Corporate Brand Repositioning with CSR as the Differentiating Factor: A Study on Consumer Perceptions
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Key words: Corporate Social Responsibility (CSR), corporate brand, repositioning

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- A study on consumer perceptions

ABSTRACT:

Purpose – This research paper studies how the strategy of repositioning enables marketers to communicate CSR as their brand’s differentiating factor. It aims at understanding how consumer perceptions can be managed to generate brand value through corporate brand repositioning when CSR is the differentiating factor. The purpose of this paper is to answer the following research question: How can consumer perceptions be managed to generate brand value through corporate brand repositioning when CSR is the differentiating factor? The two research objectives were: 1. to build a model, which describes the different components of consumer perceptions involved in generation of brand value through repositioning when CSR is the differentiating factor, 2. to identify the most critical components in the context of the case company, IKEA for generation of brand value during the process of corporate brand repositioning.

Design/methodology/approach – This paper is based on the literature review covering the logic of brand value generation, repositioning strategy and consumer perceptions connected to CSR activities. A key concept of the positioning theory, the brand’s differentiating factor, was explored. Previous studies have concluded that desirability of the differentiating factor largely determines the level of brand value-creation for the target customers. The criterion of desirability is based on three dimensions: relevance, distinctiveness and believability. A model was built in terms of these desirability dimensions. This paper takes a case study approach where the predefined theoretical framework is tested using IKEA as the case company. When developing insights on the multifaceted nature of brand perceptions, personal interviews and individual probing are vital. They enable the interviewees to reflect on their feelings and perceptions with their own words. This is why the data collection was based on means-end type of questioning. Qualitative interviews were conducted with 12 consumers.

Findings – The paper highlights five critical components that may determine whether IKEA will fail in its repositioning efforts. The majority of the critical components involved believability perceptions. Hence, according to the findings, establishing credibility and trustworthiness for the brand in the context of CSR seems primary. The most critical components identified of the believability aspect were: providing proof of responsible codes of conduct via conducting specific and concrete CSR actions, connecting the company’s products and the social cause, and building a linkage between the initial and new positioning while also weakening the old positioning.

Originality/value – Marketers’ obligation is to prepare the company for future demands. Companies all over the globe have recognized the durable trend of responsibility and sustainability. Consumer’s worry about the environmental and social impact of modern lifestyles is growing. This is why Corporate Social Responsibility (CSR) provides brands an important source of differentiation and strength in the future. The strategy of repositioning enables marketers to communicate CSR as their brand’s differentiating factor. This study aimed at understanding how consumer perceptions can be managed to generate brand value through corporate brand repositioning when CSR is the differentiating factor.

KEYWORDS: Corporate Social Responsibility (CSR), corporate brand, repositioning
INTRODUCTION

Immediate actions are to be taken when a firm’s market position is eroded due to an outdated image or reputation problems. Brand positioning should convey a powerful and differentiating value proposition for consumers, and as a result provide them with a convincing reason for purchasing a particular brand. Corporate brand repositioning is a strategy used by companies to react to change and stay contemporary and fresh in the eyes of the consumers. A current major trend, altering consumer attitudes and values, is the growing worry about the environmental and social impact of modern lifestyles. (Kapferer, 2008: 262, 263; Muzellec and Lambkin, 2006; Trout, 1995: 51-52, 54)

This study aims at providing insights on corporate brand repositioning, when Corporate Social Responsibility (CSR) represents the differentiating factor. A brand’s differentiating factor is a positively perceived attribute or benefit that consumers believe can only be found to the same extent with one particular brand (Keller, 2008:107). The research is conducted in a business-to-consumer context.

CSR can provide companies with a new source of differentiation and strength for the brand. Additional benefits of CSR for companies are new market opportunities, protection of reputation, increase in the level of customer liking and brand loyalty, attracting investment and avoiding risks concerning future restrictive legislation (Williams, 2008:14). Companies across the globe have recognized the durable trend of responsibility and sustainability. Unilever’s newly appointed CEO Paul Polman reflects on the opportunities and challenges that lie ahead for the consumer goods industry. He emphasizes CSR and values-based management as the success factors of the future. (McKinsey Marketing Practice, 2009) CSR Europe, the European business network for CSR, has listed over 600 company CSR solutions from various industries. For instance, Toyota provides a solution on how companies can decrease the environmental impact of products, whereas Unilever has conducted research on the sustainable development of the supply chain. Furthermore, companies such as Vodafone and Intel answer the question of how to improve access to latest green technology. (www.csreurope.org)

Indeed, CSR is a large concept and includes multiple aspects. The World Business Council for Sustainable Development provides a definition for CSR:

The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and the society at large (Von Stamm, 2008:273).

This definition demonstrates well how wide the concept of CSR truly is. It should also be noted that the concept, as described by the World Business Council for Sustainable Development, involves ‘continuing commitment’. Similarly, David, Kline and Dai (2005) discuss that the role of CSR ‘extends beyond short-term profitability, focusing instead on a corporation’s commitment to avoiding harm and improving society’s well-being.’ Brown and Dacin (1997) elaborate that ‘Corporate social responsibility associations reflect the organization’s status and activities with respect to its perceived societal obligations’ (Brown and Dacin, 1997).
CSR has become an increasingly fashionable concept and at present more companies than ever engage in CSR activities (Swaen and Vanhamme, 2004).

To further clarify the actual activities that companies become involved in, we discuss the research of David, Kline and Dai (2005). They have divided CSR activities into three categories: moral, discretionary and relational. The moral CSR activities can be: being honest about telling the truth when something goes wrong, acting responsibly towards the environment, treating employees fairly, honoring human rights of those employed in foreign countries, and competing fairly with competitors. Moreover, they evaluate discretionary CSR activities to be contributing resources to the art and cultural programs and to raise social awareness of issues such as hunger. Also, supporting children and family issues and public health programs, such as the fight against cancer, are considered as discretionary CSR activities. Finally, relational CSR activities mentioned by David, Kline and Dai (2005) were striving to build long-term relations with consumers and being willing to listen to consumers and other stakeholders. In the next chapter we will discuss how companies are able to promote brand value via CRS associations.

