



CORPORATE BRAND MANAGEMENT
AND REPUTATION

MASTER CASES

**A Tissue Issue - When Good is not
Green Enough**

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Corporate Brand Management and Reputation: Master's Cases

The "Corporate Brand Management and Reputation: Master's cases" is a case series for applying the case method of teaching and learning in higher education. The cases are relevant to brand strategists in private and public sector organizations, as well as academics and students at universities, business schools, and executive education.

The cases are written by groups of master's students as a course project. The specially developed case format is defined as: *"A management decision case describes a real business situation leading up to a question(s) that requires assessment, analysis, and a decision reached by discussion in class. The alternative approaches and recommendations from the class discussion are followed by a description of the choices made by the case company. This description is then discussed by the class."*

The student groups select the topics of their case providing updated and relevant insights into the corporate brand management. The cases can be used as "written cases" (handed out and read in advance, later to be discussed in class) and/or as "live case" (presented by the teacher following a discussion in class). Each case includes teaching notes, visuals with speaker's notes, learning objectives, board plans, and references.

The mission of the series is *"to develop cases for discussion providing insights into the theory and practice of corporate brand management and reputation, with the intent of bridging the gap between academic teaching and managerial practice."*

The series is a result of co-creation between students and teachers at the elective course Corporate Brand Management (BUSN35 – five-credit course/eight-week half-time studies), part of the master's program International Marketing and Brand Management at Lund School of Economics and Management, Sweden. The cases represent the result of the intellectual work of students under the supervision of the head of course.

Although based on real events and despite references to actual companies, the cases are solely intended to be a basis for class discussion, not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. The cases are free to be used and are to be cited following international conventions.

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A Tissue Issue – When Good is not Green Enough

WRITTEN CASE

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Tissue Issue

Introduction

In this case we go through a five years long feud between the paper company Kimberly-Clark and environmental activist group Greenpeace. In the case, an external party, Greenpeace, launches an attack against the company Kimberly-Clark, and this leads to five years trench warfare between the two actors. Kimberly-Clark had positioned themselves as a sustainable company and they were standing behind their statement even in front of the most established environmental activist group, who were not going to give in either. This case offers a possibility to discuss how a straightforward external attack can be addressed and how it affects the corporate reputation. The case is also linked to CSR communications and the risks and rewards associated.

Background

Two Key-Players – Kimberley-Clark vs. Greenpeace

Kimberly-Clark is a company founded in 1872 in Neenah Wisconsin by four young businessmen: John A. Kimberly, Havilah Babcock, Charles B. Clark and Frank C. Shattuck. They built The Globe Mill, first in Wisconsin, and started producing newspaper October 22nd 1872. Through the 19th century KC keep expanding throughout the Midwest. When entering the 20th century the company started to change its direction from wrapping and newspaper to other paper goods; in 1900 the first paper towel in America was introduced. Throughout the 20th century KC came up with new product innovations as well as marketing innovations, such as selling toilet paper by sheet, changing the industry as they went. Manufacturing Cellucotton for gasmask filters lead to the introduction of the Kleenex in 1920's and KC has ever

since expanded their product lines to e.g. diapers and also to new markets like Europe and Asia.

Greenpeace is a Canadian-based group that was founded 43 years ago, when a small group of activists sailed a boat labeled "Greenpeace" to the Amchitka island off Alaska and tried to stop a US weapons test. At that time nobody anticipated this group to grow into one of the biggest International Non-Governmental Organizations (INGOs) in the near future. Greenpeace is a merged word comprised of "green" and "peace", based on one of its founding members, Bill Darnell, a Canadian ecologist's idea: "Make it a green peace". Nowadays, Greenpeace has enlarged into a globalized organization and they are focused on devoting themselves to the protection of Arctic, climate and energy, forests and oceans. They interact with governments, corporations and other INGOs in order to expose global environmental problems and to force the solutions which are essential to a green and peaceful future, to reach their goal: "ensure the ability of earth to nurture life in all its diversity".

