

There's a Snake in My Boot!
Kering and the Exotic Skin Dilemma

TEACHING NOTES

The authors prepared this case solely as a basis for class discussion and not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. Although based on real events and despite occasional references to actual companies, this case is fictitious and any resemblance to actual persons or entities is coincidental.

Introduction

This document aims to provide a clear guidance to the instructor on how to conduct a live case discussion in order to help students reach the learning objectives. The teaching notes serve as a tool to provide a full learning experience to the audience through an experiential exercise. In the following sections a synopsis of the case will be presented, the learning objectives will be stated, the courses applicable to this case will be enlisted, the assignment and assisting questions will be provided, and a full description of the case analysis procedure will be disclosed. Finally, the group's reflections about the case creation process will be shared.

Synopsis

Kering is a multi-player in the luxury industry, owning high-end brands such as Gucci, Saint Laurent, Alexander McQueen, among others. A range of product lines of these brands use exotic skins as raw materials. Some argue that the use of such materials is too cruel and that the animal welfare cannot be guaranteed. On the other hand, exotic skins are presented as more sustainable than other types of textiles, such as bovine leather, which generates a higher ecological footprint. In terms of consumers, nowadays they are demanding ethical behaviors throughout the value chain. With this demand, it can be seen clearly that consumers are gearing towards responsible consumption. Responsible consumption includes not only sustainability for the environment, but also the ethics for animal welfare, although, there are also buyers who prefer style and fashion over animal welfare. Looking closer into the industry, Kering competitors have taken different stands regarding this matter. On the one hand, fashion companies such as Hermès and LVMH have decided to invest in operating their own farms in order to secure high quality materials. Whereas, Chanel and Victoria Beckham have decided to ban the usage of exotic skins. These opposing stands have created a new battleground in the luxury industry. The discussion of the case is focused on deciding whether Kering should or should not continue using exotic skins as raw materials. The following are proposed as the main arguments to be discussed:

Assuming the role of Kering top management, you are required to take a decision. Should Kering continue or stop using exotic skins across their fashion and leather brands?

What are the reasons for the decision taken?

How would the decision be communicated to the stakeholders?

And, what actions would be undertaken to ensure a successful implementation of the decision taken?

Due to the status of luxury that exotic-skin products lend to the companies, by making it possible for their brands to reach the wealthiest clientele, Kering has decided to continue using exotic hides. With the decision taken, Kering approached the controversial issues that could arise from the continuation of exotic skin usage by including ethical and sustainable practices. For instance, they are investing in a full ownership of a python farm in Thailand. This is how they can ensure that animals, farmers, and the environment are treated in compliance with ethical standards. Moreover, they have made partnerships with Trade Centers, in order to drive the improvement of the animals' welfare in their own habitats, while also guaranteeing the livelihood of the communities that supply the skins. They state their commitment to preserve the heritage and traditions of these communities. Finally, they developed the Kering standards for raw materials and manufacturing processes which aim to ensure the traceability of their key raw materials.

Keywords: brand identity, corporate brand management, exotic skins, luxury industry, leather goods, sustainability, ethics

Relevance

This case provides a deeper understanding on how to address a controversial decision and how it should be communicated to the stakeholders. In a competitive environment, brands can be faced with a situation of polarization once they have taken a stand regarding their brand positioning. In other words, the situation they encounter can create a context where a strategic decision has to be made in order to mitigate risks. Therefore, the case can be said to provide relevance in terms of how to manage brand and reputation simultaneously, which is the key learning objective of corporate brand management. Hence, it provides a timeless relevance for the case to be studied. In addition, taking into consideration today's business environment for global brands, it highlights how ethics and sustainability standards are the bottom line in all industries. Lastly, other industries can take this case as an analogy to deal with the contemporary societal matters.

