

Halmstad University
School of Business and Engineering
Master's Programme in International Marketing



SURROGATE BOYCOTTS

- And the effects on companies and marketing

Dissertation
in International Marketing, 30 ECTS

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PREFACE

This master thesis has been written at Halmstad University between January and June of 2011.

There are many people that we would like to give our most sincere thanks to. To the people at Arla Food, Mette Munk A/S, Nordex Food and Quantum that has given us access to their precious time and input. Without them we would not have succeeded with our thesis.

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Abstract

- Title:** Surrogate boycotts – and their effects on companies and marketing
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- Keywords:** International marketing, surrogate boycott, country-of-origin, crisis management, fast moving consumer products
- Purpose:** The purpose of this research is to understand what role surrogate boycotts can play on companies targeted by a surrogate boycott and how companies can work with their marketing strategies to reduce the effects of a surrogate boycotts.
- Questions:** What role can surrogate boycotts play on companies business?
How can companies work with their marketing strategy to reduce the effects of a surrogate boycott?
- Theoretical framework:** Our theoretical framework present existent theories in the field of consumer boycotts. We examine the main aspects of the thesis: Crisis and crisis management, boycotts, implications for companies, corporate responses as well as of the marketing mix.
- Method:** We have used a qualitative approach in this thesis, with multiple cases studies as a method. Our empirical data was collected through personal interviews.
- Empirical framework:** Our empirical framework consists of the empirical data we have collected through interviews with people from the Danish companies: Mette Munk A/S, Nordex Foods, Quantum and Arla Foods.
- Conclusions:** The role that surrogate boycotts play on companies involved is that it effect the company's financial situation and gives the problems with the image. We also conclude that companies can work with promotion, altering their products and choosing other ways to distribute their products in order to reduce the effects of a surrogate boycott. Also different marketing tools and strategies can be used during different stages of the boycott in order to be most effective.

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1. INTRODUCTION

In this chapter the chosen subject will be presented. The first chapter will briefly discuss the background of the following problem discussion. Further the problem and the purpose of the dissertation is discussed. The chapter ends by emphasizing on the outline.

1.1 BACKGROUND

In the past 50 years, the world has gone through a process of globalization with enormous changes. Today's "global village" has gradually evolved from many individualistic societies with local companies to an increasing rate of companies expanding by entering new countries (Quelch, 1999). This is a result of globalization, which has created many new opportunities for companies on new markets (Luo, 1999). With new and improved communication and transportation abilities, people can travel and communicate all over the globe. Today's improved technology has made it easier to collect information about countries and markets. It has also increased the understanding for new cultures and their living conditions. Overall new technology has improved company's opportunities to do business overseas and it will continue to stimulate globalization (Engdahl, 2006).

There are many reasons for companies to look for and act on opportunities in new foreign markets. Some are pure economical factors, like achieving economics-of-scale or spreading the economic risk on more markets. This will make the company better prepared for changing economical conditions (Engdahl, 2006). Other reasons for firms to go international could be pressure from external forces, such as saturation of the home market or even forced into exporting to new markets due to increased competition. When foreign brands and competitors enter and create presence on a company's home market, the firm need to take actions to meet that new competition (Kotler, Wong, Saunders & Armstrong, 2006).

As described above, there are a lot of different factors and forces that drives companies towards internationalization today. And even though the world is becoming more globalized, there is still lot of obstacles that needs to be considered when working with new markets. Factors such as infrastructures, religion, politics, customer preferences and beliefs are important factors and companies need to consider and respect them. These aspects can have huge implications on a firms business and therefore firms need to consider them when it comes to marketing in different and new markets (Whitelock & Pimblett, 1997). In 2005, the world could witness how fragile today's business climate has become and how different cultures can clash with each other with companies caught in the crossfire.

On 30th of September in 2005, the Danish newspaper Jyllands-Posten published a number of caricatures of the Muslim prophet Muhammed. Nobody believed that this action would echo throughout the world in the form of mass demonstrations, boycotts and eventually a full-scale diplomatic crisis. In this moment the Danish norms and values of having democracy with

freedom of speech was put against a huge foundation of Islam; prohibition against depicting the Prophet Muhammed. Many believe that the crisis is a result of the communication gap that exists between the West and the Muslims world.

