

The beauty of competition - A case about Matas A/S

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.

Teaching Notes & Reflection

The following section of the case has been written as a supporting document for teachers or presenters of the case *“The beauty of competition - A case about Matas A/S”*. The document assists the presenter in how to introduce the case as well as offering what the authors deem as key takeaways, this has further been extended in the learning objectives, which should assist the presenter in teaching key take away to students. To support the presenter has discussion questions been included which can be used to spark curiosity and debate among the students.

Case Synopsis

Matas A/S is a chain of drugstores in Denmark. The brand is well-known for their skilled personnel and high level of service. Matas is well established in Denmark and has a high degree of brand awareness, especially within the beauty and personal care segment. From 2014 Matas began to see a downward trend in growth levels. In the period between 2014/15 and 2017/18, Matas share price fell by 69%, corresponding to a reduction in the company's value of more than DKK 3 billion. Matas stated in *“A letter to our shareholders”* in their annual report 2017/18: *“Neither the financial results nor the share price performance is satisfactory, and the need for change is clear. Matas needs to adapt to a new reality.”* This new reality was fueled by three main drivers, namely, (1) changes in consumer behaviour and wants, (2) growing competition both online and offline and (3) a problem in their image, with the younger target audience perceiving Matas as *“your grandmother's cosmetics shop”*. These issues forced Matas to take a long hard look inwards and figure out how the Matas brand could adapt to the new reality. Taking the role of a consultant team, the management question for Matas and Helle Poulsen is:

Taking the role of a consultant team for Matas and Helle Poulsen, how would you suggest Matas to turn the negative growth and dwindling share prices around?

Learning objectives

In this section, the intended learning objectives of the Matas case will be described and reflected upon. The following sections will present a pedagogical approach to identify key issues of the case and guide case solvers into the right direction. First, the concept of brand-oriented leadership is presented and connected to Matas. Next, the Corporate Brand Identity Matrix is presented and applied on Matas which serves as a visualization tool and identification of key issues of the case. Lastly, the reputational audit is used when evaluating Matas' reputation.

Brand oriented leadership - *“To be the same - the brand sometimes need to change”*

One of the overarching paradigms in the Matas case is Brand Oriented Leadership as presented by Urde (2022), which means that you, as a leader, consider the brand identity as being of high importance. This type of leadership consists of a certain mindset that the brand leader needs to undertake. Firstly, you would need to see the brand as a field for growth, profitability, and a potential sustainable competitive advantage. You further must accept the fact that staying true to your brand identity does not mean that the brand should never change, in fact, *to be the same - the brand sometimes needs to change*.

Matas has a strongly welded internal brand core based on their motto “*Good advice makes the difference*”, which is based on their highly skilled store staff. Matas is showing how they are staying true to their brand core, while still changing and developing their strategy. Examples on how this development is done can be spotted in the way that Matas responds to the growing level of both online and offline competitors. Instead of trying to participate in a price war with the many new low-cost competitors, they instead re-purpose their brand core by extending their *good advice* in a new and modern way through their online channels. The strategy is implemented through practical solutions such as using the highly skilled Matas staff in the online chat on the Matas webshop as well as the interactive guides. Matas also improve their delivery of *good advice* by activating the large pool of customer data made available through Club Matas. This makes it possible to serve customers with automated, yet personal service, which in return enhances the customer experience.

Corporate Brand Identity Matrix

Through the utilization of Brand Oriented Leadership, it should be clear that Matas' business model takes an inside-out approach. Therefore, it subsequently becomes important for the management team to accurately define the corporate brand's identity. On this matter, the Corporate Brand Identity Matrix (CBIM) is an established model within brand management literature where the aim is to identify the brand's core and ensure these values are reflected throughout all other elements of the business (Urde, 2013). Since its introduction, the framework has been applied on a great variety of cases and can be considered a reliable tool in managing corporate brands (Urde & Greyser, 2016). By using the CBIM during the analysis of the Matas case, it will help to develop a better understanding of the corporation and identify potential gaps that could explain their experienced challenges.

