisis. However the people in western world have also been absorbed by the crisis. In general the population in the western world thought it was a bad idea to bring the drawings in the first place. They however at the same time accept and support the right to bring the drawings, as this is a part of the freedom of speech. (See appendix 3)

The Danish public is divided up into equally large groups when it comes to the justification for bringing the drawings in the first place. However they still agree on several points. First of all a clear majority supports the principles of freedom of speech and the freedom of the press. Additionally a majority find that neither the Danish government nor Jyllands-Posten should apologise. The Danes are especially agreeing with the Danish government, and their unwillingness to apologies for the incidence. (See appendix 3-4)

The Danish people think that leading Danish Muslims carries the main responsibility for the crisis, as 58 per cent pointed at the Danish Imams as them with the primary responsibility, whereas 22 percent said that Jyllands-Posten was responsible, only 5 per cent said that the government was responsible and finally said 11 percent that it was the Middle Eastern governments who were responsible. (See appendix 3)

5.4 Arla in the Muhammad crisis

Arla was about the first Danish companies to feel the Arabic boycott, when initiated in February 2006. The boycott began in Saudi Arabia and soon spread to the entire Middle East. In Saudi Arabia – Arla's main market in the Middle East – consumers were urged by media and religious leaders to boycott Danish products and as part of this, pictures of Arla's products were shown and their name mentioned. This was supported by circulating emails and SMS-messages listing all Danish products sold in the Middle East.

Distributors and specific supermarkets took a very active role in the boycott. By either completely removing all Arla's products from the shelves or distinctively marking them as "Danish products" they avoided consumers from buying Arla products or helped them to make an active choice. Additionally many customers simply refused to do business with Arla and cancelled all orders, with reference to the drawings. (Arla 2006f)

The boycott led Arla to make a press release available in the local language on all it markets, where Executive Director Finn Hansen stated that Arla for many years *"…has traded, and enjoyed good relations with consumers in the Middle East. In fact, we have more Muslim than Danish consumers. We respect all religions and wish to express our sympathy and understanding of those who feel wringed by this incident. Obviously, Arla Foods does not support anything that offends people's religion or ethnic background"*. He further added that it was up to the parties involved to find a solution through dialogue. (Arla 2006f)

Soon after, Arla decided to insert large ads in Saudi Arabia's leading newspapers. As a press release by the Danish ambassador in Saudi Arabia, was not cited in local medias, Arla decided to pay for its publishing. The ad was a straight reprint of the ambassador's statement, without any additional comments. The ad however made it clear that Arla had paid for its insertion. Arla's purpose was according to Finn Hansen to avoid further escalations of the boycott. He however added that Arla did not have particularly high expectations for the ad to succeed this purpose, as he saw a dialogue between the involved parties, as the only thing which could bring an end to the boycott. (Arla 2006g) (See appendix 5)

As the boycott increased and spread throughout the Middle East, Arla soon faced the harsh consequences. In late January all customers in the region had cancelled all their orders with Arla, their products had been removed from many stores and sales had almost stopped completely in most of the countries. (Arla 2006h)

Arla followed the crisis intensely and via press releases commented on the situation regularly.

After Danish Prime Minister Anders Fogh Rasmussen's statement on January 31st, Arla's Managing Director, Peder Tuborgh commented that he was very satisfied with this and saw a platform for a dialogue. He stated that Arla were *"…waiting to see how the parties involved can resolve the situation."* Arla recognized their role in such process and Peder Tuborgh declared they would *"…make all resources available in order to create a dialogue which can contribute to resolving…*the*… destructive conflict."* He would however not comment on the background for the drawings and the rightfulness in bringing them. (Arla 2006i)

"Arla is neither a newspaper nor a political party, and we don't wish to take part in a political debate. Equally, we're not responsible for solving the conflict, but we would like to contribute to a dialogue between the parties and urge them to find a solution." (Arla 2006i) With reference to this and the Danish freedom of speech Peder Tuborgh stated that: *"In Denmark we have two core values: one is that you cannot offend other people because of, for instance, their religion or ethnic origin. The other is free speech. I believe that both businesses and people have a responsibility for ensuring a balance between these two values. The one should not exclude the other."* (Arla 2006i)

Despite the boycott in Arabic world, Arla decided to be present on the largest food exhibition in the Middle East – Gulf Food - which began February 19. Regional Director Jan E. Pedersen said that this exhibition *"…will give us the opportunity to explain the situation calmly."* Where Arla normally has used this exhibition to launch new products, although also doing so this time, the main motive was to work on the boycott. Thus during the exhibition, signs at the stand took distance from the drawings, copies of Jyllands-Posten's apology was handed out and staff was present to meet with the media. Nevertheless Arla did not have high expectation for these initiatives to solve or have an impact on the boycott, as Jan E. Pedersen explained: *"We don't expect our participation in the exhibition to have an impact on the boycott, which is the consumers' choice. But we will have some valuable discussions with our business contacts."* (Arla 2006j)

The Danish population has expressed sympathy for Arla's innocent role in the crisis, and around 50 percent in a poll said that they would support Arla and be conscious about buying more of Arla's products (Berlingske 2006a). Arla could thus also report that they had received more support among its Danish stakeholders due to the crisis. In the middle of February 2006 Arla had thus experienced sales progress on their Danish market with more than 15 percent. More importantly Arla could for the first time in several years note a marked improvement on its Danish popularity-barometer. (Berlingske 2006d)

Running at full scale, the boycott caused Arla a daily loss of DKK 10 million from its Middle East operations (TV2 2006b). Primo march Arla took stock on the boycott and estimated the annual cost to DKK 400 millions. This as an estimation however assumed that products would return to Middle East stores relatively soon, and that Arla before the end of 2006 would have reached 50% of its pre-boycott sales in the Middle East. Despite this Arla looks bright on the future in this region. *"Despite the difficult situation, we believe that Arla has a future in the Middle East… Over 40 years, we have worked hard to build our brands in the Middle East in order to provide our co-operative members with a stable income. As a result, we have an intimate knowledge of the market and we will not give up easily."* Peder Tuborgh (Arla 2006k).

6 Analysis

He never spoke to me when he came in to the room; he passed me in the fields as if he did not see me; indeed he had always that manner to me – he did not see me – I did not exist for him. I was well content that this should be; but, after I had been there a short time, Mr. Brand began to make distinet mischief between us.

-Charles Dickens, The Family at Fenhouse

6.1 How has Arla's corporate brand been influenced under the Muhammad crisis?

As Arla is exposed to a surrogate boycott, one has to take a different perspective to evaluate how this has influenced its corporate brand, as compared to a traditional boycott. The reason for this is that victims of a surrogate boycott are not threatened due to direct actions, but rather because of their association with the boycotter's primary target. In the case of the Muhammad crisis, Arla is boycotted due to their association to Denmark, as the primary target is Jyllands-Posten and the Danish Government. Hence, Arla's' corporate brand is threatened as the perceived image of their country of origin is suffering damage. In other words, as Denmark is part of Arla's corporate identity, Muslim consumers will associate Arla with Danish values, which are at the core of the dispute.
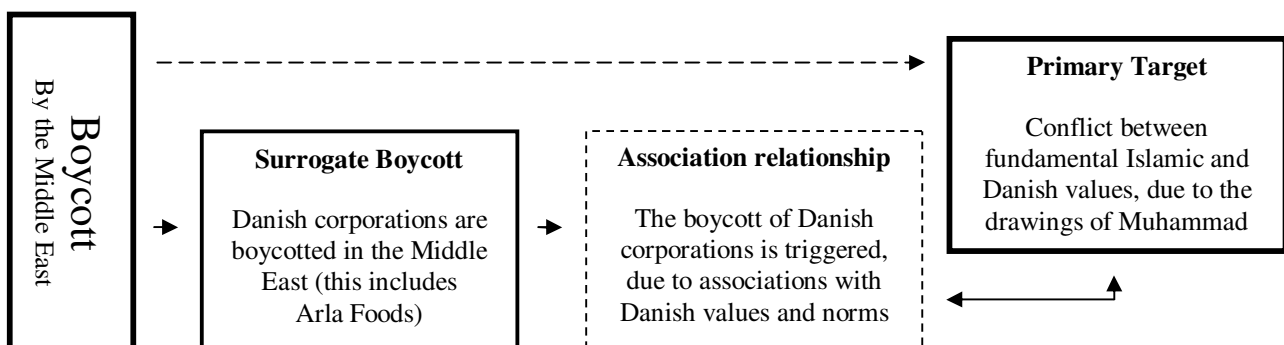