Learning Objectives

The case of Kering represents a clear example of how to manage a corporate brand identity and reputation. The case aims to emphasize the significance of aligning every strategic decision according to the corporate brand identity, in order to deliberately build and sustain the corporate brand reputation. Furthermore, the case reflects on the role of corporate brand communication in reaching Kering's positioning. The specific learning objectives are detailed as follows:

To identify the importance of being aligned with the brand identity when taking strategic decisions

- To analyze how to keep consistency within the Corporate Brand Identity and Reputation key elements
- To take into consideration the impact a strategic decision could have on the brand image by using the triple bottom concept
- To explore the multiple roles of brand communication
- To understand what is the role of brand communication in relation to brand positioning
- To identify the key elements to take into consideration in order to build and sustain the corporate brand reputation

The Corporate Brand Identity and Reputation Matrix

The Corporate Brand Identity and Reputation Matrix (CBIRM) is the key theoretical tool the audience must understand and apply in order to solve the case. The matrix is a framework developed by Urde and Greyser (2015), which displays the elements and linkages between the brand identity and the brand reputation. The framework makes easier to identify the key reputation elements, link them logically between reputation and identity, allow the shift between perspectives (outside-in and inside out) and provide flexibility to be applied to different types of corporate brands. In this case, students will have to analyze the CBIR Matrix, in order to take a decision regarding the usage of exotic skins. They will have to understand which is the identity of Kering by analyzing the elements that compose the brand in its different dimensions (Greyser & Urde, 2019). The audience will have to understand how every decision needs to be aligned with the brand identity as well as how decisions can affect the corporate reputation elements. The case will be provided with a Kering's CBIRM, students will have to interpret it, analyze it and decide if there is a consistent alignment that can help them to select a solution that better fits to build and sustain Kering's corporate brand reputation.

Corporate Brand Reputation

Roper and Fill (2012), define corporate reputation as:

“a collective representation of a firm's past actions and results that describes the firm's ability to deliver valued outcomes to multiple stakeholders. It gauges a firm's relative standing both internally with employees and externally with its stakeholders, in both its competitive and institutional environments” (p.7).

It is understood that a good reputation is highly connected with competitive advantage. It is important for the students to understand the relevance of reputation in terms of loyalty and the corresponding economic benefits for the company. Furthermore, they need to be able to identify the effects of reputational associations, and how the current social context demands accountability for the whole value chain.

In order to understand the implications on corporate brand reputation, the students need to understand the building blocks that constitute it. According to Fill and Roper (2012), the building blocks for corporate brand reputation are corporate personality, corporate identity and corporate image, where corporate communication works as an enabler. The relevance of the learning objectives regarding the building blocks, will be described as follows:

- **Corporate personality:** it refers to the core nature of an organization. The corporate personality is constituted by two main facets, the dominant corporate culture and the process through which strategy is developed. The former refers to the organizational culture that drives the way the members behave, internally and externally. Whereas, the latter refers to the ways in which strategy is developed within the organization (Roper & Fill, 2012). The audience needs to understand what is the corporate personality of Kering and how this should be applied when making a decision. The class should be able to elaborate how the decision taken contributes to the mission and vision of the company.
- **Corporate identity:** it is explained as the way an organization presents itself to its internal and external stakeholders. It focuses on the way an organization desires to be perceived by its stakeholders (Roper & Fill, 2012). Students should be able to translate how the decision taken would help in achieving the company's goals regarding performance, differentiation, and brand positioning.
- **Corporate image:** Roper and Fill (2012), define it as the perception that different audiences have of an organization. It is specified that this perception is the result of different audiences' interpretation of the cues presented by the company. Therefore, the students should explain in detail the best manner in implementing the decision, in order to avoid damaging the public's perception about Kering.
- **Corporate communication:** according with Roper and Fill (2012), communication is an enabler that links the building blocks of corporate reputation. Corporate communication core responsibility is to influence the perception of stakeholders by managing the identity cues given by the brand. Therefore, how to manage the communication of the decision taken is key for the case. Both solutions, keeping or banning the usage of exotic skins, can bring positive and negative outcomes for the brand. Here, the audience will be required to be aware of the symbols and rhetoric to be applied in order to influence favorable stakeholders' perceptions. The managerial decision shows how Kering is supporting their decision based on the preservation of traditions, the livelihood of the communities and the improvements of the animal welfare.

Positioning

Positioning plays an important role for corporate brands. It allows stakeholders to understand what the organization is and how they should relate to it, and most

importantly, how to differentiate it from other organizations. Corporate communication serves as an integral part of positioning (Roper & Fill, 2012). Therefore, students will understand the need to develop a consistent message that serves to position the brand. The audience will be able to identify the relevance of communicating a clear message that promotes clarity and develops suitable relationships between the corporate brand and the stakeholders. Students have to be clear on how underperformance is linked with confusing positioning and what is the role that corporate communication plays in this matter.

