

The Karma case: Brand identity and business opportunities

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.

Case synopsis

Karma is an app where restaurants, cafes and supermarkets list their surplus food, the end-consumer finds through the app perfectly fine high-end dishes that would normally become waste, for a discounted price. However, competitors are on the move, all being very similar in business model and core purpose as every company within the food waste space is green by default. The question is how Karma should manage the brand, and differentiate themselves in regards to what they stand for, except for reducing food waste.

After being established in Sweden, UK and France, Karma is looking for their next move. One opportunity is the US, which is a very big market with huge opportunities for growth. The Chinese region is a market you can not ignore either, as the urban areas have a very high amount of food waste per capita and the concern for food waste has been increasing in China. Another business opportunity of interest is the opportunity to use wholesalers, which holds a large portion of the food being wasted. Wholesalers seem interested in partnering with Karma, but this also raised the issue of these wholesalers often being placed outside of the cityskirts and the process to tackle this challenge began with setting up pink fridges in city centers.

Question 1: *What is Karmas brand identity and how should the Karma brand differentiate itself from its competitors?*

Question 2: *Which business opportunities should Karma put their focus on?*

Learning objectives

While presenting the case, the audience should take in every detail and evaluate the different opportunities for Karma, but also seek a way for them to differentiate themselves from the very similar competitors. During this process the audience of the case should learn something of value, learning objectives such evaluating and constructing a corporate brand identity, brand positioning and business opportunities are key learnings in this case.

Corporate brand identity

When assessing and understanding the corporate brand identity, the brand identity matrix is a useful tool to approach brand elements. The brand core value is an important element as the core value should permeate the other eight elements of the matrix (Urde, 2013). The different elements can be divided into external, internal and internal/external. The external parts of the matrix consist of value proposition, relationship and position. Internal elements are mission and vision, culture and competence. Lastly there are the elements that are both internal and external, existing of expression, core value and personality.

Regarding the central element of the matrix, Karma's core value in January 2020 could be interpreted as "reducing food waste through innovation". From what we have seen the operation seems to have been circling around that value, selling

surplused food that would otherwise become waste and doing it through innovative solutions, i.e a well developed app with smooth functionality and pick-up locations with fridges in city centers. The business opportunities that Karma were looking into followed their core value. The core value permeates the other elements in the matrix (Exhibit 1).

External	<p>VALUE PROPOSITION <i>Enabling food business to sell surplused food and providing sustainable cheap food to the end consumer</i></p>	<p>RELATIONSHIPS <i>Long lasting and a feeling of togetherness</i></p>	<p>POSITION <i>Green by default in the food service business</i></p>
External/Internal	<p>EXPRESSION <i>Transparent and involving</i></p>	<p>BRAND CORE <i>Reducing food waste through innovation</i></p>	<p>PERSONALITY <i>Caring, innovative, convincing and curious</i></p>
Internal	<p>MISSION AND VISION <i>Contribute to the reduction of food waste through innovative solutions</i></p>	<p>CULTURE <i>Start-up mentality, being adaptable</i></p>	<p>COMPETENCES <i>Technology, innovation, business driven by environmental purpose</i></p>

Exhibit 1: Brand identity matrix of Karma January 2020

However, today, other than the Karmabox, there seem to be small traces left from "reducing food waste through innovation", the core value that they had before. The identity can be discussed, as it seems to have taken a different route since January 2020. Investigating Karma with the brand identity matrix, the value proposition can be argued to have completely changed in their current identity matrix (Exhibit 2). Looking at their mission and vision it also seems to have changed, as today they aim to create a better and smoother experience for restaurants. Most importantly, you could say that Karma adopted a new brand core when looking at their current offerings on Karma.life; "The future of service for restaurants". Screening the matrix you can see that Karmas culture and relationship elements are the same in January 2020 as today, meaning these elements did stay the same even if their operations change. As the brand core should influence all the other elements, it could be argued that some of these elements are not in line with their new brand core.

