

# **The Hemköp Case**

*From one food-lover to another, or should they even bother?*

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## **TEACHING NOTE**

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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.

# The Hemköp Case

## Teaching plan

This teaching note aims to create a guiding framework for how "The Hemköp Case" should be presented and solved successfully. This case exemplifies a real-life scenario of a managerial decision in corporate brand management and reputation. The teaching plan aims to provide the presenter with the case's preparation and structure, supporting an inspiring and memorable presentation. This will lead to an engaging and interesting discussion among the audience where they can achieve the key learning objectives.

The teaching note starts with summarizing the case, giving the presenter essential background information and the case's main takeaways. After this section, we argue for why it is an evergreen case, followed by the learning objectives and overview of key learnings. The teaching note ends with discussion questions, teaching suggestions, and a time plan.

## Case Synopsys

"The Hemköp Case" starts in early 2020, when the annual brand-sustainability report is released. A new brand manager had been hired three years before to increase the sustainability image of Hemköp. However, once again, they were falling way behind their main competitors Ica and Coop. Hemköp ranks in 65th place, while ICA and Coop rank in the top 5 brands.

Sustainability within the grocery industry is prominent since around a third of Sweden's households' consumption-based emissions come from food. Most Swedish consumers believe that they are taking sustainable responsibility for their food consumption. However, 80% of consumers have the ambition to eat more sustainably.

A reinvention of the current bonus system is presented for the board as an attempt to make Hemköp a new player for the number one sustainable grocery chain. The new bonus system starts categorizing products based on environmental aspects and rewards customers who

purchase products that are "good" for the environment with extra bonus points. The management at Hemköp has to decide whether launching this bonus system is the right move for them and how it would affect their reputation. They should also consider how this program should be communicated.

### The case of eternity

In today's business landscape, it has become more prominent that companies are faced with dilemmas regarding sustainability. Hemköp is not the first and indeed not the last organization that has been forced to introduce sustainability elements in its business model in order to keep up with the growing demand from society. Unless someone solves the environmental crisis that we as a society face in the near and long-term future, all companies will have to make adjustments in their processes and value proposition to become more sustainable. Therefore, this case works as a good illustration of the considerations and dilemmas present in that sort of decision-making. This makes the "case of Hemköp" an excellent educational case that will be relevant for many years to come and can work as an example of what can work well and what mistakes not to make for future businesses.

Another factor that makes this an evergreen case is that it involves an element of consumer behavior and whether or not to try and interfere and push consumers in specific directions. This broadens the case's scope to involve discussions that are not necessarily connected to sustainability but rather involve any business situation where nudging is present. This further reinforces the argument that this case is relevant in the long term.

### Learning objectives

From "The Hemköp Case," students will understand the importance of following contemporary trends and the challenges of adopting these trends. Especially the dangers of creating incitements that aim to influence consumer behavior and the backlash that can follow when rewarding a behavior over another. The general learning objectives are presented in the bullet point below:

- Learn how to evaluate a given situation in a structured and strategic way
- To create an understanding of the role brand identity plays in the decision-making process and business development.
- Uncover and evaluate the risks/benefits of trying to adapt to external forces such as environmental issues

- Create discussion about whether or not brands should benefit certain consumer behavior over others in the quest to change image.
- Learn how to communicate a new strategy to create a better reputation.

### Themes and theories to apply and discuss

Below is a presentation regarding what topics and theories to use in order to fulfill the learning objectives of the case. Further, we discuss how the student can apply them to the case and build their arguments.

### Analyze the current situation

When solving a case, it is always essential to start by understanding the company's current situation involved in the case. In this case, it is crucial to understand the external factors that affect the situation. However, internal factors should not be forgotten as they are essential to understand the company's core. In the interaction between external factors and internal processes, the answers to the case question lie, and an understanding of how different factors will affect the overall organization can be created. To create this understanding, we suggest that the student analyze the current situation using a SWOT analysis while also considering the PESTLE framework.