Figure 12 The boycott of Arla Foods in the Middle East (Own Construction)

The magnitude of the boycott and how it affects the corporate image of Arla, can be evaluated in the light of legitimacy, urgency and power of the involved stakeholders. As the dispute is concerning conflicting hypernorms, involving the Islamic norms and values, and the Danish values of freedom of speech, the legitimacy is very high on both sides. Moreover, the Middle East accounts for five percent of Arla's total turnover, which viewed isolated gives the Middle Eastern stakeholders a position of high power. Finally, as Arla are facing significant instant economical losses, urgency is also very high. Hence, the magnitude of the crisis is relatively large, and Arla can expect their corporate image to suffer significantly, in the eyes of the boycotters as long as the dispute continues, and part of their identity can also in the future be expected to suffer under a negative country of origin effect. In this way Arla has been influenced both by instant economical losses, but also with respect to their image, which has been more closely connected to negative associations with Denmark.

However, corporation's stakeholder environment is very complex, and one has to get the whole picture before evaluating how this crisis has influenced Arla's corporate image. The core of the conflict is concerned

with deep fundamental values for both of the conflicting parties, why it is appropriate to include how Arla's corporate image has been affected by its stakeholders outside the Middle East. This especially relates to the Danish market, which not only is one of their main markets but also where the conflict has been followed most intensely. Even if Danes express their understanding for Muslims feeling degraded by the drawings of Muhammad, they at the same time have strong opinions about the crisis, as freedom of speech is a precious element located deep in their fundamental values and norms. The general Danish opinion is supported by the Danish prime minister, which is not willing to make a public apology, as that would be to apologies for who they are and their values. The Danish people overall thinks that the Danish government has handled the crisis very well. Moreover, half of the Danish people have in a poll expressed their intention to support Arla in their daily shopping. This can be interpreted as an attempt to support Arla who is boycotted due to the Danish values. Danish consumers want to help suffering Danish corporations as they have sympathy with them, as they share the same values. Much of this has happened due to word-of-mouth. Especially the buycott campaigns in the western world have worked on such level, through blogs, emails SMS-messages and statements from various opinion leaders etc. Naturally this has also been the case in the Middle East which however has had a more organized approach to their respective boycott campaign. Nevertheless some of the same means have been in play here as well. Needless to say, and as will be discussed later on, Arla could have done more by actively connecting to the originators of such word-of-mouth. Arla thus also sold more in Denmark as a sign of sympathy and further created a somewhat better image among its Danish stakeholders.

As a result of this, we believe that Arla's corporate image was positively influenced by the Muhammad crisis in the eyes of the stakeholders who support the Danish values. The sympathy effect from the Danish consumers is likely to compensate for the economical losses Arla is suffering in the Middle East. Furthermore, as the dispute concerns values and norms, the corporate image of Arla is likely to benefit from an emotional connection, which arguably is an even stronger connection to corporations than just awareness. Hence, Arla's corporate image may in the western world be positively affected by the Muhammad crisis and may be seen as a corporation which increasingly is associated with Danish values compared with other Danish corporations. The Danish stakeholders posses both high power and legitimacy, which increases the magnitude of the crisis, and thereby the potential influence on the corporate image. This underlines that, as Arla and Danish values are attracting attention from media and various opinion leaders, the sensitivity of Arla's' image is relatively higher than usual due to the involvement relation the stakeholder will have. This is related to the magnitude of the crisis impact which is discussed above, and thereby we can conclude that on both sides of the opinion table there will be significant positive and negative impact on Arla's corporate image.

One could look at the crisis from an even wider perspective, than just looking at the primary conflicting parties; the Middle East and Denmark. From opinion polls in other western minded countries as France, United Kingdom, Norway and the United States it is clear that all support the values of freedom of speech, and underlines that this should not be compromised. However, there is moreover a wide understanding and opinion that freedom of speech should be used with consideration. Arla have experienced buycott campaigns in foreign countries as for example in Germany and the United States, where individuals call for support for the westerns right for freedom of speech, by buying Danish products. Denmark has been put on the world map due to the conflict, and for some people in the world it will be associated with the little country with strong will to protect the western values. Thereby, due to the intense global media interest in the crisis, we will argue that Arla and Denmark have increased their awareness but also emotional relation in many markets which primarily is positive.

6.2 How should Arla, from the initiation of this conflict, as a global brand had acted up to the boycott in February 2006?

The previous question discussed how the corporate brand of Arla was influenced by the Muhammad crisis. The conclusion of this was that the boycott both had positive as well as negative affects on the corporate image of Arla. However, as this is a very sensitive situation, corporations can not let coincidences control the outcomes of such a crisis. The following will discuss what Arla as a global brand should and could have done, from when the crisis initiated and until it developed into a boycott.

Surrogate boycotts are often characterized as an escalating conflict. This means that surrogate boycotts from a corporate perspective contains a proactive phase, where the conflict is simmering. The proactive dimension of boycotts, is addressing how corporations can minimise the risk of damaging stakeholder actions. CSR and stakeholder theory are here basic concepts which are useful as proactive tools to take care of important stakeholders. A boycott can in general be seen as a consequence of not applying stakeholder theory. This is naturally very situation specific and the degree to which proactive actions can be taken, clearly depends on the situation. Needless to say, Arla would have been better off, if they were able to connect to the stakeholders who let the boycott in a way so they would not have been drawn into this conflict. The general literature is suggesting that Arla could have avoided the boycott if they had managed to satisfy their Islamic stakeholders in Denmark and in the Middle East. This is however much easier said than done, and would have required both good foresight and a very cautious behaviour.

In this conflict, one can identify many different stakeholders which by actions influence other parties and thereby also Arla. The most important ones are the general opinions of Denmark, the religious groups in the Middle East and Denmark, and finally Arla as the organisation which is trapped in between those two struggling parties.
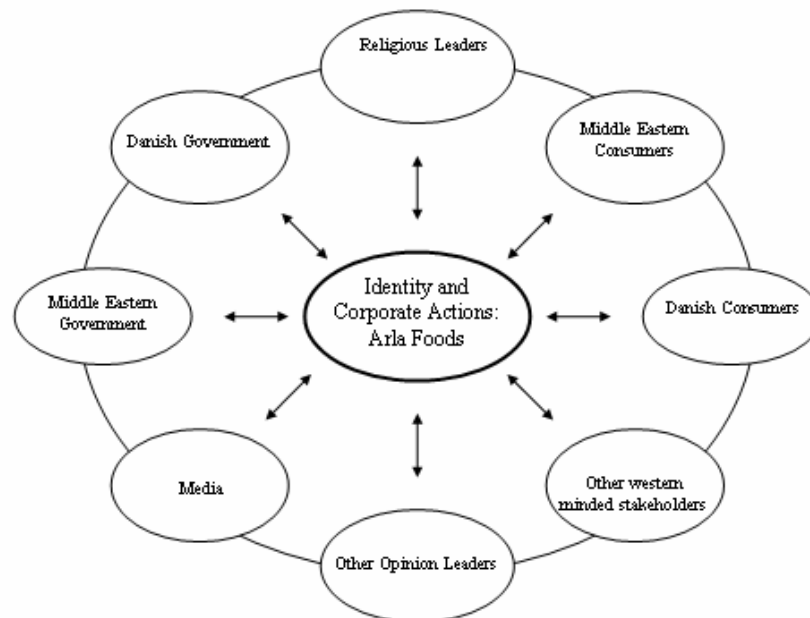
Figure 13 Arla's stakeholders (Own construction)

One of the most, if not the most important variable to understand why this conflict is difficult to solve, can be described by the different parties' legitimacy according to stakeholder theory. This issue can be explained by using the terminology of hypernorms. The whole dispute is essentially a conflict between two fundamental differences in the respective stakeholder's hypernorms, which in this case is about the freedom of speech in the western world and how these western norms are conflicting with basic Islamic norms. The

legitimacy perspective can be added to underline and explain the barriers for an agreement between Denmark and the Middle East. Both parties have a high level of legitimacy supporting their reasons for claiming their right because their claims are based on their respective hypernorms. Arla as a Danish corporation is thereby in a very difficult position as part of their identity is Danish. Organisational norms should overlap, influence and be influenced by stakeholder norms, but in this case it is fundamental conflicting values which is in play. According to argumentation theory, whatever "true" claim (based on their hypernorms) either Denmark or the Middle East stakeholders would have put forward they would never agree and thereby be influenced by the other part.