**CSR brand associations as source of brand value**

Research shows that environmental issues, which are part of CSR, are one of the top five issues that youth care most about. Even though market segments that are willing to pay a premium for environmental benefits exist, the consumers as a whole are not ready for that. Most consumers do not want to sacrifice other product benefits in order to choose a responsible product. (Keller, 2008:478,480) Nevertheless, it is important to acknowledge that all things equal, consumers prefer to buy an environmentally responsible and sustainable product. Thus, CSR can provide a competitive advantage (Von Stamm, 2008:273). The research by Brown and Dacin (1997) conclude that if CSR associations frame the company image, positive company image enhanced product evaluations and negative corporate associations discouraged product evaluations. A study by David, Kline and Dai (2005), shows that consumers' familiarity with companies' CSR practices significantly affects the company's image in the consumer's mind and thus also affects his or her purchase intentions. Finally, Kapferer (2008:22) stresses ethicality as one of brand benefits creating consumers 'satisfaction linked to the responsible behavior of the brand in its relationship with society'. Due to the reasons presented above, it can be argued that CSR associations are able to act as sources of brand value.

In this section we will bring to reader's attention in what ways, the CSR brand associations are able to promote brand value. De Chernatony (2002) views values as a strategic part of corporate branding and appreciation of these values among customers critical. Keller (2008:474) crystallizes that through Corporate Societal Marketing, a company is able to create a linkage between the brand and the customer that entails two types of abstract or imagery-related associations. These are either user profiles associations, which refers to consumers developing a positive image of the brand user as being kind and pursues to do the right thing, or personality and values associations meaning that the consumer forms an image of the people behind the brand as caring and genuine. (Keller, 2008:474) CSR as part of corporate image can arouse positive feelings for example when purchasing the company's product. Moreover, a company's CSR actions can promote positive brand
perceptions through arousing customer liking for doing the right thing. In the context of CSR the two categories of brand feelings proposed to be principally interesting and beneficial are ‘social approval and self-respect’. (Keller, 2008:474) In the next section we will draw the connection to the reader between brand positioning and CSR.

**Brand positioning as means to communicate CSR**

Aaker (1982), Ries and Trout (1979), and Wind (1982) characterize the nature of brand positioning as a sustainable competitive advantage or a ‘unique selling proposition’ that provides the consumers with a convincing reason for purchasing a certain brand. Keller (2008:98) defines brand positioning as ‘the act of designing the company’s offer and image so that it occupies a distinct and valued place in the target customers’ minds’. Brand positioning, to be more precise, is widely considered to be the source of the competitive advantage generating value to the customers in all stages of marketing and contact points with the customer (Lindberg-Repo, 2005:80).

Brown and Dacin (1997) outline that CSR associations directed for actions such as giving to worthy causes and community involvement, do not seem to influence consumer perceptions much. However, companies that implement CSR into their brand strategy and position the brand based on CSR associations are very likely to gain competitive advantage.

**CASE BEN AND JERRY’S**

A forerunner of CSR, the U.S.-based ice cream manufacturer Ben & Jerry’s became popular for finding innovative means to give to social causes locally, nationally, and internationally. For Ben & Jerry’s the idea became the heart of their business and their customers are willing to pay premium prices for the ice cream due to the emotional connection they have formed with the corporate brand. (Lindberg-Repo, 2005) Cause-related marketing is ‘a marketing strategy adopted by businesses to link their name, brand or service with a particular “good cause”, service or charitable organization’ (William and Endacott, 2004). Keller (2008:475) argues that to realize the brand equity benefits, companies need to brand their cause marketing efforts in the right way.

**Research gap**

According to Jewell (2007) little research focuses on the omnipresent dilemma of repositioning a known brand. The process of brand repositioning is demanding since it is always a costly and time-consuming investment for a company. Moreover, unsuccessful repositioning efforts may considerably weaken the brand’s value and fail to enhance the overall company image or market share (Copeland, 2001; Gotsi and Andriopoulos, 2007; Wong and Merrilees, 2007).

Previous repositioning studies have mainly concerned product brand level, thus corporate brand repositioning requires further research (Saunders and Jobbers, 1994; Simms and Trott, 2007). Corporate brands are not as easily managed as product brands (Kapferer, 2008:175; Aaker, 2004). Furthermore, corporate brands are often perceived as more strategic than product brands and managed by top management (Hatch and Schultz, 2003). It is clear that repositioning at the corporate level is a complex task. Company’s management faces various challenges when pursuing
to manage consumer perceptions while designing and implementing corporate brand repositioning efforts in order to reflect a more responsible company image.

Moreover, the process of brand repositioning has not yet been studied in a context where CSR is the differentiating factor. In the past, many start-up companies have succeeded in creating a company image, where responsibility and sustainability constitute the core brand elements in the minds of consumers. Examples of such companies are the U.S.-based ice cream manufacturer Ben & Jerry’s and the beauty products selling retailer the Body Shop. Established companies on the other hand, face a different starting point when integrating CSR into their existing corporate brand. Even if they have taken CSR issues into consideration in their strategy and operations, communicating them to customers requires brand repositioning. No academic studies can found related to the research problem in this study. Hence, the academic and business community will benefit from the development of frameworks that conceptualize the process of corporate brand repositioning and the decision-making involved in the context of CSR.

THEORETICAL BACKGROUND/ LITERATURE REVIEW

**Brand positioning, a value proposition for the consumer**

Brand positioning should convey a powerful and value proposition for the consumer. In accordance to Keller (2008:107) brand positioning involves determining the brands ‘points of difference’ and the ‘points of parity’ in comparison to the main competitors. These points of difference and the points of parity are connected to the customer frame of reference. The points of parity are the similar features that also other brands in the same competitive setting possess. They can either exist at the generic product level or at the expected product level. In addition, points of parity can be associations designed to negate competitors’ points of difference. Furthermore, the points of difference are the true sources of competitive advantage. Keller (2008:107) defines the nature of the point of difference i.e. the brand’s differentiating factor in the following way:

\[
\text{Points of differences are attributes or benefits that consumers strongly associate with the brand, positively evaluate, and believe that they could not find to the same extent with a competitive brand. (Keller, 2008:107)}
\]

Keller (2008:114) highlights that consumers need to find the brand’s differentiating factor (i.e. the point of difference) ‘desirable; only then it is able to reflect strong, favorable, and unique brand associations. Desirability of the differentiating factor determines largely the level of brand value-creation for the target customer. The criterion of desirability is three-folded: a differentiating factor needs to reflect relevance, distinctiveness and believability associations to the consumer.