External	<p><u>VALUE PROPOSITION</u> <i>Providing tech-solution for restaurants to increase table turnover and average bill.</i></p>	<p><u>RELATIONSHIPS</u> <i>Long lasting and a feeling of togetherness</i></p>	<p><u>POSITION</u> <i>A sustainable digital restaurant service system with payment solution</i></p>
External/Internal	<p><u>EXPRESSION</u> <i>Pink, bold and straightforward</i></p>	<p><u>BRAND CORE</u> <i>The future of service for restaurants</i></p>	<p><u>PERSONALITY</u> <i>Solution oriented, go getter, innovative and convincing</i></p>
Internal	<p><u>MISSION AND VISION</u> <i>To create a better and smoother experience for restaurant guests</i></p>	<p><u>CULTURE</u> <i>Start-up mentality, being adaptable</i></p>	<p><u>COMPETENCES</u> <i>Technology and innovation</i></p>

Exhibit 2: Brand identity matrix of Karma today

Brand positioning

A big issue identified with the Karma brand and the growing food waste reducing industry is the lack of differentiation between Karma and its competitors. All businesses within the industry heavily rely on the fact that they are “green companies” in their branding. When the competition is growing, can they rely on the same message as everyone else? According to Kapferer (2012), positioning is a common way for brands to distinguish themselves on the market by emphasizing their distinctive characteristics and how they differentiate themselves from their competitors. It also relates to how the characteristics appeal to consumers. To identify ones position you can ask the following questions:

- A brand for what benefit? This relates to the brand promise and consumer benefit. For Karma this means reducing food waste and at the same time offering cheap food who.
- A brand for whom? This relates to the target audience of the brand.
- Why? This relates to the reason-to-believe the brand promise.
- A brand against whom? This relates to the main competitors and which of those clientele the brand can “steal”.

Kapferer (2012) emphasizes that positioning is a crucial concept and that all choices made by consumers are based on comparison. These four questions especially help a new brand or company (that you could argue that Karma is) to position the

company in order to be the obvious choice to the consumer. The process of positioning could also consist of two stages, first to define the competitive set (which are the brands that they should be compared to) and secondly, what are the essential differences in that comparison to the other brands within that set. Identifying the competitive set for Karma before the change (**Exhibit 3**) might be tricky, since you could either only include food waste reduction apps such as TGTG or also include food delivery services such as Foodora and UberEats. **Exhibit 4** showcases the positioning based on their current business after the change.