The question is then, if Arla could have taken proactive actions to avoid the boycott by using stakeholder and CSR policies as suggested in the literature?

One of the first issues a corporation has to evaluate is the power of potential boycotters. If the switching cost is high and the product is relatively indispensability the corporation has a good bargaining position as their consumers are dependent on them. However, in the case of Arla this is not entirely so. Arla is selling grocery products on markets with competition, which makes it possible for consumers to shift brand. Therefore, Arla is not in a dominating position toward their consumers in the Middle East. In Denmark the situation is different, as Arla take up a very dominating position, although there still are other players on the market. The situation can thereby be categorised as highly threatening, as Arla can not solve the crisis by demonstrating power.

Arla remained rather passive up to the boycott, and did not take any actions towards any of it stakeholders. Stakeholder theory suggests that corporations should act responsible towards stakeholders who have an effect on the recourses critical for the organisations survival. In the light of this, Arla have not done anything that could have offended their stakeholders in the Middle East, beside the fact that they are a Danish organisation with a Danish identity. Nevertheless, Arla could have entered the debate while it was developing and expressed their sympathy with Islamic values. Then again Arla have to consider the fact that an action aiming to satisfy certain stakeholders are likely to have a negative effect on other stakeholders. In this case Arla would probably lose a lot of goodwill in their primary markets in the western world. This makes it difficult to approach the Middle Eastern stakeholders, without taking distance to their domestic and western stakeholders. On the other hand Arla could have commented on the crisis, not in any way taking side, which naturally would lead to immediate resentment on either side, but rather in a way calling for dialogue. They could actively have joined the debate by encouraging or even arranging meeting between the struggling parties. As no parties were satisfied with the situation, this could have helped to a faster softening of the conflict. The question then is, whether this is a task for companies?

We would argue that corporations today have to become more involved in issues outside their main activities. Consumers and other stakeholders expect more from corporations and they consume what they believe is inline with their identity. As this is the case, we call for more personality in corporate identities, which can give the consumers more than just the functional benefits, but furthermore, the intangible elements connected to a corporation and its products. However, stakeholders and consumers picture of what is ideal and right varies depending on individual interests and values. Therefore, it is becoming increasingly demanding for corporations to meet the consumers expectations of intangible messages as the corporate stakeholder environment is becoming more fragmented.

A crisis is however often a good possibility for a corporation to tell its environment about their mission, identity and what they stand for. Crisis literature is drawing parallels between how persons and corporations act under pressure and states that this defines character. Moreover, the temporary increased involvement from stakeholders is making the perceived image of a corporation more sensitive. Therefore we believe that Arla would benefit from standing strong in respect to this crisis, as this would open a window of opportunity to improve their image, due to higher involvement and the effect of showing strong character. What we mean with taking a strong stand is to enter the debate and express what they think of it. By staying neutral or speaking in favour of the Islamic values in the debate, Arla might have the best chances to re-enter the

Middle Eastern market successfully. However, as the case has shown, the debate has captured the interest of many stakeholders outside the Middle East who has a different perspective.

Arla is a corporation with Scandinavian origin and values, which they in the future plan to make increasingly use of, therefore we also think that Arla's identity should reflect this. Arla's main markets are Denmark, Sweden and the United Kingdom, which all can be identified to be western minded. Based on this and the Muhammad crisis, which was a question about Islam and western minded values, we believe that Arla should have defended the Scandinavian values from their perspective in the debate. This does not mean that they should attack the Middle Eastern consumers, but rather make sure that everybody knows where they stand. By doing so, Arla would appear true and authentic towards its western minded markets, and it may be possible that it could lead to a kind of competitive advantage in these markets, as the consumers feel that they connect emotionally with Arla, as they speak in favour of appreciated values. The first mover effect is significant in such context, and therefore we recommend Arla to communicate their Scandinavian values and thereby become a proponent which reflect the opinion of the stakeholders in their main markets, even if it might link them closer to the Danish country of origin, which is increasingly perceived negative in the Middle East. It is important for an organisation in a crisis situation, not to lose the support from the consumers, and as the Scandinavian markets are among the most important Arla should listen to them.

As Arla tries hard to build up a global brand with strong Scandinavian values, this could have been an obvious opportunity to show a global commitment and at the same time underline traditional Scandinavian values. This should however not be done too aggressively or acting opportunistically, which could lead to critique from both sides. By this we intend to stress that even if Arla are using the crisis to strengthen its perceived corporate identity in the eyes of the Danish consumers, we believe that this can be done without being aggressive towards the Middle Eastern stakeholders, but rather communicating their identity. This however calls for well considered actions, as both parties in the dispute is very sensitive and engaged in the debate, as one wrong respond easily can offend either the Danish or Middle Eastern stakeholders.

For Arla to get the most out of the situation, the stakeholder model presented above is very helpful to get the bigger picture of the various stakeholders which are likely to influence Arla's' image. The model is adapted to the situation of Arla in the Muhammad crisis, in order to identify the main stakeholders which Arla should consider when evaluating potential responses and other actions. The important opinion leaders have to be identified as they are the key for successful crisis response. The main opinion leaders in this crisis are the Danish government, Danish Industry, Danish imams, other western minded countries and the Middle Eastern political and religious leaders. The Danish government is in this connection an important opinion leader, and their actions and opinions are widely accepted among the Danes. We would therefore recommend Arla to act in agreement and maybe even in cooperation with the Danish government, and thereby get the support and image benefits from the Danish consumers and equilateral.

Moreover, it can be concluded that there is a wide support for the Danish standpoints outside the Danish borders. This is significant for Arla, as they operate in many of these markets, and by dealing with the crisis in agreement with these opinions, it might open up for new market potentials, due to the media coverage as well as the increased awareness and emotions hereby associated with Arla.

A final comment to this question should be that we do not believe Arla are able to solve the upcoming and escalating crisis on their own. Nonetheless, Arla should not just stay neutral, but rather identify the important and influential opinion leaders, who act in agreement with the consumers and other important stakeholders. The most important point is that Arla do not looses the general consumers support in such process. We believe that Arla should stress their Scandinavian origin, and thereby stay consistent with their identity. This will help to bring their responsibility into play, and thereby connect emotionally with their customers. As stressed earlier emotions are way to create personal dialogue with customers, and this is something Arla has been lacking. This may not seem profitable in the short run, but due to the potentially improved image in the main markets, we believe that this will be the best choice over the long run. However, it could even prove to become an advantage in a short term perspective, as sympathy by the respective stakeholders who support the stand point of the western values, are likely to buy more products from Arla, which will compensate for

the lost of profits in the Middle East. The problem therefore seem to have been a rather one sighted focus from Arla in this crisis. They have more tried to satisfy and engage in dialogue with the conflicting Middle Eastern market, than the Danish and other western markets. This not only has been conflicting with their values, but it has also neglected those customers in their primary markets. This is essential as customers in general, and in this case in specific, want to be heard. This has been one of the major critique-points which have been placed upon Arla. The clear interest, and demand for dialogue was clearly illustrated by the Danish consumer's larger consumption of Arla products and their improved perceptions of Arla's image. This was clear signs, which Arla did not act on, and certainly did not use as input in order to reach their strategic interest of creating a strong brand.

Such clear and coherent communication becomes even more essential when Arla and other Danish companies indirectly are threatened with a boycott. Here it is essential for Arla to communicate their identity and stress that even though they are a Danish companies with Danish values, they are not responsible for the drawings. This however should be done without neglecting or distance taking from Danish values. Rather they should focus on their values and what they have meant for the Middle East market, where they have operated for some time, and thereby illustrate that even under such crisis a Danish company with Danish values have something to offer the Middle East.