We will now shortly introduce these concepts to the reader. The relevance aspect is interested in whether the differentiating factor bears importance to the customer and seems to be significant in the eyes of the customer. The distinctiveness aspect refers to the brand’s core source of differentiation, reflecting the superior elements to the consumer in comparison to other brands. Believability means that the differentiating factor should be perceived credible and trustworthy in
the eyes of the customer. (Keller, 2008:114, 115) For instance, brands such as Google and Facebook have met all of the three customer desirability criteria. The two brands have been able to convey relevant and distinctive value and benefits to their target groups that distinguish them from other brands in the same competitive setting. Additionally the brands have been able to reflect trustworthiness to their users, which has made millions of consumers loyal to these brands. Figure 1 illustrates the discussed aspects.

![Figure 1: Dimensions of a desirable differentiating factor by Keller (2008:114.115)](image)

As discussed, Keller highlights that consumers need to find the brand’s differentiating factor (i.e. the point of difference) desirable; only then it is able to reflect strong, favorable, and unique brand associations (Keller, 2008:114). This will diminish the brand’s vulnerability against competitive brands and increase the effectiveness of marketing communications (Keller, 1993; Keller and Lehmann, 2003).

The next section focuses on discussing relevance, distinctiveness and believability more in-depth. It explores what these aspects entail in the context of brand repositioning when CSR is the differentiating factor.

A Theoretical Model for Corporate Brand Repositioning When CSR is the Differentiating Factor

The main objective of this paper was to build a model, which describes the different components of consumer perceptions involved in generation of brand value through repositioning CSR as the differentiating factor. The model is novel in terms of connecting the desirability criteria considerations of the differentiating factor to the various consumer perceptions linked to brand repositioning and CSR communication. Hence, the theoretical model presented may be considered valuable and to contribute to branding and CSR research. The main idea of the model is that it enables us to understand that promoting brand’s value via CSR associations means understanding how CSR as the new differentiating factor is able to reflect relevance, distinctiveness and believability perceptions.
Components of relevance in relation to CSR
The first component providing benefits to the consumer, often symbolic, is formed based on Keller (1993). He suggested that symbolic benefits for consumers exist, which are not connected to product and service consumption, but involve the underlying needs for social approval or personal expression and self-esteem. Similarly, Kapferer (2008:22) later discussed, ethicality as one of brand benefits creating consumers value connected to responsibility of a brand.

Not expecting the consumers to sacrifice other brand benefits to choose a responsible product or service is the second component. It was grounded on studies by Keller, (2008:480) and Von Stamm (2008:273) who recognized that most consumers do not want to sacrifice other product benefits in order to choose a responsible product.

The third component, providing consumers with external symbols of their responsible actions, was formed based on Keller’s (2008:474) research. He suggested that through Corporate Societal Marketing, a company is able to create a linkage between the brand and the customer entailing imagery-related associations. This means that the consumer creates a positive image of the brand user as being kind and pursuing to ‘do the right thing’. It might be about giving the consumers the possibility of justifying their self-worth to others or to themselves. Providing consumers with external symbols for them to explicitly advertise their affiliation to others, was considered creating value to the consumer.

Educating consumers through communication of the CSR basics, using numerous communication channels is the fourth component. It concerns the fact that during the theoretical review it was concluded, that providing information to the consumers on the social and environmental benefits of products, remains the most significant opportunity to grow the market to mainstream consumers. (Ottman 1998: 40–41; William and Endacott, 2004) Moreover, Gupta and Pirsch (2006) emphasize that in communicating CSR issues marketers should concentrate on communicating the basics. Central issues to consider assuring an effective communication strategy is high frequency of repositioning communication and utilization of numerous communication channels and (Bergstrom et al., 2002).

The fifth component under relevance is considering perceptions of people behind the brand (leader and service personnel). This component is formed based on the discussion that through Corporate Societal Marketing, a company is able to create a linkage between the brand and the customer entailing personality and values associations meaning that the consumer forms an image of the people behind the brand as caring and genuine (Keller, 2008:474). Furthermore, high status of the leader ensures effective repositioning communication (Bergstrom et al., 2002).

Components of believability in relation to CSR
The first component under believability is promoting long-term strategic, values-driven motives while adopting an interim positioning. Most positive responses to the company and its offering are achieved, if consumers view that strategic motives and values-driven motives underlie companies CSR activities. Additionally it was viewed important that the companies commit themselves for CSR actions for long periods of time. (Ellen, Webb and Mohr, 2006) Additionally, Copeland (2001) advises...
companies to first adopt an interim positioning to establish brand credibility and performance. This refers to focusing on those aspects, which the organization is currently able to deliver.

The second component is called providing proof of responsible codes of conduct via conducting specific and concrete CSR actions. Jaana Haapala and Leena Aavameri (2008:70, 71) discuss that consumers need proof of companies’ sustainable and responsible codes of conduct, instead of just having trust in the good will of company managers. Consumers have become skeptical since numerous companies have made environmental claims, without being able deliver the claims (Keller, 2008:475,479). Von Stamm (2008: 278) stresses that a CSR statement followed by a specific action is the most credible and also affective.

Connecting the company’s products and the social cause is the third component. Keller (2008:475) stresses that establishing brand credibility is fundamental, because the risk is that if the skeptical consumers question the connection between the company’s products and the social cause, they might judge the company as being exploitative and self-serving. In addition, Gupta and Pirsch (2006) emphasize that in communicating CSR issues marketers should choose a cause that makes sense to the consumer to be a partner of that particular company.

The last believability component involves building a linkage between the initial and new positioning while also weakening the old positioning. In the theoretical part of this study it was discussed that the shift towards the desired positioning was characterized as a ‘value-added progression’, not an illogical leap that generates confusion on the market place (Ewing et al.,1995). The danger is that if the brand is repositioned too far from its customer frame of reference, and makes the repositioning to fail due to the creation of customer confusion (Copeland, 2001). Furthermore, the company also needs to consider that the product’s current looks and ingredients are compatible with the new positioning (Kapferer, 2008:177). Aaker (1991) states that current associations can hold back the repositioning efforts if a bridge is not build for the customer between the existing associations and the new associations. Moreover, weakening the old positioning is an important task. Keller (2008:115) stresses that it is not an easy task to create an association that is inconsistent with current consumer knowledge. To successfully and efficiently succeed in repositioning a familiar brand, the communication strategy must aim in addition to communicating the new positioning also at weakening the old positioning (Jewell, 2007).