In 2004 the boreal forests of British Columbia bring the tales of these two companies together.

The Origin of the Issue

In Kimberly-Clark's sustainability report from 2003, dated August 27th 2004, they are described as "a leading global health and hygiene company". In 2003 they employed over 60 000 people and had operations in 38 countries. Their products were sold in over 150 countries daily, by over 1,3 billion people. They held through their brands like Kleenex, Scott, Huggies, Pull-ups and Kotex the number 1 or 2 brand position in over 50% of the countries the products are on sale. Sales in 2003 were 14,3 billion dollars.

Kimberly-Clark had profiled themselves as an environmentally sustainable company since 1991, when they first adopted a "sustainable use of natural resources" policy. There they committed to "conduct its business with a sincere and proper regard for the need to sustain natural resources". Greenpeace did not buy this.

In 2003 KC added a supplier forest certification policy into their sustainability strategy. To support this policy KC founded an internal forestry audit program to

“cover third party fiber suppliers”. In the sustainability report they write that in 2003 around 53% of the third party fiber came from certified suppliers. KC had provided in the report even their criteria for third party suppliers. They require for example “protection of ecologically and culturally unique forests” and “continuous improvement in forestry practices”.

Kimberly-Clark also reported that in 2003, 36% of the fiber they bought was recycled. They write that they are trying to decrease their need for virgin pulp in their products, but that the most premium tissue brands (such as Kleenex) are still made of 100% virgin pulp to ensure the softness and strength of the product.

Greenpeace took an issue on the virgin pulp Kimberly-Clark used that came from the Boreal forest in British Columbia. Located in the Northern Canada, Boreal Forest is North American's largest ancient forest that provides a habitat for wildlife including threatened woodland caribou, bald eagles, wolverines, bears, and various birds. Furthermore, with the great ability to store 186 billion tons of greenhouse gas emissions, Boreal Forest bring great importance on stopping global climate change.

According to Greenpeace’s investigation, Kimberly-Clark never stopped purchasing pulp from Boreal Forest. Before 2004, the amount of the pulp KC bought from this forest annually was over 325,000 tons. And KC had no consumer products that were made of recycled fibre at that time. Therefore, in order to protect the Boreal Forest and also to stop Kimberley-Clark's mass purchase of virgin fibre from ancient forests, Greenpeace decided to launch a campaign stating the issue in 2004, three months after KC’s sustainability report was published.

Cutting Clear – The Kleercut-campaign

Greenpeace named the campaign “Kleercut”, based on Kimberly-Clark's best-known tissue brand, Kleenex. It was first launched on 18th November, 2004, when the activists marked the event with 3 large trucks mocked up as Kleenex boxes in Toronto, Montreal and Vancouver. The next year, on 28th April, Greenpeace drove the Kleercut Truck to Dallas, Texas, where Kimberly-Clark was having its annual shareholder meeting. Activists distributed the copies of their report, "Kimberly-Clark: Investing in Forest Destruction", to the people who attended the meeting.

Kimberly-Clark labeled Greenpeace’s accusations “unfair”.

Kimberly-Clark says that's unfair. The company "is committed to strong environmental stewardship, sustainability and corporate responsibility," says David Dickson, a Kimberly-Clark spokesman.

Kimberly-Clark had been since 2004 (up until 2009) ranked number one in Dow Jones Sustainability World indexes. They had adopted sustainability policy in the beginning of 1990s and had had several projects related to these matters.

In their sustainability report of 2004, published April 20th 2005, KC lists "using only certified third party suppliers" as one of their goals:

We required that 100 percent of our fiber suppliers be certified by the end of 2005 by one of five internationally recognized forest certification systems. By the end of 2004, 69 percent of our virgin pulp suppliers had achieved certification of their forestlands.

In 2004 they are not yet fully using certified pulp but they are determined to do so before the end of the year 2005 to mark the end of their Vision 2005 -project.