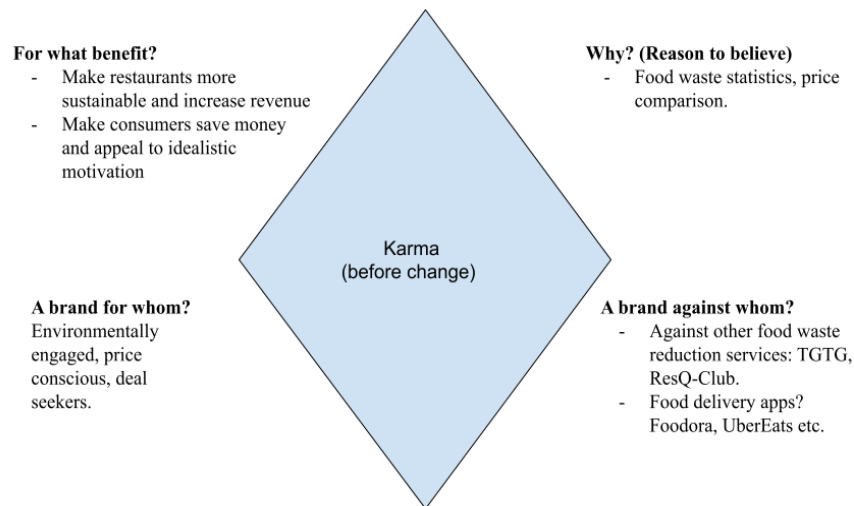


Exhibit 3: Karma brand positioning diamond

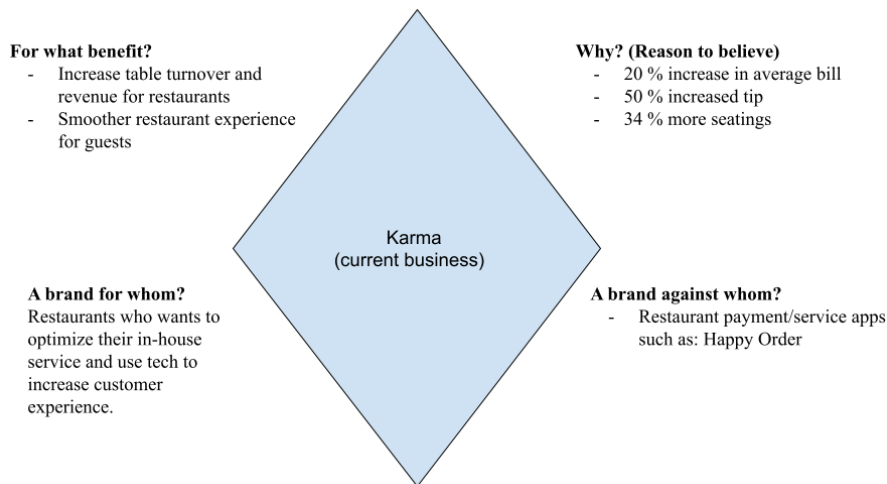


Exhibit 4: Karma brand positioning diamond

Business opportunities

Karma's resilience in the face of the pandemic shows that it is succeeding where many early-stage companies fail. Despite its large size, it still has the agility of a start-up. Nordegren shared his secrets for how he preserves the start-up mentality, one of which is giving internal teams a high degree of autonomy and responsibility.

“For us, we’ve found that it works really well to almost break the company into smaller start-ups as you go,” he said. “We created a structure where one person would be the founder and someone else would be the CEO and another would be the head of operations. We don’t actually change their title; this is just to create the understanding that, from an internal perspective, this team is now their own start-up. And if they want it to, say, get €100,000 to do something, then they would have to pitch for that €100,000 and really build their case just the same way that we’ve done it” (European CEO, 2020).

An agile organization and business model enables Karma to swiftly focus in different settings and environments. Ensuring that the company still has the start-up mentality made it possible for Karma to change directions during the pandemic, from only focusing on food waste reduction to adapting a solution for restaurant services. Without a start-up culture in the company, it could have been hard for Karma to shift focus as many in the organization might have opposed the idea, not knowing what Karma really stands for. They managers and employees seem to all share the culture which makes it possible for the board to change directions.

Overview of Key Learnings (Selection of verbs)

<i>Remembering</i>	that the first step of positioning is defining the competitive set. Next step is to define what the essential differences are in comparison to the other brands within that set (Kapferer, 2012)	This case: The Karma competitors could either be many or few depending on how you view their competitive set. Differentiating yourself as sustainable might be sufficient in one set, but not in another.
<i>Understanding</i>	that a start-up mentality brand enables the brand identity to change over time	This case: Karma swiftly changed from their brand core of “reducing food waste through innovation” to “the future of service for restaurants”. Also changing other elements of their identity.
<i>Applying</i>	corporate brand management tools to solve issues with different possible solutions.	This case: Corporate brand identity matrix and brand positioning diamond.
<i>Evaluating</i>	How to look over business opportunity and evaluating those, pros and cons of each opportunity	This case: Analyzing and evaluating the different geographical markets and distribution channels available for Karma

Exhibit 5: Karma brand positioning diamond

Discussion Questions

The instructor of this case should primarily focus on the key questions stated in the synopsis. In addition to these questions the following questions could serve as complementary questions in order to further stimulate discussions in class.

