

CORPORATE BRAND MANAGEMENT AND REPUTATION

MASTER CASES



The Crossroad **How to get a company in the same lane**

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Student Case Papers

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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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The Crossroad

How to get a company in the same lane

WRITTEN CASE

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The Crossroad – How to get a company in the same lane

The year is 2013 and you are part of the marketing department at a middle-sized company in Sweden. The company is known for its specialized products that has a focus on providing a suitable option for people with allergies, it was founded by researchers who have a lot of pride in the product that they have created. There is only one problem, the company is struggling to communicate the benefits of their products and therefore some kind of change is necessary. One suggestion is to recreate the company by letting it go through an overall change where everything from corporate values to the packaging of the product will change. This idea creates a division in the department into two different sides where one side wants a radical change and find it necessary, whereas the other side also sees a change to be necessary but would like to continue on the existing path but with some adjustments. The employees in the marketing department holds a lot of experience and knowledge about the company and in order for this change to be successful the entire department needs to be on board.

Regarding the two different paths, which option should the management choose?

Background

The story of the company has its beginning in the 60's. It started when a professor in nutritional science discovered underlying factors behind a very common allergy connected to a food product. A lot of focus was directed towards finding a substitute for this product that people with allergies could consume. Different research was conducted, and the scientists put great effort into finding a solution that would include the nutrition that humans need while also being a nice, healthy and tasty alternative to the original product. After a while the solution is found, and products are developed. This process is patented and in the 90's the company is founded. They are now a part of the FMCG industry. This case takes place in 2013, and the annual reports show that the company is doing good, with a nice and positive exponential profit curve.

The crossroad

Business has been good for a long time, and it still is. Both consumers and retailers are happy with the products. The target group, who mainly chose the brand because of it being an alternative for their allergies, feels a connection to the brand since they feel "seen" by the company. After all, the whole reason why the company was founded was its mission to create an allergy friendly product. Therefore, the brand has the privilege of having many loyal consumers.

Although the products are appreciated, top management feels like they are struggling with communicating the benefits of their products. Do the retailers and consumers understand what the brand stands for beyond its mission? The top management start to wonder if they had hit a plateau. Would they be able to grow the brand if they keep communicating the same way as they always have? Looking far into the future, top management has a vision of expanding their business to USA and Asia and they are questioning whether their brand could ever be strong enough to battle the fierce competition that awaited them at those markets.

Furthermore, a quick scan of the European market reveals that the competitor's products all looks similar, with rather anonymous packaging that focus on informing the consumers of its nutritional value and other hard facts. Top management conclude that the homogenous climate makes it difficult to enhance the specific benefits that differentiates them from the competitors' brands. At the same time, differentiated products could be a risk since their brand potentially would not be perceived as the credible allergen-free alternative it is.

In the midst of asking these questions, top management is replaced. The CEO is replaced by a man with no experience of running a pure FMCG-company and an eccentric creative director is hired to help the company out. Cracks start to spread throughout parts of the organization. Why was the former CEO pushed out? And why did they choose a new CEO with limited experience? The department with the most polarized opinions is the marketing department. Suddenly, they have a new creative director who wants to impose a new vision far from what the brand has stood for since its foundation. And in addition to the CD, new marketing talent is hired, and the company also decides to get external help from a flashy advertising agency. This feels insulting for the marketers who had worked from the beginning at the company, since they are the ones that have created the graphic profile the new management now deemed insufficient.

Top management gather to discuss the heated internal climate of the company. They realize that they have to choose between two very different paths...

Two Opposite Teams

Option 1: Lifestyle brand- the brand should be in focus

The new management believes together with the new advertising firm that in order to achieve success in foreign markets such as USA and Asia, a whole new marketing approach is needed. Their idea is that the brand, and not the product itself, should be the main focus in all marketing activities. This would, if it was implemented, entail a quite radical change since it would mean that the company would go from a product brand to a corporate brand. The existing perception, both internally and externally, has been that the company are specialists. This change aims to change this view and convert the perception to be more including - in other words become generalists.

The new management are very excited and have great ambitions to make this change and thereby transform the company to a lifestyle brand where the core values would be communicated instead of the unique benefits of the product. This would, according to the top management, also mean that the company's product would be able to differentiate itself from the competition and stand out in the otherwise homogeneous shelf. They are convinced that this will result in closer relationships with the consumers and create an opportunity to establish brand communities with consumers that share the same values. A stronger bond with consumers and a raised brand awareness would in their eyes contribute to increased profit and success.

Option 2: Product brand – the product should be in focus

The second team consists of the marketers that have worked at the company for a long time and thereby holds a great experience regarding the value proposition of the product. These marketers think that the new management and the advertising agency have it all wrong. For this group of people, the unique benefits of the product should be the main focus in marketing activities since it is their value proposition and a competitive advantage. The ambition to transform the company to a lifestyle brand is naive and would not work for such a small company within the FMCG industry. This group of employees thinks that the already existing positive increase in profit that the company have achieved during the years indicate that they are on the right track with the current strategy.

The reason for letting the previous CEO go and bring in the new management was to improve the company's struggles with communicating the benefits of the product. This, according to the experienced marketers, could not be achieved without having a product focus. The FMCG industry is tough, and the company need to communicate the products extra value in order to compete with competitors. The ambition to change the view of the company from specialists to generalists will hurt the company's

credibility. After all, the mission of the company is to create an allergy friendly product and not just offer product with a nice flashy packaging. The existing loyal customers that have these allergies, and thereby feels seen by the company, might feel betrayed by the sudden change and switch to another, more trustworthy and serious brand.

Regarding what has been said about the company and the two paths:

- *What advantages and disadvantages do you as marketer see with the two different options?*
- *After making the decision, how would you deal with the implications it will have on the internal climate?*