Components of distinctiveness in relation to CSR

The first component under distinctiveness is promoting the brand’s key distinction in relation to other responsible brands. This component proposes that a company should first specify clearly, to what competitive setting the brand should be connected to and secondly, the company should point out the brand’s key distinction relative to other brands in the competitive setting (Kapferer, 2008:176,177). Hence, other environmentally and socially responsible brands that are also able to offer symbolic benefits for consumers compete with the responsible brand.

Moreover, the second component of the distinctiveness dimension is retaining the core parts of the initial positioning. Ewing et. al., (1995) and Schultz and Hatch (2003) stressed that avoiding to entirely alter
the brand’s core essence will facilitate the customer’s transition from the current positioning to accepting the new one. Kapferer (1997:334) supports this thinking. He comments that deserting the ‘traces of brand memory’, Consideration shown to the current customer segments is important, to avoid losing them while pursuing to fulfill the needs of new customer segments (Merrilees and Miller, 2008).

As a result of the literature review, the model presented in figure 2, introduces altogether 11 components that are considered important in managing consumer perceptions to generate brand value through corporate brand repositioning when CSR is the differentiating factor. These components also grounded the collection of empirical data. The theoretical model serves the aim of the study, which was to seek to understand how consumer perceptions can be managed to generate brand value through corporate brand repositioning when CSR is the differentiating factor.

<table>
<thead>
<tr>
<th>RELEVANCE ASPECT</th>
<th>BELIEVABILITY ASPECT</th>
<th>DISTINCTIVENESS ASPECT</th>
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<tr>
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<td>Promoting long-term strategic, values-driven motives while adopting of interim positioning</td>
<td>Promoting the brand’s key distinction in relation to other responsible brands</td>
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<td>Not expecting the consumers to sacrifice other brand benefits to choose a responsible product or service</td>
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<td>Retaining the core parts of the initial positioning</td>
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<tr>
<td>Providing consumers with external symbols of their responsible actions</td>
<td>Connecting the company’s products and the social cause</td>
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<tr>
<td>Educating consumers through communication of the CSR basics, using numerous communication channels</td>
<td>Building a linkage between the initial and new positioning while also weakening the old positioning</td>
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<tr>
<td>Considering perceptions of people behind the brand (leader and service personnel)</td>
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**Figure 2: The preliminary theoretical model**

**METHOD / CASE STUDY**

In the empirical part, the predefined theoretical model was tested using IKEA as the case company. When developing insights on the multifaceted nature of brand perceptions, personal interviews and individual probing are vital. They enable the interviewees to reflect on their feelings and perceptions
with their own words. This is why the data collection was based on means-end type of questioning. Qualitative interviews were conducted with 12 consumers.

The means-end interviewees of my study involved around three current IKEA’s CSR communications presented in the company’s Finnish homepage. Before conducting the means-end interviews, the interviewees were asked to take a look at the three commercials on their own time, during the same day as the interview was conducted, and before attending the interview. The interviewees were encouraged to view the CSR communications as long as they felt interest towards them. The three current IKEA’s CSR communications are now introduced. The main communication channel for IKEA to communicate its CSR activities in Finland has been its homepage: www.ikea.fi. On the homepage the company has recently launched ‘The never ending list: small improvements towards a more sustainable IKEA’. There IKEA presents a list of 67 CSR actions that the company has accomplished. Additionally, on the company’s home page, a soft toys ad campaign is communicated. This campaign involves giving 1 euro from each sold Soft Toy to Unicef. The campaign lasted a couple of months and ended on Christmas Eve 2009. Third advertisement related to promoting a responsible image is the free IKEA diesel bus for IKEA customers, also shown on the company homepage. (www.Ikea.fi) We point out that there would have not been any sense in asking whether the consumers had already seen these commercials before asking them to view them online. This is because, brand building communication always takes time to reach consumers and that was not the purpose of the study to find out. At this stage of the repositioning process, it is more important to gain understanding on whether the CSR commercials are perceived by the consumers in the right way when they come across them and thus take the brand closer to their desired positioning.

Case company IKEA

This study concerns a case study strategy. A single case study strategy presents a researcher an opportunity to examine and analyze a phenomenon that only small number of researchers has considered before (Yin, 2003). In this research we have utilized typical case sampling, which concerns a sampling technique where the purpose is to describe what is typical to an audience that is not familiar with a situation (Patton, 2002: 236). We have chosen the furniture retailer IKEA as the case company for my study. It could be argued that the repositioning process of IKEA is typical of a large number of corporate repositioning cases. This is due to the fact that IKEA’s initial brand positioning is widely familiar to consumers and thus repositioning the brand is likely to cause difficulties. Additionally, as many big corporations, during the past decade the IKEA stores have suffered from criticism related to multiple CSR issues.

Bo Edvardsson and Bo Enquist (2009:103) have studied IKEA for years. They comment in their newly published book that:
The social and environmental policies of IKEA are rooted in the core values of the company. IKEA’s commitment to CSR is part of its wider commitment to its various stakeholders (customers, co-workers, suppliers).

In order to communicate the company’s CSR investments, the company needs to reposition its corporate brand. The initial positioning of IKEA that many consumers are familiar with is described in the following way by Alina Wheeler (2006:37):

IKEA offers good design and quality at a low price. IKEA’s strategy resonates across cultures in 29 countries. IKEA’s values and company soul are aligned with its origin in a small village in Sweden where it was founded in 1943. Low prices are maintained by asking the customer to work as a partner to assemble the furniture. IKEA’s mission is to ‘make it easy and affordable for people to live better and attain the home of their dreams.’

The new desired positioning is characterized by Edvardsson and Enquist (2009:67) in the following way: ‘The IKEA brand is built on associations with cost-conscious, design sensibility, unconventionality, and environmental awareness.’