When the protests in the Middle East started against the publication, many people in Europe started to support their right for freedom of speech. It developed into a complicated conflict with several aspects involved, including religion, culture, respect and freedom of the speech etc. Protests were raised and demonstrations were gradually growing in force. In the end of January 2006, Saudi Arabia and Kuwait started a boycott against all products from Denmark, which rapidly was spread to many Muslim countries. Europe's largest supermarket chain, Carrefour, decided to take out all Danish products from the shelves in Saudi Arabia, Oman and United Arab Emirates in mid February 2006. [1; 2]

The incident also came to have major economic consequences for the Danish companies that operated in the Middle East. Within five days, all of the Danish products were taken out of the shelves in over 50 000 food stores in the Middle East and they faced an enormous financial as well as public relations crisis. The situation is a collision between the religion of Islam and the freedom of speech, which has resulted in huge boycotts of many Danish companies in Islamic countries. [1; 2; 3]

1.2 PROBLEM DISCUSSION

The controversy of the Muhammed cartoons has become an excellent example of what types of problems companies could face when working on the international arena, with different markets and cultures. The Muhammed cartoons, originally intended just for the Danish audience, were transmitted beyond the context and spread far beyond its intended audience. This is what happened with the Muhammed cartoons which led to the boycott of Danish products in the Middle East region (Jensen, 2008).

Boycotts are not a new phenomenon. Boycotts of different variations have been used for centuries. In recent years, big cooperations like McDonald's, Nestle, Marlboro and Coca-Cola have faced boycotts for different reasons. Companies have faced boycotts because of their way of doing business, their products, their manufacturing procedures etc. (Usunier & Lee, 2009). However, such boycotts have to this day not had a significant impact on the company's total result (Lehtonen, 2008). Such boycotts often lead to temporarily set back in sales, but they are usually not very long lived (Ettenson, Smith, Klein & John, 2006). When boycotts are triggered by actions or policies made by the company which is target of the boycott, the problem can often be solved by retraction of products from the shelves, official apologies or a change in the way the company produce and manufacture the products (Usunier & Lee, 2009). It is very important in such cases to point out that the boycotts are a result of policies and/or actions taken by the company. The action taken by the consumers, the boycott, is done because of the wrongdoing of the targeted company. The company is directly

responsible for the boycott and also has a chance to do something about it. They can choose to alter the manufacturing procedures or apologize etc. (Lehtonen, 2008).

When it comes to surrogate boycotts, the company targeted for the boycott may not have done anything wrong that would lead to a boycott of their products. Let us take the example of the Muhammed cartoon crisis. The Danish newspaper Jyllands-Posten initiated the crisis by printing the Muhammed cartoons. This upset the Islamic countries in the Middle-East. The Danish government chose to defend the newspaper, arguing for the newspapers right to freedom of speech. That led to the boycotting of all Danish products in the Middle Eastern region. The Danish companies had done nothing wrong, other than being a Danish company. The companies in such boycotts are caught in the crossfire between the consumers who boycott and the triggering part. The companies have to face the situation they have landed in (Abosag, 2009). Such boycotts can be very difficult for companies to prepare themselves for and it is also hard for companies to handle, as there is no wrong doing from the companies. The situation is really complex and it is important for companies to figure out ways to minimize the damage of the boycott as well as find possible ways to get the firm out the conflict. In surrogate boycotts the boycott is directed at policies and actions of governments, nations or other external part (magazines) and not the actions of a single company.

The boycott of Danish products in the Middle East has shown the consequences a major boycott of products and/or companies from one specific country, in this case Denmark, can have. Markets that took a lot of time, money and effort to build up were destroyed in less than a week (Falkheimer, Heide & Larsson, 2008).

Considering the implications and consequences surrogate boycotts can have on a company, managers cannot sit passively when their company is being drawn in to such conflicts. The concept of crisis management has become more popular and it is considering what firms can do when facing crisis. What actions and strategies companies could and should take to detect potential crisis situations, sustain operations, minimize the losses and use the experience to improve the process for the future (James & Wooten, 2005; Pearson & Clair, 1998; Pearson & Mitroff, 1993). A company can only work with tools that are within the companies reach in a crisis situation. When it comes to boycotts, the marketing mix can be used in order for a company to create marketing strategies which may alter the tough situation on the market. Adopting and changing aspects of a company's marketing has been useful instrument in the past consumer boycotts (Aggerwall, Knudsen & Maamoun, 2008).

With more and more companies expanding and going internationally, clashes between cultures will become more and more common and marketers must be aware and prepared for the challenges that come with globalization (Gelb, 1995; Falkheimer, Heide & Larsson, 2009). Boycotts, such as seen in the Middle East, has become a major tool for consumers and are likely to become even more significant in the future (John & Klein, 2003). According to Abosag (2009), the subject of surrogate boycott is very complex, under-researched and unexplored. AlShebil, Rasheed and Al-Shammari (2011) argue that most literature concerning

strategies in boycotts is considering cases of companies facing boycotts for acts or policies that they have or perceived to have committed. However the authors argues that the subject of what companies should do when facing boycotts, due to causes they are not the source of, is in need of more research. Considering the massive consequences that a surrogate boycott can have on companies and the fact that no company is safe against surrogate boycotts (Ettenson et al., 2006), more studies are essential so that one can learn more about this phenomenon and what companies facing surrogate boycotts can do to reduce the impact of the boycott.