Appropriate Courses for this Case

Kering and their position towards the usage of exotic skins in their fashion and leather goods can provide a discussion about communication, brand identity and strategy management. Also, students can participate in the debate from different perspectives, such as ethical or sustainable. Lessons that can be taught from this case are useful for those that oversee the strategy and reputation of the brand. The case can be used in the following courses, among others:

- Strategic Brand Management. It will provide the opportunity to make strategic decisions while considering the process of building, developing and protecting the presented brand.
- Corporate Brand Management and Reputation. It will enable the audience to learn how to manage a company while considering its reputation and keeping consistency with its identity.
- Sustainability and Marketing Ethics. Participants will be able to apply sustainable and ethical theories during the strategic decision-making process.
- Marketing communication. Students will have to decide on what and how to communicate a decision in a controversial context from the perspective of the top management team.

Assignment Questions

In order to create a discussion among participants in the class, with the purpose of fulfilling the learning objectives, it is recommended to state a main question to work with. In addition, assisting questions can be added in order to help the debate to continue and create engagement.

Main Question

Assuming the role of Kering top management, you are required to take a decision. Should Kering continue or stop using exotic skins across their fashion and leather brands?

Assisting Questions

1. What are the reasons for the decision taken?
2. How would the decision be communicated to the stakeholders?
3. What actions would be undertaken to ensure a successful implementation of the decision taken?
4. Considering in relation to the brand core, what alternatives can be explored to substitute the exotic skins?

Case Analysis and Discussion

The main purpose of the case is to stimulate analysis and create discussion about the topic and the possible solutions. In order to do so, the case analysis will be conducted into six stages: introduction, case presentation, main question, discussion, managerial decision and concluding remarks. Every stage will be detailed as follows:

1. Introduction: The idea is to set the scene for the case discussion. Firstly, the audience will be asked if they know something about Kering. If they do, they will be asked to elaborate on their knowledge about the company. On the other hand, if they do not know the company, cues about the luxury houses they manage will be provided. The idea is to set the involvement of the audience with the case.
2. Case Presentation: The elements of the case will be presented in a PowerPoint format. Firstly, wider information about Kering will be provided. Secondly, the coming back of the usage of exotic skins in the fashion industry will be introduced, and it will be stated that Kering's fashion houses make use of this raw material. Thirdly, the drama will be introduced. It will be presented how the welfare of the animals is not guaranteed and how cruelty practices are used to obtain their skins. Other relevant aspects will be detailed, such as sustainability, consumer attitudes, profitability and innovations in the field. Then, Kering's main competitors stands, regarding the usage of exotic skins, will be disclosed. Finally, Kering's Corporate Brand Identity and Reputation Matrix will be presented for the analysis of its elements. It is important that the audience identifies the key elements that compose Kering's corporate brand identity, in order to select a decision that is well-aligned with the brand.
3. Main question: The main question will be presented. Assuming the role of Kering top management, you are required to take a decision. Should Kering continue or stop using exotic skins across their fashion and leather brands?
4. Discussion: Due to the relevance of this stage, it has been divided into five subsections. At this stage, the board plan detailed in the following section will be used.
 - a. Identify the key elements: The audience has to fill the first section of the board, named 'elements'. The goal is for them to identify which are the key elements that need to be taken into consideration in order to make a

decision. We recommend to include the elements presented in the case, i.e. sustainability, ethics, competitive advantage, brand identity, reputation, consumers, profitability, etc.

- b. Evaluate the key elements: By using a three color post-it gamma (green=positive, yellow=moderate, red=negative), the audience will evaluate the impact of the decisions (continue using exotic skins or ban its usage), for every element previously identified. For instance, if they decide to ban the exotic skins, how their competitive advantage will be affected.
 - c. Select the decision: Based on the previous evaluation, the audience will select the more suitable option.
 - d. Plan the communication strategy: The last section of the board requires the audience to elaborate on the communication strategy and the activities to undertake, in order to successfully implement the decision. Here, the audience will provide specific actions to tackle the effects that the decision could have in every element considered before. For example, if the decision was to continue with the usage of exotic skins, what actions should be undertaken to ensure that ethical practices are implemented in the raw materials collection process.
 - e. Conclusion: The audience will conclude on the decision selected and the key actions for a successful implementation.
5. Managerial decision: At this stage, the managerial decision of Kering will be presented. As well, the list of strategies, actions and stands that the group has been implementing to support its decision will be detailed
 6. Concluding remarks: The final stage will focus on having the audience reflecting on the key learning outcomes obtained from the case.