In the report KC makes a clear statement regarding the Canada's boreal forests:

Our corporate policy prohibits the use of wood fiber from virgin rainforests or from designated ecologically significant old growth areas, including mixed hardwood forestlands in Indonesia; temperate rainforests in coastal British Columbia, Canada; and designated areas in Canada's Boreal Forest.

Less than 15 percent of the fiber we use globally is sourced from the Canadian Boreal Forest. This small percentage of Boreal fiber is harvested responsibly and promptly reforested, and is not sourced from old growth areas within the forest designated as "ecologically significant."

Greenpeace later stamped these statements as "a chain of lies".

Greenpeace published July 25th 2006 a report aimed at Kimberly-Clark's shareholders and consumers. "Chain of Lies" disclosed that KC purchased pulp from costal temperate rainforests of British Columbia. The report "Turning up the Heat" pointed out that logging in Boreal Forest worsen the global warming and also caused the increase the chances of wildfires and insect outbreaks. "Cut & Run" was released to discuss a case study of logging practice of one of KC's major suppliers.

Greenpeace also published a Recycled Tissue and Toilet Paper Guide, which guided consumers to choose the paper products with recycled pulps and without poisonous chemicals. Also, from 2005 to 2008, the protesters from Greenpeace organized events on Kimberly-Clark's shareholder meeting day every year, constantly attracting the shareholders and public's attention.

Kimberly-Clark kept their narrative constant also in their sustainability report 2005. They address again the Canadian boreal forests. However, they refuse to make the pulp as the main focus in accounting their environmental policies; the focus is on energy efficiency and water usage. KC tells that they have evaluated their suppliers carefully and required for sustainability strategies. At the end of 2005, 88% of their virgin pulp was sourced from certified suppliers and they set a goal that the percentage would be 100 by the end of 2006.

After the publication of KC's sustainability report in February 24th 2006 Greenpeace dug into US customs records and found out that Kimberly-Clark had in fact bought fiber from the coastal forests of British Columbia. KC did an internal review and found out they had "purchased a small amount of wood chips that were derived from logs harvested from the British Columbia coastal area." David Dickson commented the finding to Fortune magazine "some of our recent public statements have reflected a higher standard than this policy requires and have overstated our actual practices".

Greenpeace organized well-designed protest movements regularly during the five years. Besides the "Kleercut Truck" that was mentioned above, "Forest Crime Scene" with the police tape, chalk outlines and wanted posters of Kimberly-Clark, often appeared outside of KC's headquarters' offices, manufacturing mills and board members' offices in North America. College students, including those from University of California, Berkeley attended this activity as well, determined to remove Kleenex products from student stores.

During 2005 and 2006 Kimberly Clark had changes in their other retailer relations as well. Not only were Greenpeace and other similar NGOs interested in Kimberly-Clark's sustainability strategy but also Wal-mart, KC's biggest customer, asked for a meeting to discuss the fiber used in Kimberly-Clark's products and whether they could use more recycled fiber. In Europe the pressure didn't come from environmentalist but from competitors. P&G had made a contract with the discount

markets Lidl and Aldi and KC had gotten into talks with them.

KC's relationship with other stakeholders was affected as well, "Forest Friendly 500" was launched by Greenpeace on 29th March, 2009. It aimed to involve 500 businesses around the world in promising refusing to buy Kimberly-Clark's products, and just two months after it was launched, more than 500 companies agreed to join this movement, and pledged stopping using KC's products until the KC came up with forest friendly solutions. The pressure from the other business clients not only brought the loss of their profit, but also left KC in a worse reputational situation.

Kimberly Clark weren't going to admit that they weren't sustainable. In 2006 David Dickson, a Kimberly-Clark spokesman defends KC addressing a Greenpeace-protest in Huntsville by saying: "We have a long and proud history of environmental and sustainability practices. In fact, we have the most progressive forestry practices in the tissueindustry."