RESULTS

The predefined theoretical model of brand value generation was combined by the author through a long process of restructuring. The components that formed the predefined theoretical model were tested using IKEA as the case company. The findings indicated that the model obtained many particular features in the context of the case company. They also indicated that all the components of consumer perceptions were supported by the empirical study. Moreover, the insights gained from the data analysis, shaped the model by providing indications of the components’ importance to the repositioning process. This enabled the recognition of the most critical components. The importance of the components for the value generation during the repositioning process is visualized in the improved view of the theoretical model (see figure 3). This has been done through dividing the components into three different categories based on the findings of the study. The categories are called the well-managed components, the requires investment components and the critical components.

The category named as well-managed-components represents the components that IKEA has been able to manage sufficiently well to gain positive consumer perceptions and augment brand value. We may assume that these components will not prevent the consumers from accepting the new brand positioning. The figure 3 demonstrates that the two components that belong to this category are: 1. Providing benefits to the consumer, often symbolic, and 2. Retaining the core parts of the initial positioning.

Moreover, the components marked as requires investment are the components that at present demand the company’s full attention in order to ensure positive consumer perceptions and a successful repositioning process. Yet, these components seem unlikely to derail the repositioning to fail, if the company invests on them. These four components are: 1. Not expecting the consumers to sacrifice other
brand benefits to choose a responsible product or service, 2. Providing consumers with external symbols of their responsible actions, 3. Educating consumers through communication of the CSR basics, using numerous communication channels, and 4. Promoting long-term strategic, values-driven motives while adopting an interim positioning.

The critical components are the problematic areas, which have proved to be the most challenging components to be managed in terms of consumer perceptions. These components in the context of the case company can lead the entire process of brand repositioning into failure. During previous studies, academics stressed that unsuccessful repositioning efforts may considerably weaken the brand’s value and fail to enhance the overall company image or market share (Copeland, 2001, Gotsi and Andriopoulos, 2007, Wong and Merrilees, 2007). The five critical components are: 1. Considering perceptions of people behind the brand (leader and service personnel), 2. Providing proof of responsible codes of conduct via conducting specific and concrete CSR actions, 3. Connecting the company’s products and the social cause, 4. Building a linkage between the initial and new positioning while also weakening the old positioning, and 5. Promoting the brand’s key distinction in relation to other responsible brands. (See figure 3.)
**Generating Brand Value Through Repositioning CSR as the Differentiating Factor**

- **Providing benefits to the consumer, often symbolic.** CSR as a relevant differentiating factor was identifiable and produced various symbolic benefits to consumers.
- **Not expecting the consumers to sacrifice other brand benefits to choose a responsible product or service.** The IKEA bus did not generate value to consumers who had a car, since it meant giving up other brand benefits.
- **Providing consumers with external symbols of their responsible actions.** Giving an IKEA Soft Toy as a gift necessitates that the gift receiver is informed of the donation made to charity.
- **Educating consumers through communication of the CSR basics, using numerous communication channels.** Consumers are not interested in studying long lists, such as the IKEA’s ‘the never ending list’. Raising only the most essential to the consumers’ attention e.g. on television, would be good.
- **Considering perceptions of people behind the brand (leader and service personnel).** To create value through CSR, the people behind the brand need to be perceived as caring and genuine. Contradictory image of the leader or a bad experience with the personnel can stand in the way of repositioning.
- **Promoting long-term strategic, values-driven motives while adopting an interim positioning.** Plans for the future progress of CSR actions were highly valued by the consumers.
- **Providing proof of responsible codes of conduct via conducting specific and concrete CSR actions.** Highly critical and challenging issue in terms of managing the consumer perceptions concerning the realization of the CSR actions. Involving a third party on the CSR project, co-operating with media, and having a service personnel with CSR expertise generated value to consumers.
- **Connecting the company’s products and the social cause.** IKEA’s soft toy campaign was to some extent judged as ‘luring’ the consumers to buy more products and thus not helping the environment. IKEA also failed to make the connection with the never ending list, which was perceived as insincere due to repetition in the text and pointing out small issues. This, in connection to the list being too long to read, many interviewees perceived that the list was made to look long in purpose.
- **Building a linkage between the initial and new positioning while also weakening the old positioning.** A logical bridge had not been built and thus acceptance of the new positioning was difficult. The initial positioning, built around high consumption shopping and throwaway culture, was too far from CSR values.
- **Retaining the core parts of the initial positioning.** The distinctive feature of IKEA remains to be the price. Raising the price level to augment product quality would be a mistake and might alienate the consumers currently supporting the brand.
- **Promoting the brand’s key distinction in relation to other responsible brands.** The IKEA’s brand benefits were compared to the benefits of other responsible brands. The never ending list failed to promote the core distinctive feature of IKEA’s CSR activities, and thus the CSR actions did not augment the level of the perceived difference in the eyes of the consumers.

**This component will not prevent the consumers from accepting the new brand positioning.**

**This component requires investments by the company, but is unlikely to be the cause of repositioning failure.**

**This component is critical because it can lead the repositioning efforts to fail.**
The improved view of the theoretical model shows that altogether three critical components emerged from the believability aspect, leaving only one to the relevance and one to the distinctiveness aspect. As a result, we can argue that establishing brand credibility and trustworthiness for the brand in the context of CSR, is primary. Moreover, believability perceptions can be seen as the foundation for establishing the two other desirability perceptions, relevance and distinctiveness.

Furthermore, during the empirical data collection many particular features emerged in the context of the case company. This chapter crystallizes how each component evolved during the empirical data analysis. First, we will discuss the components that have been managed well by IKEA, then the ones that still require investments, and finally the critical components. The conclusions presented in this section, are summarized in the improved theoretical model. A more in-depth discussion on the components found as the most critical components, is presented in the next section.

**Well-managed- component: Providing benefits to the consumer, often symbolic.** According to the findings, CSR was perceived as a relevant differentiating factor to the consumers. The interviewees evaluated that the company’s CSR actions were able to generate them value. In relation to this, they mentioned symbolic benefits such as feelings of ‘doing the right thing’ or ‘feeling a little less bad about consumption’.

**Well-managed - component: Retaining the core parts of the initial positioning.** The study recognized that maintaining the key parts of the initial positioning was important, in order to increase brand value during the repositioning process, where CSR represents the new differentiating factor. The distinctive feature of IKEA remains to be the price. Raising the price level to be able to augment product quality in terms of prolonging the product’ life cycle and being more environmentally-friendly, would probably be a mistake. The findings indicated that this would more likely alienate the consumers currently supporting the brand.