In order to describe the model and its usability to the presented case, an overview will be given followed by a visualization including the key questions to answer for each element of the brand identity (**Figure 1**). To be even more pedagogical in how the CBIM can be used by the solver of this case, **Figure 2** presents the application of the matrix on Matas. This mainly helps to visualize the identified gaps that can be drawn from the case – hence the areas on which the new strategy should be focused. Depending on the solver's prior knowledge of case solving, this model could be partly shown during the discussion phase as a guide in the right direction. But for now, let us take a look at the various elements of the model and outline an explanation of how it can be used.

EXTERNAL	VALUE PROPOSITION What are our key offerings, and how do we want them to appeal to customers and other stakeholders?	RELATIONSHIPS What should be the nature of our relationships with key customers and other stakeholders?	POSITION What is our intended position in the market and in the hearts and minds of key customers and other stakeholders?
EXTERNAL/ INTERNAL	EXPRESSION What is distinctive about the way we communicate and express ourselves and makes it possible to recognize us at a distance?	BRAND CORE What do we promise, and what are the core values that sum up what our brand stands for?	PERSONALITY What combination of human characteristics or qualities forms our corporate character?
INTERNAL	MISSION AND VISION What engages us (mission)? What is our direction and inspiration (vision)?	CULTURE What are our attitudes, and how do we work and behave?	COMPETENCES What are we particularly good at, and what makes us better than the competition?

Figure 1: Corporate Brand Identity Matrix (CBIM) (Greyser & Urde, 2019).



Figure 2: CBIM applied to Matas (Own creation, 2022).

The CBIM revolves around identifying and defining the brand core as the very first step. The promise and the essence of the corporate brand are located in the heart of the model. This central element is what guides the brand to the ultimate goal of it being reflected in the remaining (outward) elements – aligning their core values into every part of their business and to all stakeholders. Defining it can be a tough task yet a vital process in order to unlock the full range of opportunities that the brand inevitably holds. The remaining elements of the model are interrelated and describe the brand identity through three different dimensions: internal (the bottom row), external (the top row) and both internal and external (the middle row). Within each of the nine elements – with the brand core at the centre and eight surrounding elements – phrases or individual words can be inserted that answers the question and hence how the given element of the brand’s identity can be defined.

According to Urde (2021), CBIM is capable of helping organizations uncover four different capabilities. In **Figure 3** these have been visualized, the green diagonal demonstrates strategy capabilities, whereas the orange diagonal touches upon competition capabilities. The red horizontal represents interaction possibilities while the purple vertical represents character possibilities. All axes have a connection to the brand core. After having completed the process of answering all nine elements of the matrix one is able to find inconsistencies or gaps. This was made by the authors with the Matas case and gaps were found in the position- and personality-element, which can be seen in **Figure 4**. Therefore, these are the two elements that the new strategy for Matas should be attempting to solve.

In the new competitive landscape, Matas had lost their long-held position as the undisputed leader in Denmark due to the entrance of new competitors. Even though the intended position in the model is consistent with the mission/vision on the other end of the diagonal, Matas are not in the position they want to be - hence they have a gap in the strategy diagonal. Similarly, the personality element of Matas’ identity can in the case description be identified as caring for their customers and employees due to personalization in communication as well as training program respectively. However, Matas’ modern and inspiring aspirations are not consistent with their current perception from consumers who note that *“Matas is very basic. There’s nothing that makes them stand out and there’s nothing that makes you dislike them. It’s just a store that is everywhere”*. From this we can see that Matas had become too mainstream in comparison with who they used to be and who they wanted to be. Hence, a gap was identified in the character horizontal. Based on this, the model has reached its purpose and identified the different gaps. With *Renewing Matas* these gaps were tackled and resulted in a more beneficial and consistent identity.