6.3 Evaluate Arla Foods proposed advertising campaign in the Middle East, and argue whether or not it should be conducted?

When confronted with a surrogate boycott, it is essential to estimate the potential threat the boycott can be expected to give based on the economic and image pressure which the stakeholders can impose. Further, the cost of changing or influencing the policy which has lead to the boycott becomes a central concern. These costs are both related to the image pressure of doing so and the direct cost of taking such actions. Therefore, the concrete pressure on Arla has to be related to the different markets where the corporation operates and their position towards the political policy bringing the boycott about. Surrogate boycott pressure should be seen as potential market changes which can occur. Therefore, companies have to identify their key markets. Consequently high boycott pressure only will occur in situations where the boycotting markets has a higher market share than the markets which in overall terms support the given policy or if the policy directly infringes on the brand image. Adding to this complexity is the degree of commitment for and against the given policy. In this way companies will have easier to neglect and act against an opinion which has little commitment.

Arla's key markets is with out doubt related to Denmark, Sweden and the UK. The Middle East "only" accounts for five percent of the total sales, and the effect of the boycott is only expected to relate to around 20 percent of this. As part of Arla's vision they want *"To become the world leader in value-creation within the dairy sector."* In doing so, this among others involves becoming:

- Northern Europe's preferred dairy group among consumers, customers and milk producers

- Northern Europe's market leader within all types of dairy products with a broad range, strong brands and a high degree of consumer confidence

Finally, as part of this vision, Arla want to build a stronger corporate brand in Western Europe. This brand building should be based on an internationalization of Arla's Scandinavian values. They state that in Western Europe, outside Denmark, Sweden and UK, the Arla brand does not have any such meaning. In other words, Arla primary markets both now and in the near future is expected to be in Western Europe. In order to gain strong market presence in these markets, they see their brand infused with Scandinavian values as a fundamental part of this.

This clearly reflects a situation with a very high sacrifice, if Arla should go on to influence or change the Danish policy. This would naturally infringe of the brands potential to become "Scandinavianized". Furthermore, it would very likely be able to create strong resentment from both Danish and also others of its Western European stakeholders. Therefore, Arla is in a boycott position, with relatively low pressure from the boycotters. As boycotts in general are an extreme situation, the degree of pressure will naturally be relative, and even though a substantial pressure might be put on the organisation, this has to be seen in relation to the actual options available. Therefore, although the stakeholders in the Middle East have legitimacy and urgency they have relatively little power due to the characteristic of the surrogate boycott. At the same time Arla has a lot to loose by trying to change the policies as this definitely will lead to resentment in the policy related markets. The best way to solve a crisis is to modify the perception of the stakeholders who are responsible for the crisis. But in this case, such strategy seems rather unlikely as both sides has high legitimacy. Arla situation in this surrogate boycott can therefore best be characterized as BlowOver phase. Therefore the only possible action is to play on their innocence in this situation.

On behalf on this, and the model introduced, the strategic move Arla should choose in order to minimize their image damage in the Middle East and maximize their general financial possibilities in a long term perspective, would be to play on their innocence or stay neutral, and thereby do not unnecessarily offend either their Middle Eastern nor western stakeholders. It has to be kept in mind that even though the Middle Eastern market is important for Arla, the overall turnover "only" accounts for approximately five per cent, which underlines the relatively low power of the Middle East over Arla, even if they have high legitimacy. Furthermore, if Arla in this conflict choose to adapt to the Middle Eastern norms and values in the debate and actively tries to change the policy of the Danish government, it is very likely that their other and primary markets outside the Middle East will hurt Arla even harder than the crisis already have. Therefore, the sacrifice to influence or change the policy is relatively high. Nevertheless, the Middle Eastern market is even if it is characterized as "low pressure", an important market for Arla, and therefore they can not act with a counter strategy.

By choosing to run the advertising campaign, Arla could send unclear signals with regards to their brand identity. With statements which indicate understanding and respects for the reactions in the Middle East, could infringe unnecessarily on their brand identity as a Scandinavian brand and create distance to their stakeholders in their primary markets. We think that Arla, with this advertising statements, goes to far in order to satisfy and connect with their Middle Eastern stakeholders, which in this case represents values far from their core identity and their stakeholders on the primary markets. This is not only a problem for their present situation, but furthermore also in the future, where they expect to be even stronger represented in Western Europe, and build a strong brand based on Scandinavian values. Such statements can very easily lead to immediate and long term consequences for Arla's corporate identity. With 79 percent of the Danish population, not finding a official apology for the cartoons appropriate, we think that Arla by printing the statement will turn head on to their domestic stakeholders. The problem with the statements is that it can be interpreted as not only a distance taking from the fundamental western value of freedom of speech, but also an understanding for the boycott and the reactions such as threats and direct assaults on Danish property and people which has happened under this conflict. On the other hand the statement is likely to be well received in the Middle East, but we think that this will be at a too high cost for Arla especially in relation to present and future image. This is a very emotional area, and the Danish as well as other western countries has taken strong distance from these actions. The statement can therefore send signals which favour the Islamic culture over the Danish, and this clearly is a problem in such intense situation, where the Danish population have had a relatively homogenous belief about this matter and has shown strong commitment to defend their values and stand together as a nation. Therefore, we find that Arla will turn their back towards their Danish stakeholder, which can lead to strong resentment in their home market. The statements can thus not only go against the majority of its stakeholders, it can also send a statements of inconsistency and populism – where Arla is more concerned with a current problem than with staying true to their identity and to those people who has helped them to the position where they are today.

This is an obvious problem if a brand tries to be more than simply a trademark. In such case emotions becomes essential. By printing such statement Arla will be likely to stand out as a corporation more interested in immediate profit and weak flickering values. Simply stated Arla with this statement tries to be more than what a brand actually can contain. They simply cannot connect with all their stakeholders when it comes to such fundamental values and norms. Clearly this will mean neglecting or loosing some stakeholders and markets, but on the other hand it can give a better image and more sales in other markets. Here the various opinion leaders are an important part of how such communication should happen. In case of Denmark, the politicians play a major part of how this crisis has developed. With this statement, Arla goes against the Danish government, which will not apologize for the drawings. The government has also called for more support from the Danish business community, and due to the governments role as an influential opinion leader, this has increased the pressure on Danish companies operating in the Middle East. In other words, the Arla brand with this statement is stretched over its limits, and if you try to be everything to everybody, you end up being nothing to nobody. This is not to say that Arla should not respond or communicate with the Middle Eastern stakeholders. But in doing so they should not infringe on their core identity. Rather they should play on their innocence in this case, and illustrate their long-term presence in the Middle East. This can happen without going against their corporate identity and the majority of their stakeholders.

We suggest that a better strategy would have been to play on their innocent role in this conflict. This is especially related to the Danish market, but also other western markets. However by making their values clear and providing information about how they have suffered under the crisis, they could have initiated a debate which people would be more likely to engage in. We believe, this would have a clear opportunity to spread even more intensively through words-of-mouth than the boycott campaigns which have accoutred throughout the western world.

Based on this, we would argue that Arla should not conduct the proposed advertising campaign, as it would directly infringe on the corporate brand identity and take unnecessary distance from its primary stakeholders. The characterized *BlowOwer* situation does not mean that a company should stay neutral and remain passive, but rather use the situation to strengthen or avoid damaging the brand. Other initiative could therefore be taken by Arla, as also discussed in the previous section. This could be to engage in, or encourage to dialogue. At the same time Arla should use the situation to stress their values, and illustrate how they benefit the various markets respectively. Arla decision to publish the press release from the Danish ambassador in Saudi Arabia is a good example of this. This clearly illustrates their active role and sincere interest in engaging actively in the conflict in order to end it and reach a mutual understanding. We would have recommended Arla to stick more inline with such active role in crisis.

6.4 With respect to the corporate brand, discuss how Arla Foods should act internationally in order to avoid future similar situations?

In today's society where globalization is becoming more and more significant, we have to accept the fact that corporations will face increasingly complex issues. What an organisation did years ago, would maybe motivate a reaction by stakeholders closest to them, however, what corporations do today can have consequences all over the world. The Muhammad crisis is a perfect example of this, as this global debate was initiated by one publication in a newspaper from a relatively small country.