**Requires investment - component: Not expecting the consumers to sacrifice other brand benefits to choose a responsible product or service.** This component was supported by the empirical findings, as the IKEA bus was concluded not to be relevant to consumers who had a car. This was due to the fact that purchasing products, such as furniture, was not considered practical by bus, and it meant for the consumers giving up benefits of comfortability and ease. Hence, the consumers were not ready to sacrifice other brand benefits to choose a responsible service. Yet, IKEA is marketing the bus as a means to reduce travelling by car in the never ending list, and received criticism for this by the interviewees.

**Requires investment - component: Providing consumers with external symbols of their responsible actions.** Providing consumers, external symbols of their responsible actions, as a means to generate brand value through CSR, was supported by the findings of this study. The findings indicated that when giving an IKEA soft toy as a gift, it adds value to the consumer if the gift receiver is informed of the donation made to charity, for instance by adding a note on the toy.
Requires investment - component: *Educating consumers through communication of the CSR basics, using numerous communication channels.* This component was supported, as the findings showed, that education of consumers on CSR issues should be done through communicating only the basics. The never ending list was perceived uninteresting and unreadable. The interviewees evaluated that nobody will have patience to study the list, and thus will not know what IKEA is really involved in. Moreover, raising only the basics of the IKEA CSR program to the consumers’ attention, for instance on television was suggested. This supports the use of numerous communication channels when educating consumers.

Requires investment - component: *Promoting long-term strategic, values-driven motives while adopting an interim positioning.* The findings recognized that promoting long-term strategic, values-driven motives while adopting an interim positioning enabled brand value generation. When the interviewees evaluated that IKEA was sincerely trying to improve its CSR issues, it contributed positively to their brand perceptions. Moreover, specific plans for the future progress of CSR issues were highly valued by the interviewees. Interestingly, CSR actions targeted to investments on the company’s own strategic business operations in terms of responsibility were perceived more important, rather than giving a part from their profit to a good cause. This also indicates that communicating long-term strategic CSR investments are of the essence.

Critical - component: *Considering perceptions of people behind the brand (Leader and service personnel).* This component was supported by the empirical findings, which indicated, that to create value through a CSR program in the context of repositioning, the consumers need to perceive the company leader and service personnel as caring and genuine. Contradictory image of the company leader, or a bad experience with the company personnel, can stand in the way of successful repositioning.

Critical - component: *Providing proof of responsible codes of conduct via conducting specific and concrete CSR actions.* The empirical study revealed providing proof of the company’s responsible codes of conduct for the consumers, as one of the most critical issues. Managing the numerous consumer doubts concerning the realization of the CSR actions was highly challenging for the case company. Involving a third party, such as Unicef or a local organization on the CSR projects, co-operating with media, or having a service personnel with CSR expertise to convince the consumer, were issues that promoted the believability aspect and generation of brand value. It was also confirmed by the study that consumers valued most the CSR actions, they perceived to be the most concrete ones.

Critical - component: *Connecting the company’s products and the social cause.* The importance of connecting the company’s products and the social cause, to enable perceptions of believability and value creation to the consumer, was identifiable in the study in many ways. First of all, IKEA giving one euro of each soft toy to charity was to some extent judged. The interviewees felt that luring the consumers to buy more products, does not contribute to the well-being of our planet, especially when the products are first transported from the other side of the globe to Finland. Second of all, IKEA also failed to make a connection between its products and good causes, with
the never ending list. The list was perceived insincere due to repetition in the text, and pointing out very small issues. This in connection to the fact that the list was not interesting to read, many interviewees noted that the list was made to look long in purpose and thus, not trustworthy.

**Critical - component: Building a linkage between the initial and new positioning while also weakening the old positioning.** The findings recognized that most of the interviewees were not able to see a logical bridge from the old positioning to the new one and, thus were not ready to accept the new positioning. The current brand positioning, they had in mind was built around high consumption shopping and throwaway culture related to low product quality. The non-central location of the store was also considered contradictory to CSR values.

**Critical - component: Promoting the brand’s key distinction in relation to other responsible brands.** The findings identified the need to promote the brand’s key distinction also in relation to other responsible brands. The nature of IKEA’s competitive frame of reference had dramatically changed in the consumers mind. This was recognized when IKEA’s brand benefits were compared to the benefits of other responsible brands and products by the interviewees. In relation to the criticism IKEA received concerning the never ending list, the core distinctive feature of IKEA’s CSR activities, was failed to communicate to consumers. This is why it the CSR actions did not augment the level of the perceived difference in the eyes of the consumers.

Having improved the theoretical model, five components emerged as the most challenging elements in the context of managing consumer perceptions to generate brand value through corporate brand repositioning when CSR is the differentiating factor.

**DISCUSSIONS**

**Most Challenging Components for IKEA**

The built theoretical model of the generation of brand value through corporate brand repositioning when CSR is the differentiating factor incorporated five critical components in the context of the case company. In other words, these five components discovered, may lead the entire repositioning process into failure. This section further discusses the key components discovered.

Interestingly, the majority of the critical components involved believability perceptions, leaving only one component to relevance and one to distinctiveness dimension of desirability. Hence, according to the findings establishing brand credibility and trustworthiness for the brand in the context of CSR, seems therefore primary and to be the foundation for creation of the two other desirability perceptions. Next we will discuss the consumer perceptions and the theoretical insights related to these five components.

**Considering perceptions of people behind the brand**

Via Corporate Social Responsibility, a company is able to create a linkage between the brand and the customer. These can be personality and values associations meaning that the consumer forms an
image of the people behind the brand as caring and genuine. (Keller, 2008:474) Similarly, through any CSR activity the company should pursue to form responsible perceptions of the people behind the brand as responsible and kind people. The empirical study revealed that the negative experiences related to IKEA’s service personnel did not deliver the brand image of a responsible brand, which prevented the formation of the desired perceptions for this consumer.