Concluding Remarks

Hereby, we conclude the case discussion with key learning points to reflect on:

- The triple bottom line model can be used as a frame to create brand communication ideas that would be able to counteract a potential impact, which public controversies could have on the brand. By giving substance to the brand communication based on the triple bottom line model, companies can keep their corporate brand identity in compliance with sustainability.
- To be a strong brand that shows commitment in sustainability, companies should communicate its corporate brand with actions, by conducting their business in a way that are both aligned with their CBIRM and address all areas of the triple bottom line model. The business conduct should also be applied consistently throughout the value chain.
- Corporate brand core should be kept in mind as explorative. In this way, the companies can avoid limiting oneself to existing natural resources and

conventions. Innovations can be developed in order to comply to sustainability standards while remaining true to the corporate brand identity.

Teaching Suggestions

This section aims to provide specific details on how to drive the case discussion in order to obtain its full potential. There are specific recommendations to apply before, during and after the discussion. The recommendations will be detailed as follows:

Before the discussion, it is important to specify the roles the instructors will have during the live case, or if there is one instructor, how will he or she manage the different tasks required for the case development. That is to say, who will present the case, who will moderate the discussion and who will be in charge of the board. Knowing each one's roles will help to avoid misunderstandings and to conduct a structured case that enables discussion within the audience.

When starting the presentation, it is highly recommended to wait until full attention is received. To ask the audience what do they know about the company can work as an icebreaker. During the presentation, the instructor has to be clear on the facts presenting. Once the Corporate Brand Identity and Reputation Matrix is presented, the instructor has to ensure the audience extracts the key elements of the corporate brand identity, if preferred, enlist them in a section of the board.

For the evaluation process, if the audience shares the same opinions, present counterarguments. It is important to keep cues that can be disclosed throughout the discussion. That is to say, if all of them believe exotic skins are a sustainable option, for instance, introduce new statements such as Stella McCartney expressing how the chemicals required to treat the leathers make them a less sustainable option compared to synthetic materials.

At the end of the discussion, the instructor should recapitulate the steps followed, the elements identified and the decision taken. It is essential for the audience to understand the process followed during the discussion and how the decision was taken. Finally, make sure the audience reflects and identify the key learning outcomes.

Board Plan

When making smooth transitions during the discussion, the board becomes a key tool. For this live case, the board consists of three sections. Firstly, 'Elements', the purpose of this section is to enlist the elements to be taken into account for the decision-making process, according to the audience's perspectives. We recommend to guide the audience to include elements, such as brand identity, sustainability, ethics, competitive advantage, reputation, profitability and customer approach. However, the audience and the instructors are free to add or delete as many elements as they consider pertinent. Secondly, 'The Dilemma', this section consists of the two options

that the audience has to select, continue using exotic skins or ban them. Here, the audience will have to evaluate if the decision has a positive (green post-it), moderate (yellow post-it) or negative (red post-it) effect on each one of the elements enlisted before. After evaluating each decision, the audience will have to select one. The selection will be based on the effects the decision could have on the elements. For instance, choosing banning the hides has a majority of positive to moderate effects on the enlisted elements. Finally, 'Strategy', in this section the audience will be required to elaborate on specific actions and communication strategies to address the effects of the decision taken in every element. For example, if the audience decided to continue using exotic hides and this has a negative effect on ethics, the audience can propose to own a farm and increase the standards of quality when treating the animals. See **Figure 1** for an example on how the board should look like.

Elements	The Dilemma		Strategy
Elements	Continue Using Exotic Skins	Banning Exotic Skins	Strategy
Brand Identity			Communicate an official statement about the decision
Ethics			
Sustainability			Develop standards for the treatment of natural leathers
Competitive Advantage			
Consumers Approach			Present a new line of garments with innovative materials
Profitability			
Corporate Reputation			Develop a strategy to communicate to the internal and external stakeholders the grounds of the decision and the future strategies to incorporate

Figure 1. Proposed board plan

Time Plan

In addition, it is required to detail the time that should be assigned to each stage of the discussion process. Creating a time plan beforehand helps to provide the presenter with a perspective of the time required and to conduct a more organized discussion. The aim of preparing such a schedule is to ensure that all of the parts are covered properly. Therefore, **Figure 2** shows the suggested timeline with the estimated required time for each stage of the case, considering a duration of 45 minutes.