As the complexity of business environments are becoming increasingly complex and sensitive, concepts such as corporate social responsibility and stakeholder theory is essential to understand. Corporate social responsibility and stakeholder theory helps corporations to evaluate their stakeholder environment in order to

prevent and solve stakeholder conflicts which may lead to economical and image threats. Nevertheless, crisis literature stresses that crises are different and situational specific, why they can not be addressed identically. Two fundamental variables are normal and abnormal crises. The abnormal is different as it is more difficult to predict and prevent than the normal crisis. Arla's situation can be categorized as an external-abnormal crisis, which makes it very difficult if not impossible to predict and prevent. Surrogate boycotts are an abnormal situation as it is outside the hands of the focal corporation and based on unpredictable political actions. Therefore, we believe that it is impossible to protect oneself entirely against such situation. Neither Arla nor the Danish government can due to western social norms, prohibit persons and the press to express themselves, which in this case generated a massive debate. This is therefore something which in the future increasingly can be expected to lead to similar situations.
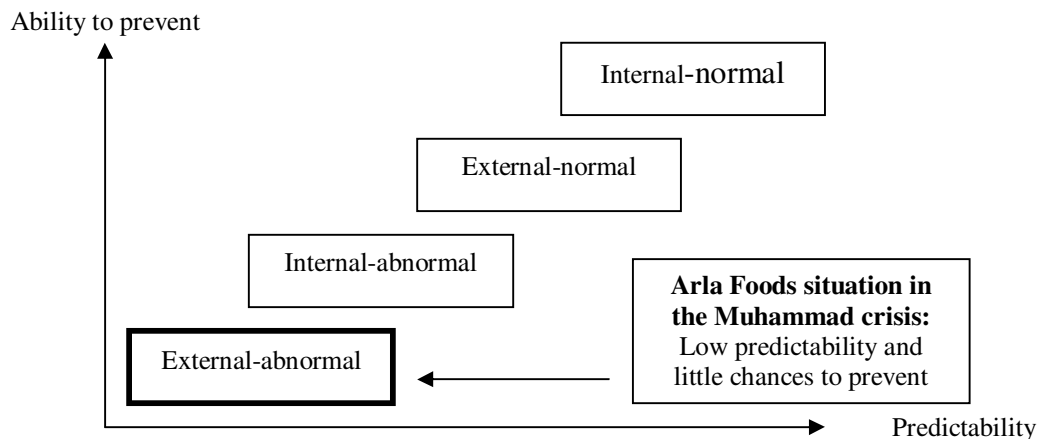

Figure 14 Arla in the Muhammad crisis (own construction)

However, this does not mean that corporate social responsibility and stakeholder theory is worthless. Whereas the abnormal situation which Arla is threatened by is a very seldom issue, the normal crisis situations will occur more frequently, and here the concept of social responsibility and stakeholder theory is very useful. Therefore, we suggest Arla to use corporate social responsibility as a tool to minimize the increased threats from external stakeholder in the global business environment.

Even in a surrogate boycott situation, a corporation may benefit from a strong perceived corporate image, which is strengthened by corporate social responsibility. In other words, if Arla manages, by using corporate social responsibility, to build up a strong perceived image in the eyes of important stakeholders, Arla as a brand would be less threatened and better prepared for a crisis situation. We are aware that Arla's products are in the low involvement category, however, the term of involvement is relative, and we believe that even corporations selling low involvement products, can connect emotionally with its customers and other stakeholders, especially when it concerns corporate issues and social responsibility. Arla should therefore regularly be in dialogue with its environment and thereby get a picture of what is moving and what they should do to live up to the external expectations of their stakeholders. Therefore, even when corporations such as Arla are facing an external-abnormal crisis situation, initiatives such as social responsibility can be beneficial, not as it can prevent a crisis, but rather that it thereby can minimize the image damage. It can therefore be expected that stakeholders with a strong emotional connection, will have harder to boycott such brand under a surrogate boycott. In other words, a strong brand will not suffer to the same extent as a weaker brand, but then again it depends on the specific circumstances.

The business environment we know today is changing, and becoming more democratic. Thereby, corporations have to accept that it is not possible to satisfy all stakeholders, as there are many individual opinions about what is considered right and wrong. We believe that there is a trend where businesses will benefit from creating even stronger and more specific identities than we know today. These identities may become similar to ideologies which should be inline with the strategic actions and decisions of the

corporation, and corporate social responsibility will be the tool to build up this strong identity. This will work out to become a strong competitive advantage as people sharing the same values and norms as the corporation, are likely to become strong supporters. However, by communicating direct and specific opinions concerning certain issues, corporations have to accept that there will be people with different opinions that will take distance from such statements. As consumers are becoming increasingly fragmented, this is an evaluation issue, why Arla should identify the core stakeholders and opinion leaders and continuously stay true to them. These core stakeholders should be those which are of most importance for Arla in respect to vision, strategy, profit, market share and image.

In the case of Arla we think they should have the Scandinavian values in their identity, and specifically listen to what the Scandinavian and British consumers expect from Arla. The reason for this is that Arla is a Scandinavian corporation and its main markets are in Scandinavia. If this is done properly, even in a crisis, we think that Arla would benefit in perceived image in the eyes of the Western minded consumers if they publicly take a stand to certain issues. This will increase the emotional connection to Arla, which will be associated with a kind of ambassador for Scandinavian values. However, by taking specific stands will of course also be a threat, as consumers who do not sympathies with Scandinavian values will have a relatively negative perceived image of Arla.

If Arla decides to play more on their Scandinavian origin they will benefit by improving their image in countries where Scandinavian values are appreciated. On the other hand, as we are living in a globalized world with individual values and norms, Arla's marketers has to adapt to the local market. Here the concept of identity consistency and diversity comes into the picture. Arla has the option to adapt to various markets as long as they don't undermine the values of their corporate identity. By this we mean that Arla can adapt to individual markets as long as they do not go to far from the corporate identity, and in questionable situations the core corporate identity should prevail. It is possible to down play some parts of its identity, if it will be perceived as negative in certain markets. However, the corporation have to be consequent if these fundamental values are questioned, and they have to take a stand, even if it will cost market shares. As part of this it has to be noted that Arla never will be able to entirely hide its relation to its Scandinavian roots. This is also why we consequently have argued that it is better to stand even harder on this relation and thereby the associated values.

We would even argue that if a corporation builds a strong corporate identity, it makes crisis situations relatively easier to approach, as the corporate identity sets the boundaries of what can be done. In other words, they know how to respond to satisfy its main and most important stakeholders and simultaneously are able to stay consistent in respect to its identity which is important for the brand to be trustworthy. Arla will send out a signal of being authentic in a situation where they express their believes, rather than, if the Scandinavian consumers felt as if they had to force the information out of Arla. As successful corporate branding build upon a shared set of coherent statement about values over time, this is essential to stress in the case of Arla. Arla should therefore rather identify their core values and constantly communicate those, and thereby be able to create bonds with the stakeholders, than constantly change their perspective and tell the various stakeholders what they want to hear. Sure this will disappoint some stakeholders, but it will also lead to a much stronger identity, from which the various stakeholders will be more likely to create a coherent perception of the corporate brand, which for some will be even more positive. Such consistent behaviour is the only way that brands can create a strong and desired differentiation, which in the case of Arla obviously has been lacking. This is essential as brands increasingly are working as signs, in order to signal certain individual created meaning.