A SWOT analysis is an appropriate way for the student to understand the current situation Hemköp finds itself in and how they relate to their competition. This analysis will create a solid foundation that will help students visualize different perspectives and build arguments for or against them. An example of a SWOT analysis for this case is presented below:

<p><b>Strengths:</b></p> <p>The sustainable-centric approach has been consistent since its creation. Seen as a sustainable brand/grocery outlet, but also seen as a premium grocery store that offers luxury products.</p>	<p><b>Weaknesses:</b></p> <p>The overall market share could improve. Being recognized as the sustainable better alternative would improve Hemköps overall reputation and, as a result, improve its market share.</p>
<p><b>Opportunities:</b></p> <p>The sustainable megatrend is an opportunity they could take advantage of. As Hemkop has been consistent in its sustainable efforts since its creation, it would greatly benefit the overall reaction to future endeavors. Turning this strength into an opportunity, using Hemköps historic sustainable values for</p>	<p><b>Threats:</b></p> <p>Hemköp could be harmed by a potential backlash for discrimination or changing its bonus system. Coop example where they received backlash for a new campaign when trying to encourage healthy eating. ICA</p>

future opportunities, will be seen as genuine. Opportunity in the fast time has passed since Coop's mishap, leaving an extensive time frame for the public to forget/be encouraged by a new initiative	example of backtracking on their change of loyalty card scheme.
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(Figure 1. SWOT analysis of Hemköps current situation, 2021)

Structuring the current situation in this way creates an overview for the student that facilitates a more in-depth analysis. From this SWOT analysis, arguments can be drawn that Hemköp will be seen as genuine since they have always looked at ways to improve sustainability and that this is a focal point in their brand core. Moreover, there is a need to improve their market position and overall sustainable efforts since Hemköp is not being recognized for its sustainable practices. Hemköp should take advantage of the increased concern for sustainability in society. Given that 80% of the population has ambitions to eat more sustainably, there is a need/gap there to be filled. There is also a threat that the initiative's response may receive backlash from the public/customer base.

To further understand the current situation, the student can also conduct a PESTLE analysis to understand the external factors that influence the situation better. This framework allows the student to understand how politics, economics, social, technology, legal, and ecological forces affect the situation (Roper & Fill, 2012. p. 37). Below we illustrate some of the themes to consider in each force:

PESTLE forces	Examples
Politics	Politicians face increased pressure from society to create incentives that push companies to work more sustainably.
Economic	Losing out to competitors in not only sustainability efforts or recognition but market share as well if Hemköp don't adapt to the change.
Social	A demand for changed societal behavior in regards to environmental issues.
Technology	Innovations in both food production and competitors business models
Legal	Legislation that aims to force companies to act sustainable is increasing
Ecological	Environmental change increases the urge for sustainable actions from companies

(Figure 2. PESTLE analysis of external factors that might influence Hemköp's future business decisions, 2021)

## Communication

When the students discuss whether or not to implement the bonus system and how it should be communicated, Urde's (2021) *Corporate Identity and Reputation Matrix* is appropriate to use. First of all, students should consider what communication strategies are suitable for Hemköp, as it is essential to both have an inside-out- and an outside-in approach. Urde (2021) explains how the inside-out approach shapes and positions the brand depending on internal forces, initiatives and influences. He further explains that the outside-in approach uses external forces, initiatives, and influences to shape and position the brand. In "The Hemköp Case," this discussion is critical since 1) External forces (competitive environment, social & culture) in the marketplace are changing; 2) The suggested bonus system takes an approach at changing consumer behavior which can create conflicts among the consumers.

Although Hemköp's dilemma is mainly from external forces (such as economic, social, and ecological), it is important that internal and external forces fit together. In this regard, students could recommend Hemköp to adapt to the change in external forces while still staying true to Hemköp's brand core. A great way of knowing how to communicate in a situation like this is to use Urde's (2021) matrix. The matrix integrates communication concepts in terms of the "communication diagonal" and the "communicating and positioning layer."

<b>EXTERNAL</b>	<p><b>VALUE PROPOSITION</b></p> <p>Offer good food with a good conscious</p>	<p><b>RELATIONSHIPS</b></p> <p>Help and educate customers to purchase more sustainable food</p>	<p><b>POSITION</b></p> <p>A premium grocery chain with the aim to become a front player in sustainability</p>
<b>INTERNAL/ EXTERNAL</b>	<p><b>EXPRESSION</b></p> <p>From one food-lover to another</p>	<p><b>BRAND CORE</b></p> <p>Strive to inspire their customers by their product quality with sustainability as a guiding principle</p>	<p><b>PERSONALITY</b></p> <p>An inspiring and caring friend</p>
<b>INTERNAL</b>	<p><b>MISSION AND VISION</b></p> <p>To every day create the foundation for sustainable food joy for all their customers with the vision to deliver good food with a good conscience.</p>	<p><b>CULTURE</b></p> <p>To challenge and inspire with knowledge and togetherness</p>	<p><b>COMPETENCES</b></p> <p>Sell good quality to a competitive price at popular places</p>

(Figure 3. Urde's *Corporate Identity and Reputation Matrix* applied to Hemköp, 2021)

The middle row in the matrix (see Figure 1) are all elements that bridge internal and external forces, and it is also known as the "communication diagonal." To start figuring out the communication strategy for Hemköp when implementing the new/suggested bonus system, students could complete the elements that build up the communication diagonal. Hemköps elements are filled out in the matrix above. However, students should be able to fill out the entire matrix based on the facts in the case. If students explain the communication strategy from this diagonal, they should use Hemköps *Brand Core*, *Expression*, and *Personality* as a baseline for their reasoning.