Additional questions related to Question 1

- What is Karma's value proposition?
- What is Karma's brand core?
- What is Karma's vision and mission?
- What is the competitive set for Karma?
- Should Karma try to position themselves against other competitors rather than just companies with the same business model? Which ones and how?

Additional questions related to Question 2

- What challenges might Karma face if launching in China?
- What challenges might Karma face if launching in the US?
- What might be the difficulties with using wholesalers as a supplier?
- How could Karma make surplus food more appealing to consumers in cultures where it's not as socially accepted?
- Why do you think Ståhlberg Nordegren wants to expand further in Europe before entering the US?

Teaching suggestion

Besides asking the correct questions at the right time, effectiveness of teaching can even be further improved, while considering suggestions based on practice. Therefore, this chapter will try to provide the instructor with several teaching suggestions about media usage, general teaching advice, discussion and decision enhancers. A suggested structure and further insights can be found in the attached visuals. Beside the visuals, the instructor is provided with speaker notes and detailed description of each slide. First of all, instructors should use a variety of media. Using the provided PowerPoint slides as visuals, a whiteboard for summarizing key discussion points and a flipchart to present the main questions of the discussion. This helps the audience to follow and memorize the case. It is highly recommended to implement video material of, for example, Karma commercials, media announcements or expert discussions in order to attract the audience's attention and present the case from different perspectives.

Furthermore, the Corporate Brand Identity Matrix (Urde, 2013) combined with Kapferer's positioning diamond (Kapferer, 2012) should be used as a theoretical and managerial tool to analyze the effect of changing direction on Karma. To underline arguments from different perspectives the instructor should present quotes from different stakeholders and should prepare his or her view to be prepared for the upcoming discussion. To be able to communicate more effectively and in a more personal way, the instructor could prepare and distribute name tags. Before starting the case discussion, it is recommended to give the audience a last chance for final

questions regarding the case presentation. Afterwards, the instructor should integrate a role play and let the audience represent a professional brand manager to help Karma with their brand identity, brand position and business opportunities in order to create a more realistic management decision situation. In the discussion, the instructor should act as a discussion leader and try to guide the debate without influencing the group decision. To maintain an effective ongoing discussion, the case question should always be visible and the discussion leader should remind the audience about the question and the role they are playing. During the debate, it is important to balance the emphasis between active and passive discussion participants and to use the assisting questions in order to keep the conversation flowing. It is highly recommended to structure the discussion visually (e.g. on a whiteboard) in Challenges, Alternatives, Actions to display and remember current arguments, combine thoughts and ideas of the audience on visible media. In order to define final management actions based on democratic group decision, voting tools (e.g. online audio response system Mentimeter or physical green, yellow and red ballot cards) should be used. When using the online voting tool Mentimeter, a “dummy question” should be stated at the beginning of the presentation to test and explain how the response system works. Finally, at the end of the discussion, the instructor could pick a voluntary participant who is asked to present a summary of the case's main issues and the agreed managerial action.

Time plan

When presenting the case, we recommend using this structure regarding time. About 10% of the case should involve introducing Karma and their business. 25% of the time should consist of presenting further information about the case, such as market competitors, potential foreign markets and Karmas business opportunities. Now it is time for case discussion to let the audience talk and discuss the case questions, this should take 40% of the time. Lastly, the presenter should reveal Karmas management decisions to the class, taking 25% of the total time. The time plan is visualized below:

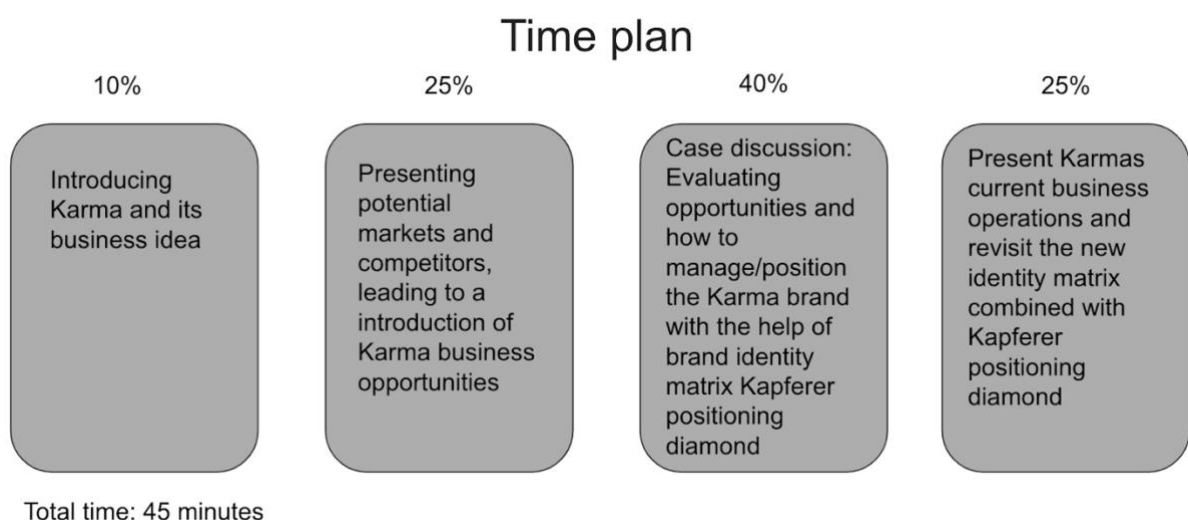


Exhibit 6: The time plan for presenting the case

Reflection

As part of the master level course BUSN35 Corporate Brand Management and Reputation the assignment was to write and present a management decision case. Therefore, a real life managerial problem had to be chosen and transformed into an academic case. A group of three students was asked to consider different scenarios and possible brand management cases. During the second supervision with professor Mats Urde, the decision was made to choose the recent and crucial Karma case. Preparing for this exciting and challenging opportunity, several group meetings were essential in order to define a managerial problem which was suitable for a case discussion. We were challenged to maintain a management perspective of a case which recently occurred. We had to constantly remind ourselves not to focus on problem solving but rather on problem formulation, creating a case that enables great discussions, i.e a case discussion approach. Group meetings and further supervisions with professor Urde helped to define clear structure and what approach we should take. This led to finding the correct case questions and information needed for an engaging case discussion.

Another challenge with this case was to make it relevant in a corporate brand management perspective. What made the case interesting in the first place was that they had success and received a lot of media coverage about their first business idea as a start-up. When entering their website today and looking at their current operations, you see almost no trace of the successful business idea they started with. That a brand can shift their focus this way is very exciting and interesting to dig deeper into but also to build a case of the situation which is what we did. In the beginning we saw no clear line between the case and the content of corporate brand management, but through evaluating Karma with the brand identity matrix and their position with Kapferer's positioning diamond the case got a clear purpose and key learnings.

Different video material was selected, animated PowerPoint visuals were created, several media and discussion enhancing techniques applied. One test run was conducted in order to define different roles for each speaker and evaluate how the audience reacts to the presented material. The gained feedback was very valuable, after having evaluated the results, it led to some case parts being reconsidered and redesigned. One day before the executive teaching session, we decided to check the facility and do a last test run, practicing in the final setup. All these assessments helped us feel more confident about the case and facilitated us to bring it to perfection.

All in all, it has to be stated that this assignment improved not only our theoretical but also our managerial capabilities in regards to performing problem formulation and case discussion. We are really happy that we received the opportunity to present our case. Overall we all agreed that we definitely learned a lot. We believe that this Karma case has a huge potential and should be used not only in brand management classes, but also in other business disciplines.

References

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