It has to be stressed that these recommendations are strictly seen from an image perspective. Corporations have to consider variables as economical loss and long term survival. This means that the recommendations above concerning how Arla should act internationally are highly important for Arla to be aware of in respect to the image consequences, however, we are aware that as crises are highly different of nature it is impossible to put a finger on how to act in all situations. But we believe that the trend in business is moving towards more authentic corporations which are increasingly dependent on relationships to primary stakeholders. This means that a corporation should actively and self motivated express their opinions about

various issues concerning their identity, which will strengthen its identity and thereby its image. By doing so, stakeholders will perceive the corporation as having a true identity with personal and authentic opinions. This therefore also means that long terms success increasingly is linked to a coherently strong brand image. Therefore we will recommend Arla to communicate their identity more clearly. In crisis literature, it was discussed how a person is judged by how he is responding to crisis, and how this can be related to business. This is also related to Arla's present market situation, where they increasingly are faced with price competition on their primary markets. Therefore we also find that an increased focus on corporate branding as discussed above, and as also mentioned by Arla, will lead to a stronger strategic position on these markets. Moreover as they have a strategy of expanding internationally, a strong brand focus becomes even more predominately as the risk for international crisis likewise rises. We agree with this as corporate branding is becoming increasingly significant and thereby corporations will be put to the test to show how committed they are to these values. If the corporation fails to stay true to its values due to temporary pressure, we believe that the corporation will lose in the long run. Consistency in corporate branding is essential in today's markets, but may even be of even higher importance in the future to come.

6.5 Epilogue

Arla decided to take further strategic actions on March19th 2006. At this time Arla had been under pressure by the Middle Eastern boycott for approximate two months. By the use of local newspapers Arla wanted to re-establish the trust of the Middle Eastern consumers. The ads which Arla published in the Middle East stated that Arla took distance from the drawings of the prophet Muhammad. Further, the ads expressed sympathy with the Muslim society, by stressing that Arla understands and respect the reaction which has lead to the boycott. (See appendix 1)

Arla's intention with the ads was to communicate to the individual consumer in the Middle East. Arla stresses how important it is to establish communication between parties and express opinions regarding the focal issue, if they want a chance to re-enter the Middle Eastern market, and get people to buy Arla's products. (Politiken 2006e)

However, Arla's attempt to ease down the conflict in he Middle East was not well received by everybody. Two of the most influential parties in the Danish politics took distance from the ad brought by Arla. The parties were accusing Arla of letting the Danish values of freedom of speech down, and are calling the publication a sorry action for the angry Muslims. (Berlingske 2006b) The ads especially evoked anger among women organisations in Denmark, who argues that the ad is indirectly supporting how women is treated in the Middle East when Arla expresses sympathy and understanding for the Muslim standpoint (Politiken 2006f). Furthermore the majority of the Danish population said that Arla was letting down in the fight for the freedom of speech (Berlingske 2006c).

On April the 6th, Arla announced that the boycott is slowly opening up, and that 3,000 stores had decided to put Arla's products back on the shelves. Furthermore, Arla received confirmation from 31 of it main costumers in Saudi Arabia, that they would have their product back in their stores in few days. Arla was very satisfied with the situation in Saudi Arabia, and they expect that the rest of the Middle East will follow their lead.

The reaction from the consumers and supermarkets who are selling Arla's products again, is currently positive, but Arla are conscious that many Arabic consumers will be sceptical towards their products. As a way to regain the trust from the Middle Eastern consumers Arla have decided to change their marketing strategy, and intend to sponsor humanitarian projects in the Middle Eastern region, to help handicapped children, cancer patients and people in hunger. Moreover, Arla is dedicated to support activities which can help to create better understanding between religion and cultures.

7 Conclusion

From the end spring new beginnings

-Pliny the Elder

Surrogate boycott is not a new phenomenon, however societal and business changes have brought it closer to the global corporations. Nevertheless, it still remains an extraordinary event for business management. It shows how companies increasingly are being drawn into the political and societal spheres and how vulnerable they can be for such external developments.

Surrogate boycotts can hit every corporation without notice and with a critical impact. Compared to other boycotts it does not happen because of any controversial corporate behaviour or policy, but purely due to association relationships to third part political entities. In this way corporations can unsuspectingly be drawn into a fierce political debate and draw a lot of undesirable attention with strong and potentially long-lasting effects related to both economy and image.

This however, does not mean that corporations should not expect a surrogate boycott, simply because they behave in accordance with the surrounding environment and have good relations with important stakeholders. Rather every global corporation should expect that a surrogate boycott can happen to them, no matter of their business practices. Therefore, corporations should prepare themselves for such critical events in order to tackle an upcoming surrogate boycott in a conscious manner with instant actions.

Therefore it is essential that corporations have a strong identity, which is reflected in their most important stakeholders. This will help corporations in order to act fast and effectively in such upcoming crisis, and most importantly doing so in a consistent way. Additionally superior customer value and strong emotional linkages can help corporations to stand stronger and thus increase the potential cost for potential boycotters. This is the only way such upcoming crisis pressure can be reduced.

Arla's expensive lesson in the Muhammad crisis have illustrated that it is essential to tackle the situation consciously with basis in the primary stakeholders. It is vital not to loose track of the corporations own identity during such process in order to remain consistent and appear true. Therefore, any actions taken should be based on the corporate identity and put in relation to the primary stakeholders. Opposed to acting opportunistic and impulsive, a well planned strategy which encourages to dialogue can help to the corporation out of the crisis in an, under the circumstances, desirable way. Such strategy should be chosen based on the boycott pressure in the shape of image pressure, economic pressure and the boycotters commitment, which should be related to the sacrifice the corporations has to take in order to influence the policy which has led to the surrogate boycott. By not staying true and consistent with respect to brand identity increases the risk of loosing ones most important stakeholders.

Surrogate boycotts should not necessarily be seen purely as a negative thing with damage minimizations as the only objective. Rather such crisis is a good opportunity to strengthen and target the brand. Arla would have had an excellent opportunity to strengthen their brand under the Muhammad crisis by acting more conscious, determined and coherently. This could from a long term perspective have helped them to appear more in line with their strategic visions as being a strong social responsible and Scandinavian brand.

This is a very important conclusion as corporations can be tempted to act short-sighted due to the instant and critical characteristics of surrogate boycotts. The latest development and reactions to Arla's advertising campaign in the Middle East has shown strong opposition and critique from their vital Danish market. Here Arla has lost the sympathy from important stakeholders, which they originally had due to the crisis. As the crisis is slowly ebbing away, Arla seem to have created an even weaker and more negative image on the Danish market.

Time will show if the cost of accommodating the Middle Eastern stakeholders at the expense of the Danish were too high!

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9 Appendix

9.1 Appendix 1. Arla Foods has distanced itself from cartoons

Arla Foods has distanced itself from cartoons

Statement from Arla Foods

Arla Foods believes that it is our duty to convey our opinion about the unfortunate events of recent months. We will also set out our position for the conference for International Support for the Prophet in Bahrain from March 22-23, 2006, to clarify where we stand.
Arla Foods has distanced itself from the Danish newspaper, Jyllands-Posten's actions in publishing drawings of the Prophet Mohammed. We do not agree with the newspaper's reasons for publication.

On the backdrop of our 40 year history in the Middle East and as an active and integral part of society here, we understand why you feel insulted. Our presence in the region has given us an insight into your culture and values and about Islam. This understanding has, over many years, enabled us to supply high quality products which meet your preferences. Through your confidence in our products, we have succeeded in building up brands such as Lurpak, Puck, The Three Cows and Dano. Therefore, we understand and respect your reactions that have led to a boycott of our products following the Danish newspaper's irresponsible and unfortunate action.

We would also like to take this opportunity to give you some important information about our company. Arla is a Danish-Swedish co-operative which is owned by farmers. Our business in the Middle East has attracted investors and business partners from across the Arab world. Arla employs around 1,000 Muslims in the Arab and Islamic world as well as more than 250 Muslims in Europe. They have all felt insulted by these cartoons. However, Arla's business in the Middle East has been affected not by its own actions, but because of the actions of others.

Esteemed citizens, the years that we have spent in your world have taught us that justice and tolerance are fundamental values in Islam. We wish to co-operate with Islamic organisations to find a solution to the boycott of Arla's products. We would simply ask you to reflect on this in the hope that you will reconsider your attitude to our company.

Now you know more about who we are, about our attitudes and beliefs. We leave the rest to you.