If the students have filled out the matrix elements, they will understand Hemköp's *why*, *how*, *what*, and *by whom*, as Urde (2021) explains. However, students should then look at the first outer layer around the matrix called "the communicating and positioning layer." This layer explains how a brand's identity should be communicated and how to make it stand out in the marketplace. In this layer, students should be guided by Aristotle's three modes of persuasion; *logos*, *method*, and *pathos*. Urde (2021) explains that as the world changes, brands face the challenge to adapt to new trends and other external forces and sometimes need to review and update the brand's logos-ethos-pathos appeals. As he states, "To be the same, you sometimes need to change." In this regard, students can discuss what modes of persuasion have to be changed for Hemköp as they have to adapt to the external forces. Doing so will help them understand in what way Hemköp can update their communication and positioning strategy while still keeping their core identity stable.

While Urde's (2021) Matrix is crucial for students to understand how to communicate and implement the new bonus system for Hemköp, students should also consider Greyser's (2009) concept of authenticity. From this perspective, students could recognize that emanating trust in their brand and their sustainable efforts is a continual process. However, effective communication in implementation will be required to either ensure understanding and/or manage the reaction, whether positive or negative. As Greyser mentions, "Perceived authenticity and a positive reputation go hand in hand." For Hemköp, students could argue that communicating their consistency with sustainable efforts and values will protect their reputation, and therefore, Hemköp will be seen as authentic in their communication efforts.

## Reputation

An appropriate way of evaluating a brand's reputation is to look at the authenticity phenomenon since Greyser (2009) declares that authenticity plays a crucial role in building, sustaining, and defending a reputation. On the one hand, students might argue that "The Hemköp Case" serves as an example of a company that will lose part of its authenticity if launching the bonus system. The reason could be that the bonus system does not capture the whole aspect of sustainability because it contains more than just purchasing "veg of the week," fruit, and vegetables. Hence, Hemköp can be perceived as not *being authentic* if they launch the bonus system, which will harm the company's reputation. On the other hand, students might argue that the Hemköp case serves as an example of a company that shows its authenticity if launching the bonus system. The reasoning behind this argument could be that Hemköps identity is to be sustainable, making the launch of the bonus system fit Hemköps overall brand identity. Hemköp can therefore be perceived as *talking* and *being authentic* if they implement the bonus system, which will lead to a better reputation.

Further, Urdes (2021) Corporate Brand Identity and Reputation Matrix can be used to analyze how the matrix's different reputational elements can be affected by the management decision. For example, the *willingness-to-support* can be affected. Some students might argue that the willingness-to support might decrease due to potential criticism following the bonus system's weaknesses. In contrast, others might argue that their willingness-to support will increase due to their potential positive attitudes. Other elements that might be affected are, for example, *trustworthiness* and *credibility* due to the same reason as authenticity.

Kapferer's (2008) Brand identity prism is a model that identifies and considers both the internal and external meaning of the brand. It can be used to understand the importance of different stakeholders' opinions on a brand's reputation. In this regard, students can use this model when arguing for the effect on Hemköps reputation when promoting certain consumer behavior over others. For example, the student can follow Chernatony & Harris's (2000) argument that managers' focus should be to narrow the gap between stakeholders' opinion and the brand's identity and action since that increases the brand's overall performance.



## Overview of Key Learnings

Drawing from Bloom's taxonomy framework, we have created a comprehensive matrix about both the general and the specific key learnings of this case. The framework is presented in Figure 4 below.