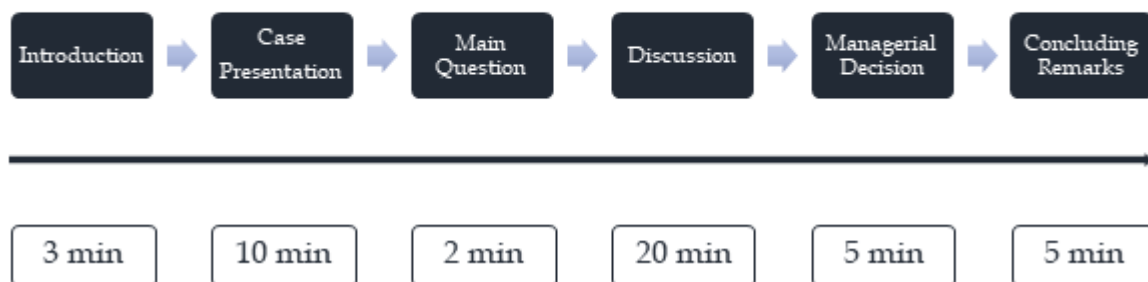


Figure 2. Proposed time plan

Reflection

We had an ‘audition’ of case topics among ourselves. One of the criteria was to select a case that was more of a corporate brand management topic than a crisis management one, so that our class could bring home with them timeless lessons. Another focus was to have a case that had enough complexity in terms of strategic contemplation, hoping to simulate as close as possible to real-life strategic decision-making process. Therefore, we decided to make a case out of a corporate brand that has a possibility to face controversy risks, where many sensitive angles and tensions can be highlighted for the class to experience from this learning discussion. Lastly, we intended to make a case that would require the class to also take into consideration the context of global trends as the business environment, where corporate brands are meant to exist in a long-term, as inspired by guest lecturer, Montserrat Maresch.

By saying audition, we deliberately had a little role play to make sure that the case we selected could be carried out in a way that would make the class feel the dilemma faced by the brand. We made sure that the dilemma would create both logical and emotional tension, just as real-life business would. Out of that role play, we structured the storyline of the case. The storyline was built to present to class the luxury market as a new battleground between luxury and ethics. The battleground was meant to highlight the case situation as having a gray area in what is called ‘ethics’, showing that multiple ethical trends can sometime go hand in hand or in conflict. With this gray zone, we planned out how the CBIRM and the triple bottom line model can be used to help the class navigate Kering through today’s business environment.

As complexity was aimed, complexity we should have! There were a few challenges when it came to setting and reaching the learning objectives. First of all, it was because the case is still ongoing; the battle has just begun. What we only knew so far is that Kering has been deliberately trying to build a good reputation through brand

communication and actions, which in theory, is what is recommended to be done. Plus, Kering has at least earned some tangible awards that can be conveyed as a testimonial to their brand core. However, significant reactions from stakeholders toward the brand are yet to be observed. Another challenge was that the complex case could be discussed in many aspects, including collective reputation, PESTLE, rhetoric model, the triple bottom line, CBIRM, and brand communication, while the time allowed to do it was short. Nonetheless, following the advice given at our case supervision, we were able to shape the learning objectives around the perspective of risk mitigation as part of corporate brand and reputation management. With that concept in mind, we found that CBIRM and the triple bottom line model were the models most visited when we discussed the case among ourselves. The models altogether could explain how Kering manage their corporate brand in controversy risks by embracing the gray area. Finally, the challenge was to be hopeful that the lessons learned will not be exploited to whiten the dark side of any business course of action.

Overall, as the best way to learn is to teach, this group assignment has been a great learning tool for us ourselves. Through our case examination in one of the previous courses, we realized how lessons can be extracted much more in a deeper and broader level, revealing how different matters are connected, if we have the chance to apply the theories and tools learned during the course to real-life contexts. This has brought our attention to the value of knowing how to make ourselves the cases of real business situations to learn from. This will not only provide us with a life-long learning method that allows us to simultaneously see business situations from both, theoretical and practical perspectives, but also the ability to transfer the lessons to others, including our clients and colleagues in the future.

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