Arla Foods

Source: Arla (2006m)

9.2 Appendix 2. Distribution of markets

DISTRIBUTION OF MARKETS

Turnover in mill. DKK	01.10.03 30.09.04	30.09.02 30.09.03	01.10.01 29.09.02	02.10.00 30.09.01
Denmark	9.126	9.650	9.353	9.248
Sweden	10.345	10.216	10.281	10.062
Rest of EU-countries	21.632	13.694	12.960	12.396
Rest of Europe	566	885	770	782
The Middle East	2.435	2.628	2.445	2.103
Northen America	1.082	1.030	1.018	928
Middle- and South America	567	707	871	932
Asia	1.170	1.248	1.264	1.225
Africa	625	561	457	430
Rest	61	28	22	27
Total	**47.608**	**40.647**	**39.441**	**38.133**

Source: Arla (2006n)

9.3 Appendix 3. Opinion polls

Publics in Western Countries Disapprove of Muhammad Cartoons

But Right to Publish Widely Defended

By Angela Stephens

An analysis of polls on the worldwide uproar over the publication of cartoons satirizing the Prophet Muhammad shows that the prevailing attitude across several Western nations—Norway, Britain, France, the United States and Australia—is that while the media have the right to publish the cartoons, it was not the right choice to do so. In Denmark, where the cartoons were originally published, the public is divided on whether it was the right choice.

The Danish daily newspaper *Jyllands-Posten* in September published 12 cartoons it commissioned from artists who were asked to depict Muhammad as they imagine him, which led to protests worldwide and the deaths of at least 18 people in Afghanistan, Pakistan, Lebanon and Somalia. The cartoons include images of Muhammad wearing a turban in the shape of a bomb with a lit fuse attached, and another of Muhammad greeting suicide bombers in heaven saying, "Stop, Stop! We have run out of virgins!"

Denmark

Danes are divided about whether the cartoons should have been published. At the same time majorities of Danes do agree on many points. On one hand, clear majorities affirm the principles of the freedom of speech and the press, and on the other hand, majorities show understanding of how Muslims could be offended by the cartoons.

Freedom of speech is seen as a higher priority value than religious sentiment. A majority—56 percent—of Danes in the Feb. 3 Epinion poll agreed with the statement "Respect for freedom of speech should be more important than the consideration of religious sentiment." Only 37 percent agreed with the statement "Out of respect for the Muslim faith, the cartoons should not have been published even though this could be considered a limitation on the freedom of speech."

Asked in the Feb. 5 Epinion poll whether the media should restrain itself in the future with regard to publishing religious cartoons or other material that might be deemed offensive to certain groups, a plurality of 49 percent said the media should not be affected by this incident, while 44 percent said the media should restrain itself.

At the same time, Danes have shown understanding of Muslims' feelings. TNS Gallup asked respondents Feb. 12, "Do you understand how Muslims all over the world got offended by the drawings?" A majority—56 percent—said yes, while 41 percent said no.

Epinion also asked Danes in a Jan. 27 poll whether they understand Muslims' reaction to the cartoons. When asked to choose between three statements regarding whether the newspaper should have published the cartoons and whether the respondent understands the reaction from Muslims, 58 percent agreed most with the statement: "*Jyllands-Posten* is allowed to publish the drawings, but I have some understanding of the Muslim reaction." Twenty-two percent agreed with the statement "*Jyllands-Posten* should not have published the drawings," and 20 percent agreed with the statement "It is OK for *Jyllands-Posten* to publish the drawings of Muhammad in the newspaper, and I have no understanding of the Muslim reaction."

A third Danish polling organization, Megafon, asked Danes in polls on Jan. 31 and Feb. 9 to what extent they find it understandable that Muslims feel offended by the cartoons. Fifty-six percent said on Jan. 31 that they find it understandable. On Feb. 9, 60 percent said they find it understandable.

As protests around the world grew and became violent and *Jyllands-Posten* decided to issue a public apology for publishing the cartoons, Danish opinion changed regarding whether the publication should apologize from opposition to a divided view. In its Jan. 27 poll, Epinion found that Danes by a two-to-one margin said the newspaper should not apologize (62% no, 31% yes). On Jan. 30, *Jyllands-Posten* editor Carsten Juste wrote in a message posted on the newspaper's Web site, "In our opinion, the 12 drawings were not intended to be offensive, nor were they at variance with Danish law, but they have indisputably offended many Muslims, for which we apologize." The following day, Megafon found that half (50%) of Danes agreed that *Jyllands-Posten* "should give an unconditional apology," while 44 percent said it should not.

Danes felt strongly that Prime Minister Anders Fogh Rasmussen should not apologize for the incident (79% no, 18% yes in Epinion's Jan. 27 poll) and two polls indicated Danes felt he has handled the situation well (65% well or very well in Megafon's Feb. 9 poll, 53% well in Epinion's Feb. 3 poll). Yet many disagreed with his decision in October not to meet with ambassadors from predominantly Muslim countries who asked to meet with him about the issue. Asked in Epinion's Feb. 3 poll whether he should have met with the Muslim ambassadors when they proposed that, 78 percent of Danes said yes (18% said no).

A large and growing percentage of Danes see leading Danish Muslims as having the primary responsibility for the conflict. A group of Danish imams traveled to the Middle East in November in an effort to bring international attention to the cartoon issue. Megafon asked Danes Jan. 31 and again Feb. 9 who they felt has primary responsibility for the conflict over the cartoons. A plurality—49 percent—on Jan. 31 said "leading Danish Muslims." That number rose to 58 percent by Feb. 9. On Jan. 31, 28 percent said *Jyllands-Posten* had the primary responsibility, but that number declined to 22 percent on Feb. 9. Only 9 percent said the Danish government on Jan. 31, and even less—5 percent—on Feb. 9. Ten percent on Jan. 31 said "Middle East governments," reaching 11 percent on Feb. 9. (Some observers around the world have accused governments such as Syria and Saudi Arabia of seeking political points with the fundamentalist segment of their population by denouncing the cartoons and Denmark.)

A plurality of Danes have come to feel that their relationship with Muslim countries has been damaged. Danes were asked by Epinion Jan. 27 and again Feb. 3 if they feel the relationship between Denmark and Muslim countries has suffered irreparable damage from the incident. A plurality of those polled on Feb. 3 (46%) said they felt the relationship had been irreparably harmed, up from 25 percent on Jan. 27.

World opinion

Two polls found that a majority of Norwegians say the cartoons should not have been published. The polls also found that Norwegians are concerned that the controversy will damage the relationship between Norwegian Muslims and other Norwegians, and will make things more difficult for Norwegian Muslims. A Feb.6-8 Norsk Respons poll found that 53 percent of Norwegians polled felt that the conflict over the cartoons will damage the relationship between Norwegian Muslims and other Norwegians in the long term, while 38 percent said it will not. The Norwegian polling firm InFact found in its Feb. 7 poll that 71 percent of Norwegians said they believe the events surrounding the controversy would make things more difficult for Norwegian Muslims in the future.
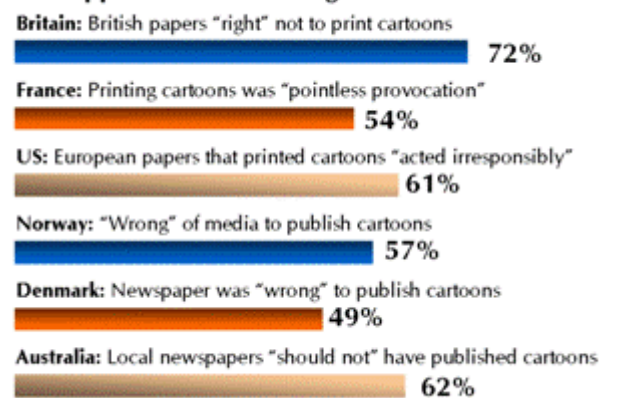

Disapproval of Publishing Muhammad Cartoons

Britain: British papers "right" not to print cartoons — 72%

France: Printing cartoons was "pointless provocation" — 54%

US: European papers that printed cartoons "acted irresponsibly" — 61%

Norway: "Wrong" of media to publish cartoons — 57%

Denmark: Newspaper was "wrong" to publish cartoons — 49%

Australia: Local newspapers "should not" have published cartoons — 62%

Sources: Ipsos-MORI, CSA Group, Gallup, Norskrespons, TNS Gallup, Roy Morgan

The fallout from the cartoons' publication has had an overall negative impact on Norwegians' view of Islam. Asked by InFact how the controversy has affected their attitude toward Islam as a religion, 48 percent of those polled said it has made them more skeptical of Islam, 37 percent said it has had no effect and only 7 percent said they have become less skeptical of Islam because of the controversy. However, a majority of those polled—54 percent—said the controversy did not affect their view of Norwegian Muslims, though 31 percent said it has made them more skeptical.

