

CORPORATE BRAND MANAGEMENT AND REPUTATION

MASTER CASES



The Pillow Fight Over Sustainability - Case Finlayson x IKEA

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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 Pillow Fight Over Sustainability

- Case Finlayson x IKEA

WRITTEN CASE

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Introduction

Throughout the 21st century, responsibility has received increasing attention in the media and people's speeches. Everyone knows about climate change and knows that it has to be slowed down. Climate activist Greta Thunberg became famous in 2018 with her School Strike for Climate and has given many speeches, of which to mention her speech at the United Nations Climate Summit in September 2019. She is just one example of the current atmosphere, which is open for discussion about climate and sustainability. Companies have been taking action and improving their way of doing business more sustainably.

At the same time, consumers have an increasing amount of distractions, and it is getting almost impossible to get their attention. Therefore, companies need to be conspicuous with their advertising. For these reasons, provocative and challenging advertising has risen and has been used by companies like Oatly and Burger King.

This case is about Finlayson, a friendly, sustainable and small company from Finland that is challenging a much bigger player that all of us know, IKEA. Examples of cases like this are known for a long time. One can even be found in the bible - a story about David and Goliath. The phenomenon is not new. But what happened with Finlayson and IKEA?

Finlayson Background

Scotsman James Finlayson established Finlayson more than two hundred years ago, in 1820. Finlayson is a Finnish company that is well-known for its interior textiles. Finlayson produces fabrics for the bedroom, kitchen, living room, and decorations. It is known for its lines with, for example, the Moomin (**Exhibit 1**). The Moomins are a fairytale and cartoon created by Tove Jansson in 1945, nowadays known worldwide. Recently, Finlayson has even started to manufacture textile masks due to Covid-19.

Finlayson believes that company values should stay the same even when attitude atmospheres change in the society, and they definitely should not be made by consultants. The values of Finlayson are from the 19th century when the company grew from a small workshop to the biggest Nordic industrial company. Finlayson did this by being independent, permissive, and brave. It was interested in the world, matters, and phenomena. Today's Finlayson lives, breathes, and continues to act on these values.

Despite being nowadays, 200 hundred years later, considered as a small company mostly known for its sustainable bed linen, Finlayson has found its voice and taken a stand on various social and political issues. Over time, it has created discussion over current matters through what is called brand activism, shining a light on the defects of society and the textile industry through its provocative marketing campaigns. Through the company's transparent operations and environmental objectives, Finlayson aims to take the lead to teach consumers and show bigger textile companies the road towards more sustainable development. The company's mission is to make the world a slightly better place to live in.

One example of Finlayson's previous campaigns is a campaign that took a position on income disparities. The campaign turned out a little unexpectedly since selling items for different prices for women and men is illegal in Finland. From **Exhibit 2**, you can see the ad in question.

IKEA Background

Founded in 1943 by Ingvar Kamprad in a small village of Älmhult in Sweden, IKEA first started as a small mail-order catalog business. Initially offering other kinds of goods, furniture made its debut in IKEA's offer in 1948 and was immediately well-received by customers. So started the story of one of Sweden's most well-known and successful global brands. At the moment, IKEA operates in about 440 stores worldwide, employing around 217,000 people.

Affordability, good quality, function, beautiful design, and sustainability are the main principles that define the products IKEA strives to offer to its customers. They refer to these as the "democratic design" of their products: the low-cost, quality products for all people. The preoccupation with a broad base of satisfied customers is also evident from IKEA's vision: "To create a better everyday life for the many people," which in turn is reflected in the company's business idea "to offer a wide range of well-designed, functional home furnishing products at prices so low, that as many people as possible will be able to afford them." Efficiency in the use of resources and the large scale of production makes it possible for IKEA to keep their promise and consistently keep delivering such products to their customers.

Besides the attractive product offer, throughout the years of its existence, IKEA has introduced many innovations to its business model that paved its way to success by offering an unmatched value proposition to its customers. Perhaps the most important of these innovations were the introduction of flat packaging for more efficient logistics, the strategic move of the opening restaurants inside IKEA's outlets, and the self-service product pick-up system straight from a store's warehouse. The unique shopping experience, together with the highly competitive value proposition are the reasons why IKEA has a special place in the hearts of many consumers.

IKEA is also a devoted pursuer of the triple bottom line, emphasizing the importance of sustainability and people for their business. They keep trying to make more sustainable changes to their product offerings and to their processes and also communicate these efforts to their stakeholders to promote their image of a responsible organization and to set a good example. They communicate the importance of the welfare of all people too, among others by emphasizing that their vision, to make a better everyday life for the many people, does not only concern customers, but also their employees and the people working for their suppliers. IKEA is clearly trying to answer the call for more responsibility in business voiced by so many consumers today.

The incident

By the end of the summer of 2019, Finlayson had succeeded in the most significant packaging renewal in the history of Finlayson. Traditionally bed linen had been packaged in plastic to keep the product clean and hygienic. Yet, this rule of thumb can easily be discredited as bed linen is always washed before first use. Now, with this new cardboard bed linen package, the company was able to save over 20 000 kilograms of plastic annually, equaling 1 000 000 half a litre plastic bottles. Simultaneously, Finlayson transitioned from using conventional cotton to using certified cotton in their bed linen.