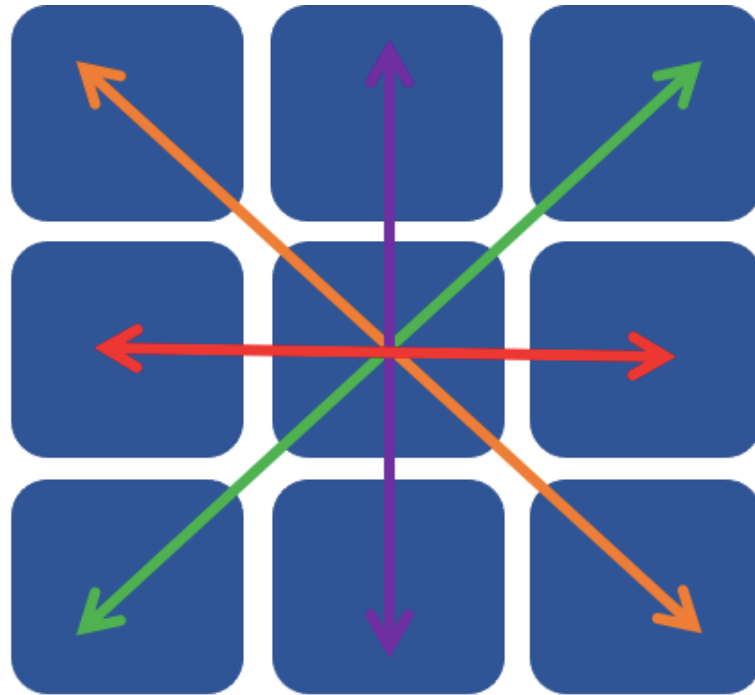


Figure 3: CBIM diagonals, vertical and horizontal (Own creation, 2022)