Key Learning Objectives	General Learning	In this specific case
Remembering	The complexity in trying to keep up with external forces and influence consumer behavior.	When Hemköp tried to take a sustainability initiative by nudging consumers to change their behavior.
Understanding	The potential risks/benefits from keeping up with environmental issues and influence consumer behavior.	How Hemköp's launch of its bonus program, that privileged consumers eating more fruit and veggies, created a backlash and frustration from some consumers.
Applying	Theories and concepts to make a managerial decision to solve a real business case.	Situational analysis tools such as SWOT and PESTLE. CBIRM framework and authenticity theories.
Evaluating	Factors, both internal and external that influence a business decision and the effects a certain decision will have on these factors.	The pressure from society on Hemköp to become more sustainable, the potential effect of adopting it, and the benefits and risks of different ways to do so.
Creating	A strategic decision on how to create a competitive reputation when acting on environmental issues without losing customers	A decision on whether or not to launch a bonus system that privileged a certain behavior over another.

(Figure 4. *Key Learning Objectives*, 2021)

## Discussing questions

To spark a rewarding, enjoyable, and memorable discussion in class to accomplish the learning objectives, we have prepared the main question and a couple of assisting questions.

### Main questions

*How should Hemköp act in this situation, and why?*

*How do they communicate their action, and how might this affect their reputation?*

## Assisting questions

### The current situation

- *What are the external factors that make Hemköp consider this system?*
- *How does the history of Hemköp influence the decision process?*
- *How do you interpret the current reputation of Hemköp?*
- *Given this situation, what opportunities and risks are present?*

### The bonus system

- *What is your overall impression of the bonus system? Do you like it or not? Why so?*
- *Should they implement it or not, and what are the potential risks/benefits of the different options?*

### Communication

- *What is the reasoning behind the communication strategy you have chosen?*
- *How do you communicate the bonus system to please the consumers who will benefit from it and those who will not?*
- *What role does authenticity play in regard to their communication?*

### Reputation

- *How might benefit certain consumer behavior over others affect the overall reputation?*
- *What role does authenticity play in regard to reputation?*

## Teaching suggestions

The purpose of "The Hemköp Case" is to provide the students in class with a real-life business case that calls for a management decision. At least two people will be needed to present this case, but we recommend three to be ideal.

### Introducing the Case

To catch attention and engage the class in this case, we suggest using a storytelling method when introducing the case. The teacher would need to beforehand assign the case presenters with different roles during the presentation. The teacher needs to assign the role of storyteller

to someone who narrates the introduction part and the incident part of the presentation. We suggest that the narrator does not have another role during the presentation to make a clear distinction between the storytelling parts and the more general information parts. Further, one or two people divides the other parts between each other. The storytelling starts with the Sustainability index report being launched and the meeting that follows when Anthony gets pressured by the board. During this, the teacher dynamically shows the slides marked as “introduction” in the Powerpoint.

### Background and details

After introducing the case, another case presenter should take over and the storytelling method should be discarded; a more descriptive and “normal” presentation method should be applied instead. This case presenter should follow the order of the slides. By doing so, the students will receive the relevant information at the appropriate time. However, while the primary information is presented in the PowerPoint-slides, we suggest using the written case as a baseline for providing the information.

### Introduce the incident and give instructions

Here, the storyteller starts to present the event where Anthony and his team present their suggestion to refine the bonus system. A full detailed description of the new system should be told to reduce confusion about how the system works. The board's different comments must be presented in the same manner as in the written case as these aim to give hints to the class about things to consider when solving the case. The storytelling ends with the CEO of Hemköp asking the audience to take the role of the newly hired expert in consumer insights and reputation at Hemköp and ask for help.

Last, the case question is presented by another presenter than the storyteller. It is advisable to open up for questions after this regarding the presentation to make sure everyone has understood the case and is ready to solve it. The teacher then divides the class into groups, gives them a timeframe, and asks them to come back with a solution.

### Discussion in groups and in class

By using a storytelling method the groups should now feel like they are working together as a management team to decide if the bonus system should be implemented or not. While the different groups discuss the case, it is suggested that the presenters check in on the different

groups. By doing so, the presenter can see what kind of discussions are brought up. If the case is presented over a video call (e.g., Zoom), the teacher can check in on the different groups by joining different breakout rooms.

The case should thereafter be discussed in class with all students participating. This discussion should occur after the group discussion as a compliment, or as the only discussion if time is limited. When discussing a big group, the presenter's role is to lead the discussion, encourage audience participation, and ensure the discussion remains relevant and on time. If good comments or ideas were brought up in a discussion group when the presenter was present, it is recommended that the presenter ask that group to present those comments or ideas for everyone. An important reminder during the discussion is that the presenter should not influence the discussion by actively participating with personal views. However, nudging them in the right direction if they are getting sidetracked could be needed. If doing so, it is suggested to use the discussion questioning presented in these notes as inspiration. At the end of the class discussion, a moderator should summarize the main issues and the suggested managerial decisions.

