

CORPORATE BRAND MANAGEMENT AND REPUTATION

MASTER CASES



Barilla and Diversity – Friend or Foe?

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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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WRITTEN CASE

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MANAGEMENT DECISION CASE

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Barilla and Diversity – Friend or Foe?

Following lengthy and intense discussions with representatives of LGBT, the chairman of Barilla Group, Guido Barilla, headed back to his office at the global headquarters in Parma to prepare for the upcoming board assembly. At first glance Guido Barilla feels optimistic about the corporation's future after he apologized several times for his controversial statement in an Italian radio show and got the opportunity to consult with offended stakeholders about the future of Barilla Group. However, as soon as he enters the building, he realizes that the real challenge still stands before him: *suit the action to the word*. The family-owned corporation suffered enormous public outrage when the chairman said that his company would not feature gay couples in their advertisements, whereupon LGBT and other communities called for an international boycott. As Guido Barilla is convinced that this crisis can only be mastered by extending their corporate purpose, he starts thinking about potential solutions he could discuss with the executive board.

Company Profile & Background Information

'Barilla' is synonymous for pasta in all shapes and sizes. The company was founded as a bread and pasta shop in 1877. Barilla Group is still owned by the same Italian family as 140 years ago, but has evolved into a global player with 8,000 employees that are spread across over 100 countries. Barilla has become the world's leading pasta brand and Europe's biggest pasta sauce brand. The group has further expanded its portfolio to baking products by acquiring brands such as Swedish crispbread manufacturer Wasa and other bread and snack producers. Today, Barilla Group has become a world leader, encompassing the same product portfolio as during its most humble beginnings in Parma, Italy.

Barilla Group promises to safeguard both consumers and the planet, it manifested this commitment in its corporate purpose: *Good for you, good for the planet*. With this purpose, the group highlights its strive for safe and nutritionally valuable consumer products. Additionally, Barilla Group puts an emphasis on constantly reducing the environmental footprint of the supply chain and its products' life cycles. The group's values; *passion, courage* and *trust* still speak the language of 1877's bread and pasta shop, emphasizing how deeply heritage is rooted in the company.

These rather traditional values are complemented by *intellectual curiosity*, which highlights the company's interest in development and technology. Barilla Group's cultural heritage, values and purpose were synthesized in the *Lighthouse*, a strategic document that outlines the company's development in the coming years. In 2009, Barilla Group was rated by the Reputational Institute, RepTrak, as 19th most reputable corporation in the world and first in the global food sector.

The corporation will likely continue to focus on the expansion of Barilla and Wasa, the two brands that have a truly multinational presence. With Wasa, the group owns a brand that is perfectly aligned with the contemporary health and wellness trend and therefore offers huge growth potential. Barilla Group is also looking to push its core pasta and sauce brand into new markets such as China and Brazil to sustain growth in the future.

Incident

On 25 September 2013, Guido Barilla, chairman of the Barilla Group, was invited to the Italian radio broadcast "La Zanzara" on Radio24. When replying to the question about the reason why Barilla Group would not integrate gays into their advertisements, the chairman emphasized his sympathy with the traditional family and the role of the mother in this particular concept.

"If [gays] don't like it, they can go eat another brand." - Guido Barilla

His words aroused much indignation, and after several hours, the message went viral in social media and spread like a wildfire. #BoycottBarilla was born.

The board had to act quickly, and within one day Barilla Group issued a very short press release with an official apology, written from the chairman's perspective. Unimpressed by this release, LGBT groups and supporters still expressed their indignation through tweets, pictures and satires and continued to support the boycott.

The second press release published on 27 September 2013, was written from a corporate perspective and referred to Barilla Group's values and a former strategic business document: *the Barilla lighthouse*. The document, which was published one year before the controversial radio interview, states the corporation's aspirations to promote diversity and identifies even diversity as a clear objective for Barilla Group. However, the press release includes another apology on behalf of the entire corporation.

On the same day, the chairman Guido Barilla apologized again in a video message which was available to the public through the corporation's official web presences. In his address, Guido Barilla acknowledged his mistake and informed the audience that he has to learn more about the evolution of the family and asked forgiveness from the offended stakeholders. In addition, he offered representatives of

LGBT communities to meet, exchange views and debate. About one week later a first meeting was realized.

Reactions to this controversy took many forms: competitors such as Buitoni and Garofalo published gay-friendly analogies through official web presences in order to obtain an advantage over Barilla Group in terms of cultural candour, while Harvard University Dining Services stopped serving Barilla pasta in its University's dining halls. Anna Paola Concia, parliamentarian from the Party for Democracy (Pd), condemned the statements most vehemently, expecting other parliamentarians that they do likewise. Dario Fo, a fellow Nobel laureate in literature, submitted a petition against Barilla in order to promote different family models.

Although many LGBT organizations supported the boycott and promoted other pasta brands to their followers, some were willing to talk and mediate. In October 2013, Guido Barilla met again with representatives from five different LGBT organizations: Equality Italia, Arcigay, Arcilesbica, Famiglie Arcobaleno and Gaynet. During these consultations, chairman Guido Barilla emphasized his commitment for significant changes inside the corporation and expressed his worries about the boycott in North America and Europe. The concerns expressed were understandable: LGBT communities have an estimated buying power of \$800 billion annually.

There was one point that all the representatives of participating LGBT organizations agreed on: the only possibility for Barilla Group to overcome this crisis necessitates sustainable and an authentic actions. Otherwise, it would not be more than a mere drop in the ocean. Barilla Group has to integrate diversity as an essential cornerstone into their corporate purpose.

In order to promote the credibility and integrity of these actions, it is essential to extent Barilla Group's corporate purpose and cause change inside the corporation. This would ensure that the corporation follows a genuine turnaround.

A further point, which was often mentioned by the LGBT representatives, is the large risk of *pinkwashing*. Barilla Group has to keep in mind that all upcoming actions will be closely examined and judged with great scepticism by LGBT communities. The corporation must therefore encourage "out of the box" thinking and move forward with an authentic purpose in order to become a trustworthy global corporate citizen.

In the middle of his preparations for the executive board meeting, approximately one month after the controversial radio interview, the chairman Guido Barilla reviews the discussions with the LGBT communities. For the changes to have a lasting effect, diversity has to be integrated as a key cornerstone into the corporate purpose. Barilla Group needed to make sure that all actions reach all levels of the organization and are authentically integrated into the corporation.

Taking the role of the executive board of Barilla Group, how would you answer the following question:

How can we authentically integrate *diversity* into our corporate purpose?