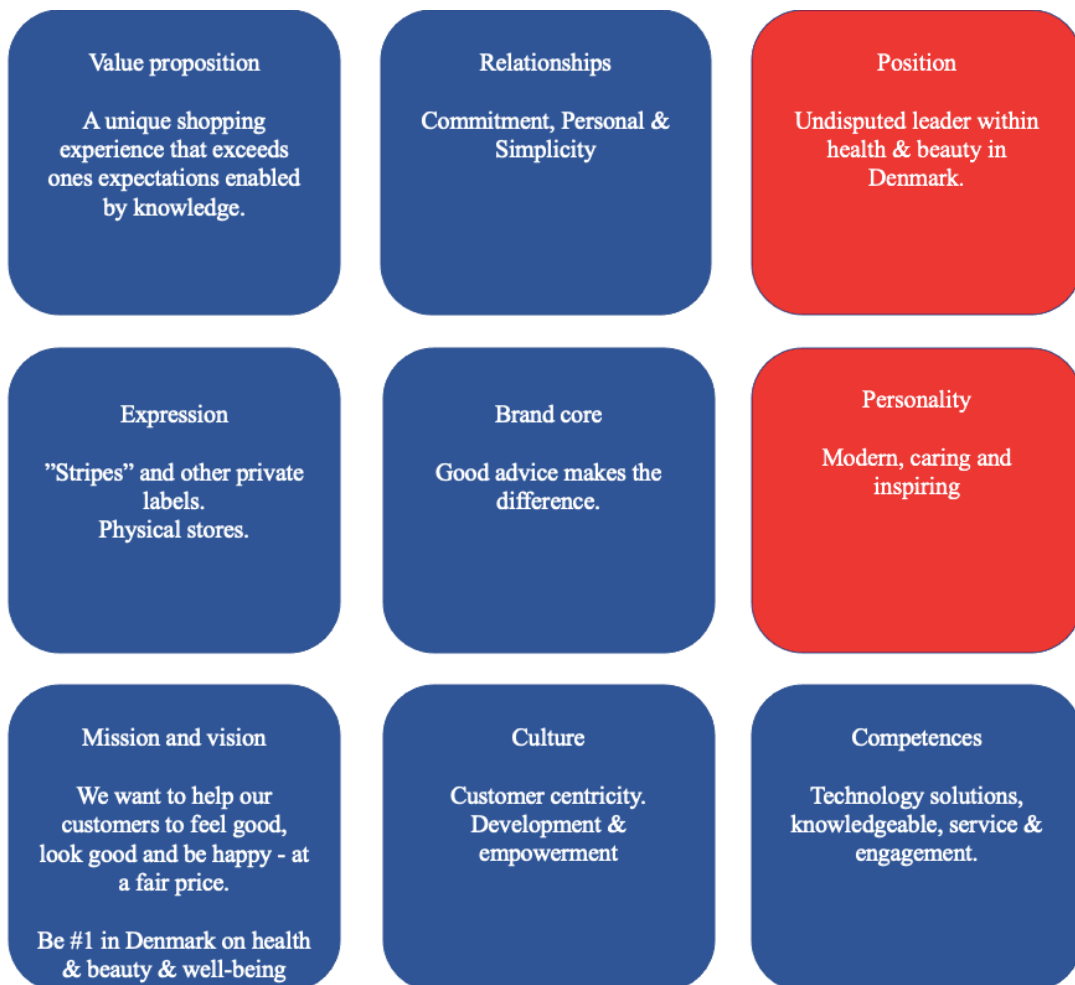


Figure 4: Identified gaps (red elements) of Matas (Own creation, 2022).

The reputational audit

For companies to assess the state of their current corporate reputation a reputational audit might be needed. Roper and Fill (2012) suggests the following three stages of a reputational audit. The first stage is *Diagnosing the current state*, the company’s identity, image and reputation is being analysed at this stage. At the second stage, *Designing the future state* a strategic analysis as well as a competitor analysis is conducted of trends, plans as well as the competitive positioning, that guides the company’s future direction. The third stage, *Managing the transition*, analyses the strategy for achieving the intended new reality.

The first stage of the model has been used to analyse what the reality was for Matas prior to the implementation of the new strategy: Renewing Matas. A thorough analysis was made of their identity, image and the reputation. Problems regarding these aspects were considered used in the creation of this case. In the second stage, the desired future state where Matas wanted to be, was analysed. Changing needs and demands from customers, new threats and altered competition has also been identified and analysed. Threats from discount stores as well as online competition has been considered. Further, customers demanded more green alternatives as well as more inspiring stores which have been used in the case. In the last part of the model, Renewing Matas as well as the implementation was analysed. Important parts and challenges with the strategy were identified as well as analysed to get a good overview of the situation.

Selection of verbs

The main objective of the case is to highlight the difficulties and complexities related to managing a successful brand in a changing world. The management decision serves as an example of Brand Oriented Leadership and consequently proves that staying true to your brand identity can serve as a competitive advantage, even among market-oriented competitors. However, the case subject in general serves as an educational tool by being just broad enough to spark creativity among students, while still being specific enough to keep them within the subject of Corporate Brand Management and Reputation. **Table 1** illustrates the overall learning objectives of the case based on Bloom's taxonomy.

Key learning objectives		
<i>Remembering</i>	Describe what type of business Matas is and the main segment they operate in.	Drugstore, beauty and personal care.

<i>Understanding</i>	Explain the main problems that Matas was facing and the issues leading to them.	Diminishing growth levels and large drop in share prices caused by the three issues uncovered in the case background.
<i>Applying</i>	Apply key models and concepts from the Corporate Brand Management and Reputation course to present the brand identity of Matas and spot gaps in Image and identity.	Corporate Brand Identity Matrix and “Three stages of reputational audit”.
<i>Evaluating</i>	Evaluate the managerial decision taken by Matas.	When presenting the managerial decision.
<i>Creating</i>	The students should formulate their own approach to the case.	Read and understand the case and combine their theoretical and practical knowledge to solve the case from their own perspective.

Table 1: Learning objectives (Own creation, 2022).

Questions for discussion

In order to consolidate your understanding and achieve the learning objectives, the following questions have been written. These shall spark an inspiring, creative and a rewarding discussion.

Management question

Taking the role of a consultant team for Matas and Helle Poulsen, how would you suggest Matas to turn the negative growth and dwindling share prices around?