Moreover, Bergstrom et al., (2002) argued that high status of the leader is one of the elements of an effective communication strategy. In IKEA’s case the image of the leader Ingvar Kamprad, was discovered to function against the desired CSR positioning. This was due to the fact that it reflected value associations that were inconsistent with consumers’ CSR values. Moreover, the consumers felt that by supporting IKEA they would be more or less supporting the life of the IKEA’s leader, Ingvar Kamprad, and thus were not convinced of being able to contribute to the company’s CSR activities by buying products from the company. Hence, other companies thinking to reposition their corporate brand should take this into account. Image of the company leader might need to be evaluated and possibly polished up before undertaking the strategy of brand repositioning in the context of CSR. In short, customers need to be assured of the fact that by supporting a certain company they are able to make a positive impact on people’s lives or contribute to the well-being of our planet. It is important to recall that the brand associations symbolize the core sources of brand value and function as the means for consumers to satisfy their needs (Keller and Lehmann, 2003). Hence, all angles of the brand image should be considered when evaluating the consumer response to marketing campaigns (Keller, 1993).

**Providing proof of the responsible codes of conduct**

Consumers have become more skeptical in terms of believing companies acts on CSR issues (De Boer, 2003). That is why providing consumers evidence of the company’s responsible codes of conduct is primary (Haapala and Aavameri, 2008:70). The empirical study revealed that the interviewees perceive the realization of IKEA’s CSR actions questionable. These perceptions involved around issues such as is IKEA capable of demanding responsible codes of conduct from its suppliers and controlling them to a sufficient extent? Also IKEA’s low prices were argued to put considerable pressures on suppliers.

Some indication, on how to manage consumer perception in terms of providing proof to the consumer of the company’s responsible codes of conduct, was discovered. Involving a third party such as a well-known brand like Unicef or a local organisation into the projects enhances the credibility of the company CRS actions in the eyes of the consumer. Co-operating with the media and the green peace was suggested to promote trustworthiness issues. Competent customer-service is one of the factors that can provide the consumer with evidence on the products environmental and social benefits he or she is seeking.

To conclude, brand positioning should be able to convey consumers a convincing reason for purchasing a particular brand (Aaker, 1982, Ries and Trout, 1979; Wind, 1982). The never ending list was not carefully planned to manage consumer perceptions during the process of repositioning, even though it represented the primary channel to communicate IKEA’s CSR activities. We remind
the reader that in the context of CSR it is essential to also discuss the role of communication in sustaining and building brand value. Brand proximity marketing communication avoids creating a distance to the consumer, and second of all, the desire to always surprise the consumer is essential to keeping a brand alive (Kapferer, 2008: 244, 440-452).

**Connecting the company’s products and the social cause**

It was argued during previous studies, that skeptical consumers who have doubts on the connection between the company's products and the social cause, are likely to judge the company as exploitative and self-serving (Keller, 2008:475). Moreover, marketers ought to should choose a cause that makes sense to the consumer to be a partner of that particular company (Gupta and Pirsch, 2006). This was confirmed by this study. In terms of the IKEA’s soft toys ad, when asking the interviewees to reflect on how they felt when they saw the soft toys ad, various credibility issues emerged. The consumers perceived that luring consumers to buy more products was not unanimously seen to contribute to the well-being of our planet. Furthermore, since the toys were most likely made cheap in Indonesia and delivered a long way to Helsinki, this created other environmental and social concerns in their mind. This resulted to the fact that some consumers found the company exploitative and self-serving. One interviewee lifted up the Ronald McDonald Children’s house, built to Helsinki, as a positively creative and well planned CSR activity.

We consider that IKEA was making an attempt to connect its product with its CSR activities through building the never ending list on the homepage, covering 67 steps towards a more responsible IKEA. Issues in the list discussed the environmentally friendly aspects of the company and its products. Due to several issues, the empirical study revealed the list to be a failure. The list was criticized for lacking a reader-friendly structure, such as providing headlines and key remarks to the reader. Also, the interviewees were frustrated of the unnecessary repetition and discussing small issues to make the list appear longer. Additionally, the list was perceived to miss evidence to back up the claims IKEA was making. The interviewees perceived the objective of the list to give an impression that IKEA was more involved in CSR activities than it truly was. The end result was that the never ending list was perceived deceptive. Moreover, the interviewees remarked that a company that promotes extensively their own CSR activities loses its credibility and attractiveness.

**Building a linkage between the initial and new positioning**

To ascertain a value creating repositioning process to the consumer, a gap that lies in between the initial and the new positioning needs to filled. The successful transition in the consumer's mind towards the new brand positioning was characterized in the previous studies as a logical and smooth shift, which is easily accepted in the market place (Ewing et al., 1995). The findings of the study indicated that most of the interviewed consumers were not able to see a logical bridge from IKEA’s old positioning to the new one. The current brand positioning, that the consumers had in their mind, was built around high consumption shopping and throwaway culture related to low product quality. Additionally, the non-central location of the IKEA stores in terms of increasing travelling by car was perceived contradictory to values that CSR represents. The danger for the marketers lies in
repositioning the brand too far from its customer frame of reference, resulting in customer confusion and causing the repositioning to fail (Copeland, 2001).

According to the findings, for IKEA to successfully reposition its corporate brand, larger investments than marketing campaigns are required. The interviewees reflected their thoughts concerning how the linkage from the IKEA’s initial positioning towards the new positioning could be built. The interviewees suggested IKEA to invest on the use of waste material to a larger extent and communicate it also to consumers more specifically in producing the product. Additionally, durability in use of its product and offering repair and redesigning options in order to prolong the products’ lifecycle, were suggested. Interviewees felt that efficient recycling operations of old furniture would add them value. These matters seemed primary for building the linkage, in other words to make the ‘disposable culture’ not seem so disturbing and stand in the way of the new CSR positioning. Kapferer (2008: 177,440-452) stresses the importance for companies to assess their product’s current looks and ingredients are compatible with the new positioning. Moreover, one of the signals that often lead to decreasing brand value for most companies is the lack of investment in R&D. Considering the brand with the opportunity of capturing the rising new materials and consumer needs as well as strengthening the manner, in which values are materialized, is vital in order to sustain brand value long-term.