The company's challenge was to find a way to communicate these big sustainability improvements, in a meaningful way that would raise discussion about the defects of the textile industry. The thought raised during the brainstorming process was: "How beautiful would the world become if big textile companies were to take similar actions as Finlayson."

Guided by this idea, Finlayson created a new bold campaign challenging the Swedish textile giant IKEA. In the advert, the new cardboard packaging of Finlayson was introduced followed by highlighting the firm's use of certified cotton. Challenging the textile giant to take similar actions, Finlayson's plan was to create a critical discussion about sustainability. And what is a better way to stimulate

discussion than publishing a full front page advert on the country's prominent newspaper Helsingin Sanomat (**Exhibit 3**)?

"HI IKEA, THIS IS THE MOST BEAUTIFUL DUVET COVER. FOLLOW SUIT. From now on, Finlayson sheets are packed in cardboard instead of plastic and we move on to use GOTS-certified organic cotton, so we know where our cotton is from. This is a small firm's biggest product-related update in a century. Imagine, how beautiful the world would become if you and other big players in the international textile industry would follow our lead."

On a typical Wednesday morning, the 7th of August 2019, IKEA's well-known blue-and-yellow block letters then took over the front page of Helsingin Sanomat.

Question

The question is, if you were in IKEA's management team, how would you react to this campaign? Should there be a response and if yes, what kind of response?

Exhibit 1 Moomin towel (a product of Finlayson)

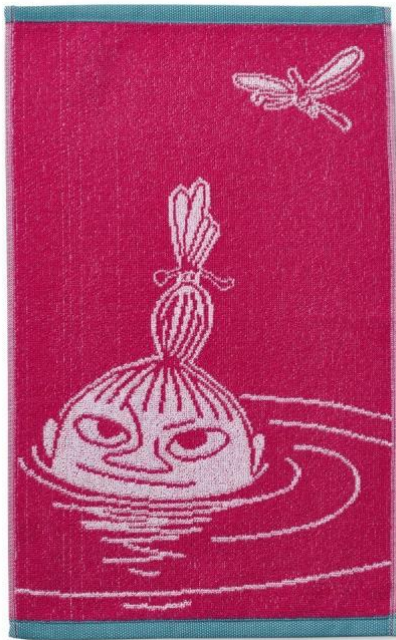


Exhibit 2 An example of Finlayson's advertising and a translation

~~NAISET~~ **KAIKKI****
**MAKSAVAT
EURON
OSTOKSESTA
0,83 EUROA*.**

*NAISEN
EURON
ELI* →

ALENNUKSEN SAA KOODILLA: NAISENEURO

KAIKKI → *** MEILLÄ SUOMESSA NAISTEN KESKIPALKKA**
on edelleen merkittävästi miehiä pienempi, käytännössä
naisen euro on 0,83 €. Se ei tunnu oikealta. Siksi meillä
~~naiset~~ maksavat ostoksistaan euron sijaan 0,83 € 10.9.
asti. ~~Miehet maksavat tällä kertaa täyden hinnan. Miesten
ostoksista lahjoitamme 17 senttiä jokaisesta eurosta tasa-
arvoa edistävään työhön.~~ Alennuksen saa kaikista tuotteista.
Voimassa kaikissa Finlayson-myymöissä ja -verkkokaupassa.

**** KOSKA VIRANOMAISET ANTOIVAT YMMIÄRTÄÄ,
ETTÄ NÄUTEN HÄKKI HEILAHATA.**

*Everyone***
"Womens euro" → **Women pay
0,83 euros for a
purchase worth of an
euro*.**

*** because the
authorities implied
that otherwise we
would go to jail*

*In Finland, the average salary of a woman is still significantly lower than that of men, in practice a woman's euro is 83 cents. It doesn't feel right.

That is why we have ~~women~~ *Everyone* pay 0.83 instead of a euro for their purchase until 10.9. Men pay the full price this time. For men's shopping, we donate 17 cents to work that promotes equality

Exhibit 3 Finlayson's challenge to IKEA

HELSINGIN SANOMAT

HEI IKEA, TÄSSÄ

Tästä lähtien Finlaysonin lakanat pakataan muovin sijasta kartonkiin ja siirrymme käyttämään

ON MAAILMAN

GOTS-sertifioitua luomupuuvillaa, jolloin tiedämme, mistä puuvillamme tulee.

KAUNEIN LAKANA.

Tämä on pienen yrityksen suurin tuotteisiin liittyvä uudistus vuosisataan. Kuvitelkaa, kuinka

TEHKÄÄ PERÄSSÄ.

kauniksi maailma muuttuisi, jos te ja muutkin kansainväliset tekstiilijärit tekisitte saman kuin me.



Finlayson
HYVÄÄ VÖTÄ JA HUOMENTA VUODESTA 1920

"HI IKEA, THIS IS THE MOST BEAUTIFUL DUVET COVER. FOLLOW SUIT. From now on, Finlayson sheets are packed in cardboard instead of plastic and we move on to use GOTS-certified organic cotton, so we know where our cotton is from. This is a small firm's biggest product-related update in a century. Imagine, how beautiful the world would become if you and other big players in the international textile industry would follow our lead."