Discussion questions (Before Managerial decision)

- Considering growth in Ecommerce- is it still relevant for Matas with physical stores? Why/why not?
- Should Matas stay true to their identity while adapting to the new conditions? why/why not?

- What do you consider Matas current strengths to be, and how should these be adapted to the new conditions?

Reflection questions (After Managerial decision)

- Matas state that they want to be “relevant to everyone” - Do you think this is possible?

Teaching suggestion

This chapter has been written to help the instructors get an idea of how the case shall be presented and how the discussion shall be held. The first part gives the instructors guidelines on how the case is presented in the best way while the second part gives similar guidelines for the discussion part. This chapter does not only help the case writers, but also gives other instructors a guide on how to present the case if they would like to use the case in other scenarios.

To make it easier for the student to comprehend the case, we suggest that the case instructors are using visual aids. The official PowerPoint is made with the principles of storytelling in mind and will support the instructors in presenting the case background in a captivating way. Non-Danish students will most likely not have pre-existing knowledge about Matas, which is the reason why a large part of the case background includes pictures both of products, staff and stores. If possible, we suggest that a good idea on how to further enhance the understanding of Matas, is to physically bring products which are sold in Matas to the classroom. The official PowerPoint also includes slides presenting both the main managerial questions as well as discussion questions. When having a class-discussion we suggest that a whiteboard is used to document key take-aways before presenting the managerial decision.

After the main presentation has been held, a couple of discussion questions are supposed to be reflected upon in-class. During this part of the case, the instructor shall not be as active as before, he or she should be more of a discussion moderator. When having this role, the instructor should ensure that the discussion proceeds as planned and that everyone who has something to contribute with gets that opportunity. At this point the PowerPoint will not be used for anything else than showing the questions to the solvers, hence should the whiteboard or similar be used instead. This should be used to write important points that have been lifted during the discussion so they are easy to remember and so others can continue on the same thought. To create a kind of sum-up all the ideas written on the whiteboard should in the end be used to create some sort of conclusion.

Time plan

To present and solve the case, this section outlines the recommended time to be spent on each phase. This time plan should be seen as a supporting tool for the presenter of the case to cover the case in a systematic way. This ensures that all topics of the case are being covered as well as providing necessary time for discussion and reflection of the case description and managerial decision subsequently. For this case,

an approximate time of 45 minutes has been determined to be enough. **Figure 5** visualizes the amount of time that should be spent on each element to efficiently cover the case and make the teaching as optimal as possible. Depending on the actual time available to the presenter, the application of the Corporate Brand Identity Matrix on Matas could be orally discussed.