Weakening of the old positioning of IKEA is now discussed. Jewell (2007) suggests that to successfully and efficiently succeed in repositioning a familiar brand, the communication strategy must aim in addition to communicating the new positioning, also at weakening the old positioning. Previous studies concluded also that, communicating issues that are against consumers previous knowledge of the brand was considered very difficult (Keller, 2008:115). This thinking was supported in this study, as one respondent brought up the fact that she has a hard time in believing in IKEA’s new warranty issues, since she has had a bad experience previously in returning a product. Moreover, the findings confirmed that it was easier to convince the consumers of the issues they had not paid attention to before, such as IKEA using flat packaging to reduce fuel consumption. To conclude, the findings supported the importance of weakening the old positioning. Consumers’ existing opinions of the old positioning hindered the company’s repositioning efforts, since the task had not been conducted successfully.

**Promoting brand’s key distinction**

When a company repositions its corporate brand, it pursues to discover a new sources of differentiation and strength for the brand, in order to regain the consumers’ loyalty for the brand (Bennett and Rundle-Thiele, 2005; Kapferer, 2008:241). Moreover, the fundamental aim of repositioning strategy is to revitalize the brand to enhance brand value and communicate fresh benefits for consumers (Munthree, Bick and Abratt, 2006; Ewing et al, 1995; Yakimova and Beverland, 2005).

The findings of this study indicated that IKEA was not perceived distinctive in the minds of the consumers in terms of its CSR program. Thus, the IKEA brand had not been revitalized nor had its level of perceived difference been increased. The reason for this is now speculated. First of all, the
result was partly due to the fact that the previous components indicated that the believability of IKEA’s CSR actions was weak. This naturally also negatively affected the consumer perceptions on the distinctiveness of the differentiating factor. Second of all, the reason for IKEA to fail to produce perceived difference in the consumers mind was because the key superiority, in relation to other responsible brands, was not promoted. The findings recognized this to be vital to provide the consumers with a unique value proposition in terms of CSR. To manage the consumer perceptions, it is essential to realize that the nature of IKEA’s competitive field changed, when it decided to position the brand based on CSR.

IKEA is now competing against all ethical benefits of furniture. The interviewees mentioned symbolic benefits that were distinctive in favor of the competitors, such as quality in the sense of product’s durability, the possibility of renovating the furniture, supporting the Finnish labor market by purchasing from Finnish manufacturers and buying handmade design to concretely support someone’s work. In addition, the vintage and flee market offerings through which consumers are able to show ethicality of their purchases, was considered as a symbolic benefit offered by the competition. The findings showed that the potential distinctive features, in the CSR battle field for IKEA, could be found from producing the furniture from waste material, contributing to the well-being of the poor countries, being a forerunner in the use of renewable energy and investing on efficient recyclability. Moreover, restructuring IKEA’s communication strategy, to communicate the found distinctive feature of IKEA’s CSR program to the consumers effectively, would be necessary. IKEA’s commercial the never ending list received criticism for failing to raise the IKEA’s main CSR efforts to the consumers’ attention. (See also discussion on the component educating consumers through communication of the CSR basics) It can be assumed that if consumers do not remember much of the various actions a company is participating in, it can also be speculated that they do not become passionate about issues that IKEA promotes, nor are not able to tell their friends and family of IKEA’s actions.

In the theoretical section, it was concluded that without accurate brand knowledge the consumers cannot engage themselves to the brand (Ottman 1998: 40–41, William and Endacott, 2004). Moreover, Gupta and Pirsch (2006) emphasize that in communicating CSR issues marketers should concentrate on creating a positive feeling toward the brand. Customer-centric functionality and innovativeness are features that IKEA brand is known for. However these elements, according to the findings of the study, seem to be forgotten in communicating the company’s CSR efforts. Yet, leveraging the brand’s unique emotional benefits to import customers from the existing positioning to the desired one is evaluated beneficial (Copeland, 2001).

CONCLUSIONS

The popularity of responsible consumption is rising. The consumers that value responsibility will expect more also from companies, in terms of product development and sustainable codes of conduct. Hence a new study conducted on how consumer perceptions have possible changed in time for instance five years would be beneficial. Moreover, it would be interesting to study how
social medias, have an effect on the rise of responsible consumption. Furthermore, in this study the companies’ internal challenges of the repositioning process in the context of CSR were not studied and thus provide bases for further research.

Also will IKEA eventually succeed in its repositioning efforts at the moment cannot be yet argued, and thus also bases further research in the future. Moreover, how stakeholders other than consumers view the repositioning efforts? Interviewing IKEA’s customers in other countries would also bring out the differences in IKEA’s global consumer base. Especially in other European countries were the standards of living are in the level approximately. Also IKEA has other CSR activities in different countries and to see what activities are mostly valued would be interesting to compare. Weakening of the initial positioning was concluded as a difficult task. Hence, it would be interesting to conduct a study that would generate further knowledge on the issue.

**MANAGERIAL IMPLICATIONS**

The managerial implications are drawn for companies who wish to reposition their corporate brand to reflect CSR as the brand’s source for differentiation. The research findings indicated numerous aspects, which need to be considered in developing and implementing corporate brand repositioning efforts when CSR is the differentiating factor. The key to managing consumer perceptions during the process of repositioning is to consider the eleven components concluded in the theoretical model of this study.

The basic assumption of this study was that consumers need to find the brand’s differentiating factor desirable, for the brand to be able to reflect strong, favorable, and unique brand associations. This thinking led to consideration of the desirability dimensions: relevance, distinctiveness and believability. It was concluded that also CSR as a differentiating factor should be able to generate these associations for the consumers. The desirability dimensions provide a good starting point also for companies. This is due to the fact that for different industries and for different sizes of companies, additional issues might emerge in terms of achieving relevance, believability and distinctiveness associations in the consumers’ minds.

Marketers need to be aware of the fact that consumers find very different issues interesting and relevant for them. If a company is involved in many types of CSR activities, it is important that consumers find the information that they value most easily from the company homepage. This can be solved, for instance by presenting the CSR issues according to different themes instead of putting all information in one place. This way, consumers can spend their limited time with the issues they value the most and are also likely to remember. Companies need to be fully prepared before starting to promote CSR as their brands’ differentiating factor due to many reasons. First of all, management of consumer perceptions, while repositioning the corporate brand to gain CSR as the differentiating factor, was concluded very challenging in the findings of this study. Moreover, often companies, which are doing the most in the area of CSR, are also the ones that are criticized the most. In addition to these reasons, unsuccessful repositioning efforts may considerably weaken the brand’s value and fail to enhance the overall company image or market share.
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