#### Reveal the managerial decision

After the moderator has summarized the main issues and the suggested managerial decisions, the presenter should close the discussion. After this, the presenter should reveal the actual company decision. Then, it is time to reveal the consumers' reactions to the new bonus system. To make this exciting, a recommendation is to start revealing all the positive reactions. Then, present all of the negative reactions and the fury around the decision.

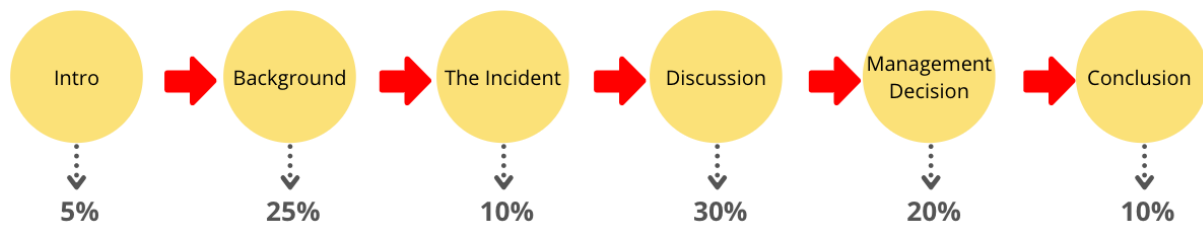
As the last action of this step, the presenter should compare the alternatives raised in class with the actual managerial decision to raise further discussion. Thus, the audience has a chance to see the case from different perspectives which increases the learning.

#### Conclude the case

When the discussion has come to an end, the presenter should conclude the main discussions and findings, thanking the audience for participating and ending the case presentation.

## Time plan

The case can be adjusted according to the teachers' time frame, therefore the time plan is presented in percentages. However, we suggest at least 30 minutes for the entire case. Below are the suggested time allocations.



## Reflections

In this part of the teaching note, we will examine the learning process of writing a case study, evaluate the changing perspective from student to teacher/case writer, and reflect on our biggest challenges. In the course, Corporate Brand Management and Reputation, our task was to write and present a case within the business world that calls for a management decision. We believe this task was exciting and challenging as it gave us a hands-on opportunity to apply the theories from the course to real-life scenarios.

Initially, it was not easy to select an appropriate case. We had the freedom to choose our case topic all independently, with the instructions that it needed to relate to the course and the learning objectives. The main objective while choosing the case was that it would “divide” the class and spark a memorable discussion. The process entailed supervision with Mats Urde, professor of the course, in order to choose a case that would be best suited to present in class. With all four students in our group interested in sustainability and brands taking a stand, we were dedicated to picking a case related to this topic. Further, we wanted to choose a case that was not that familiar and also relatively new. After much discussion and consideration, we decided to do a case of Hemköp. Hemköp formed a compelling case for us since they, in October last year, launched a new bonus system focusing on sustainability as part of their loyalty program that created much discussion and divided opinions. We believed this case would spark a rewarding and enjoyable discussion in class because it has become more prominent that companies are faced with dilemmas regarding sustainability in today's business landscape. Further, we believed it would encourage a discussion around nudging and companies taking a stand in a societal question.

Throughout the course, we had many group meetings to dedicate enough time to the assignment, intending to create an engaging, meaningful, and in-depth case. The case writing and deciding on the discussion questions were challenging tasks and we had to spend much time formulating the written case. While writing the written case, we focused on the details in every sentence and what “hints” we had to give the students in order to achieve an excellent class discussion. Another challenge was to keep an unbiased approach when writing the case but still give the students these hints about the critical parts. To overcome those challenges, a crucial component was to test-run the case on our friends. From those test runs, we received the necessary inputs to make our case stronger.

During the process of writing the case, we had to change our perspective from a student to a teacher/case writer, which was a challenging and new type of task. To get an idea of how we wanted to approach this, we reflected on the cases discussed during our lectures and outlined the central takeaways and the various structures. By approaching the case from a teacher/case writer's perspective, we also had to use different theories and models that were applicable to our written case, which was another challenge.

For our group, this assignment's main takeaway was understanding the importance of the corporate brand reputation and how different strategies and actions can affect it. Further, this case-based learning enabled us to practice presentation skills and improve our managerial capabilities and problem-solving skills. We believe that the skills we have learned in this course will be fundamental and applicable to real-life business problems during our future employment.

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