As noted above, 72 percent of Britons agreed that British newspapers were right in deciding not to publish the cartoons. Also, a Populus poll conducted Feb. 3-5 found that 52 percent of Britons agreed with the statement "The cartoons should be banned from publication because they cause grave offense to Muslims." Two-thirds (67 percent) agreed with the statement "Newspapers have the right in principle to publish the cartoons, but should not do so out of respect for the Muslim community."

At the same time, most Britons take a benign view of the newspapers' intentions. In a Feb. 9-10 Ipsos MORI poll, 55 percent said that publishing the cartoons was not "a deliberate attempt to provoke outrage."

When polls have included questions that present the right of free speech as a value but do not invoke a counter-value, the principle of free speech is endorsed. In a Feb. 9-10 YouGov poll, 56 percent agreed with the statement "It was right that they were published, in the interests of freedom of speech," while 29 percent agreed with the statement "They should never have been published." Similarly, in the Populus poll, two-thirds (65 percent) agreed with the statement "Muslims should accept the principle of freedom of speech, which means that newspapers must be free to publish cartoons if they choose."

A majority of Britons said these demonstrations made them angry, overwhelmingly rejected the statements and favored taking legal action against those inciting violence. An overwhelming 93 percent of Britons in the Ipsos MORI poll disagreed with the statement "Demonstrators carrying placards calling for beheading and other acts of violence were justified." Eighty percent of those polled by Ipsos MORI said the police should have arrested demonstrators promoting acts of violence, and 87 percent said that demonstrators urging killing should be prosecuted. In the Feb. 9-10 YouGov poll, 58 percent said that the sight of the protestors made them angry and 76 percent agreed that "The protesters should have been arrested at the time by the police for incitement to violence." Just 18 percent agreed with the statement "The police were right to adopt a 'softly-softly' approach."

The Muslim protests around the world were also seen as an overreaction. The YouGov poll found 86 percent saying that in many cases, the worldwide protests "were a gross overreaction." Only 7 percent agreed with the statement "It was understandable that Muslims protested as they did after their religion was insulted."

France has the largest Muslim population in Europe—nearly one-tenth of its population of 60 million. As noted above, 54 percent of those polled by France's CSA polling organization on Feb. 8 said that publishing the cartoons was a "pointless provocation." A majority of French also said they would not approve of making jokes about Islam, as well as Christianity or Judaism. CSA found two-thirds (65 percent) of those polled said it would be a bad thing to joke about Islam. Sixty-three percent said the same thing for Judaism and 60 percent for Christianity.

At the same time, most French said they do not understand Muslims' feelings about the controversy. Asked by CSA whether they understand the indignation some Muslims feel about the cartoons, a majority—53 percent—said they do not (35 percent not at all, 18 percent not much), while 36 percent said they understand to some degree (22 percent somewhat, 14 percent completely). A large majority also found the violent reaction of Muslims disturbing. CSA found 78 percent saying that they found the violent responses to the cartoons' publication disturbing (31 percent very, 47 percent somewhat), while only 19 percent were not very disturbed by them (15 percent slightly disturbing, 4 percent hardly at all).

Most Americans (61%) polled by Gallup Feb. 9-12 said European newspapers that printed the cartoons acted irresponsibly. At the same time, when asked to assign responsibility for the controversy, many more cite Muslims' intolerance of different viewpoints than Western disrespect of Islam. In the same Gallup poll, 61 percent attributed the controversy to "Muslims' intolerance of different viewpoints," while 21 percent say it was mostly due to "Western nations' lack of respect for Islam."

Most also feel that the U.S. media has an obligation to show controversial information even if it risks offending religious sensibilities. Gallup found 57 percent agreeing with the statement "The U.S. news media have an obligation to show controversial items that are newsworthy even if they may offend the religious views of some people." A third of respondents (33%) say the U.S. news media have an obligation to avoid offending people's religious views, even if that prevents them from showing controversial items that are newsworthy.

Source: World Public Opinion (2006)

9.4 Appendix 4. Opinion polls (Denmark)

Table 1: Jylland-Posten published, in the autumn, the drawings of the prophet Muhammad in the newspaper. The drawings have since been criticised and discussed in several Muslim Countries. Do you think that Jyllands Posten should make an apology to the Muslim countries and to those living in Denmark, as a consequence of publishing the drawings?

	Percentage
Yes	31%
No	62%
Do not know	7%
Total	100% (579 respondents)

Table 2: several Muslim countries have criticised the Danish Government, by them not taking distance from the drawings published by Jyllands-Posten. Should the Prime Minister, according to you, make an apology on behalf of Denmark to the Muslim countries and those living in Denmark?

	Percentage
Yes	18%
No	79%
Do not know	3%
Total	100% (579 respondents)

Table 3: Why should the Prime Minister apology?

	Percentage
Because Danish industry is suffering	21%
Because many Muslims feel degraded	32%
Because it damages the perception of Denmark in the Muslim countries	26%
Because of increased terror threat	19%
Other reasons	2%
Total	100% (132 respondents)

Table 4: Which of the following statements do you primarily agree with?

	Percentage
It is acceptable for Jyllands-Posten to publish the drawings of Muhammad, and I do not understand the critique of the Muslims	20%
Jyllands-Posten has the right to publish the drawings of Muhammad, however, I understand the critique of the Muslims	58%
Jyllands-Posten should not have published the drawings in the newspaper	22%
Total	100 (577 respondents)

Table 6: As a result of the drawings of Muhammad, Danish goods have been listed on the boycott list of Saudi Arabia. How should the prime minister act in respect to this?

	Percentage
The Prime Minister should, due to export interest apologies to the Muslim world	8%
The Prime Minister should try to explain the Danish interest, by example having a meeting with the ambassadors of the Muslim countries	44%
The Prime Minister should not apologies to the Muslim countries, as this would be a wrongful political intervention of the principle of freedom of speech.	48%
Total	100% (577 respondents)

Source: DR (2006h)

9.5 Appendix 5. Statement of the Danish embassy, which Arla Foods publishes in the Middle East

THE DANISH GOVERNMENT RESPECTS ISLAM

Ambassador Hans Klingenberg, Ambassador of Denmark to the Kingdom of Saudi Arabia, announces that the Danish Prime Minister, Mr. Anders Fogh Rasmussen, in a televised speech on the occasion of the New Year condemned any expression, action or indication that attempts to demonise groups of people on basis of their religion or ethnic background.

These comments were a reaction to a heated debate about freedom of expression and limits to freedom of expression following the publication of 12 caricature drawings of The Prophet Mohammed in one Danish newspaper, Jyllands Posten. This paper is a private and independent newspaper that is neither owned by, nor affiliated to, the Government or any political party in Denmark.

In some contexts the issue has unfortunately been portrayed as if the drawings were part and parcel of a smearing campaign against Muslims in Denmark. This is certainly not the case. The Danish Government respects Islam as one of the world's major religions.

In letters of January 6th 2006 addressed to the Secretary General of the Arab League, H.E. Amr Moussa, and to the Secretary General of the Organisation of The Islamic Conference, H.E. Professor Ekmeleddin Ihsanoglu, the Danish Minister for Foreign Affairs, H.E. Per Stig Møller, expressed that the Danish Government understood that Muslim circles had felt hurt and offended by the Danish Newspapers' drawings. The Danish Minister for Foreign Affairs has personally in an Op Ed on January 4th in a Danish national newspaper warned against disrespect among religions. It was, however, also underlined that freedom of expression is a vital and indispensable element of Danish society and that the Danish Government cannot influence what an independent newspaper chooses to bring.

The Prime Minister's speech has been transmitted to all concerned authorities namely the Ministry of Foreign Affairs of the Kingdom of Saudi Arabia, the Organisation of Islamic Conference and to the Arab League.

The speech as well as the Foreign Minister's letters of January 6, 2006 is available on the Embassy website www.ambriyadh.um.dk

Embassy of Denmark, Riyadh, January 28, 2006

Source: Arla (2006l)