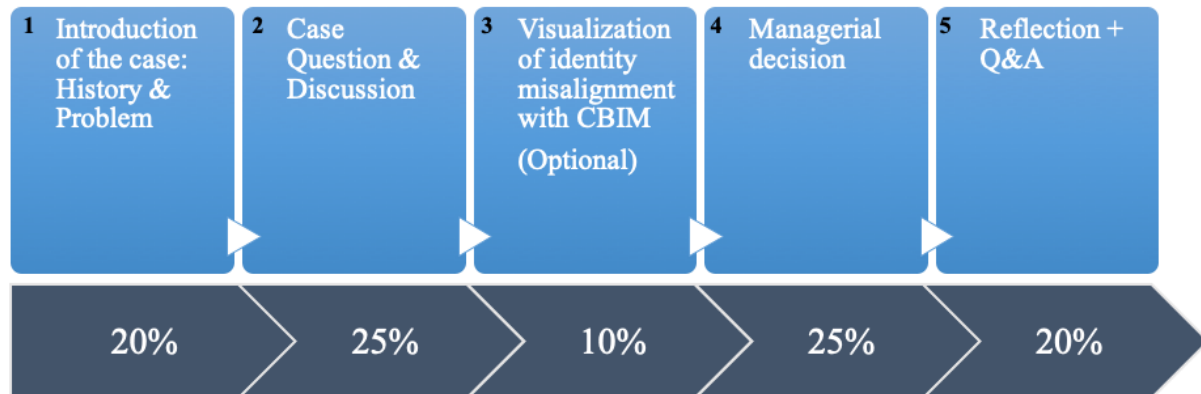


Figure 5: Time plan

Reflection

Selection of Matas and opportunities with the case

The Matas case was created as part of the course Corporate Brand Management & Reputation (BUSN35) by three master students from Lund University in February 2022. The project was initiated through a proposal of three potential ideas from which the Matas case was collectively and unanimously selected by the authors as well as the course professor. Apart from the noteworthy journey that Matas had experienced over the past five years, this case was selected for three main reasons. Firstly, by the authors being Swedish and Danish, a genuine connection was felt towards Matas as there had been personal engagement with the brand in the past. Secondly, even though communication from the brand itself where available in both Danish and English, a great amount of information from other sources was only available in Danish and was thus comprehensible due to the authors' understanding of the language. Third and lastly, being a renowned as well as a public company in Denmark, we realised early on in the search phase that extensive information about Matas' success story was available. Despite the many opportunities this entailed for the creation of an interesting case, we soon came to the realisation that it also created an obstacle which will be reflected upon together with other challenges that were experienced during this project.

Challenges & obstacles

Due to the complexity of Matas' success strategy from 2018 in combination with the vast amount of information, the author's main obstacle was to identify and decide an aim that would be comprehensible as well as solvable for the target audience. For this reason, the case you have just taken part of has intentionally left out certain challenges and changes Matas made on internal communication as it would have

added an unnecessary level of complexity. We argue that the final version of this case pinpoints the most noteworthy challenges and also the most important effects of the case. We strongly believe that the narrower and deeper focus of brand identity and corporate reputation creates a better opportunity to meet the learning objectives of this case. Furthermore, a continuous challenge throughout the project was to make the case enjoyable yet understandable to the reader. For this reason, a storytelling approach was selected in telling the case to captivate the reader while the managerial decision on the contrary became more informative. The last obstacle we would like to raise was our unsuccessful attempts of getting in contact with Matas. In total, three emails were sent to managers within different levels and departments of the organization. Partly due to the absence of response from Matas, we decided to leave out the internal communication of the case as this was the subject where the least amount of information was available through secondary sources.

Takeaways

Our takeaways from creating this case are threefold. Firstly, the sheer depth of understanding about Matas and their journey that was required to write this case exceeded our expectations. Despite our previous experience of solving business cases, this project challenged us in new and unexpected ways that required a high degree of commitment as well as teamwork – something we feel is reflected in this final version of the case. Another takeaway comes from the case itself. There are a great number of both retailers and non-retailers that are attempting to adopt an omnichannel strategy in their business today. While Swedish giants like IKEA and H&M are attempting to realize this, we would argue that Matas could be considered as one of the very few corporate brands in the world that has or at least is well on its way of achieving a true omnichannel model. Lastly, and in our own opinion, the most important and most generalizable takeaway drawn from this case is that for brands to stay the same (and be consistent with their identity), they sometimes need to change.

References

Greyser, S.A., & Urde, M. (2019). What does your corporate brand stand for?, Harvard Business Review, Available through: LUSEM Library website <http://www.lusem.lu.se/library> [Accessed 18 February 2022]

Roper, S., Fill, C. (2012). Corporate Reputation Brand and Communication, Harlow: Pearson.

Urde, M. (2013). The Corporate Brand Identity Matrix, Journal of Brand Management, vol. 20, pp. 742-61

Urde, M. (2021). The Matrix Book Chapter, Book Chapter, Forth coming 2022; An anthology on corporate brand, edited by Inglesias, Schultz and Ind. mats.urde@brandorientation.se. Shared with CBMR class of 2022.

Urde, M. (2022). Lecture 9: Brand-Oriented Leadership. BUSN35. PowerPoint Presentation. LUSEM Lund. 11 February 2022.