1.3 PURPOSE

The purpose of this research is to understand what role surrogate boycotts can play on companies targeted and how companies can work with their marketing strategies to reduce the effects of a surrogate boycotts.

1.4 RESEARCH QUESTION

What role can surrogate boycotts play on companies business?

How can companies work with their marketing strategy to reduce the effects of a surrogate boycott?

1.5 DELIMITATIONS

Surrogate boycotts can affect many different parties in a conflict; distributors, suppliers as well as consumers. In this paper we will focus on the role that surrogate boycotts play on companies from the country that is being targeted by the boycott. Thereby we will have a company perspective in our thesis.

There are many aspects that can contribute in a conflict such as a boycott. We will not look into the different theoretical methods and approaches about culture as we will look more on the role that surrogate boycotts can play on companies involved in the boycott and how they can work to minimize the damage of the boycott.

1.6 DEFINITIONS

Surrogate boycott = When consumers cannot reach the source of which the displeasure has risen from, the consumers can boycott a third part, which has the power to affect the target or it operates in the same geographical region (Friedman, 1999).

Marketing strategies = Marketing strategies is a very broad subject and to include every aspect is hard. In this thesis we want to show and explain how companies can work with their marketing a surrogate boycott situation. To make it concrete and easy to follow, we have chosen to use McCartney's 4P:s theory to get an overview of what can be done with companies marketing.

1.7 DISPOSITION

Chapter 1: <i>Introduction</i>	<ul style="list-style-type: none"> In this chapter the chosen subject will be presented and discussed, along with presentation of the problem and the purpose of the research.
Chapter 2: <i>Theoretical framework</i>	<ul style="list-style-type: none"> In this chapter we will present theories which will provide the framework for our dissertation. In this chapter will examine the main aspects of the thesis: Crisis and crisis management, boycotts, marketing mix, implications for companies and corporate responses.
Chapter 3: <i>Methodology</i>	<ul style="list-style-type: none"> In the third chapter we describe how we conducted the research. The purpose of the chapter is to provide an understanding on what methods we have chosen and also why we choose our methods. We will describe our research in terms of approach, data collection, sample selection, analysis and the reliability and validity of the paper.
Chapter 4: <i>Empirical data</i>	<ul style="list-style-type: none"> The fourth chapter presents our empirical data which was collected for this paper. The data includes interviews with people from the companies: Mette Munk A/S, Nordex Food, Quantum and Arla Food.
Chapter 5: <i>Analysis</i>	<ul style="list-style-type: none"> The fifth chapter contains our analysis of the respondent's answers. We compare the answers from our respondents with our theoretical framework to see if there are any similarities or differences.
Chapter 6: <i>Conclusions</i>	<ul style="list-style-type: none"> The last chapter contains and concluding discussion along with the conclusions we have drawn based on our empirical data and analysis. We will also highlight interesting areas for future research.

Figure 1: Thesis Disposition

2. THEORETICAL FRAMEWORK

In this chapter we will present existent theories in the field of boycotts. The chosen theories in this chapter provide the framework for our dissertation. In this chapter will examine the main aspects of the thesis: Crisis and crisis management, consumer boycotts, marketing mix, implications for companies and corporate responses.

2.1 CRISIS AND CRISIS MANAGEMENT

The word crisis means judgment, choice or decision and it originates from the Greek. The word can be used in many contexts and therefore have many different meanings, depending on researchers aim (Preble, 1997). Crisis is widely used in organizational literature and different researchers define it in their own way.

According to Pauchant and Mitroff (1992), crisis is an action that physically disrupts the system and threatens the base of it.

“An organizational crisis is a low-probability, high-impact event that threatens the viability of the organization and is characterized by ambiguity of cause, effect, and means of resolution, as well as by a belief that decisions must be made swiftly.”
- (Pearson & Clair, 1998, p. 60)

Coombs (1999) argues that every organization has its own ideas of what a crisis is and what creates it. Further Coombs (1999) also discuss the difference between occurrences which affect the values of an organization in a way of threatening them.

Coombs (2005) addressed that a crisis can often be unexpected and unpredictable. Further the author states that it has the ability of disrupting the operations of an organization and may threaten stakeholders, companies and even industries. The objective of a firm should be to diminish the damage which the crisis has caused. According to Fearn-Banks (2001), a crisis is a negative wave affecting the organization, services, products and/or good name. However, the author stresses that a crisis interrupts business transactions and it may in a worst case scenario threaten the existence of the firm.

The concept of crisis management is about how companies should implement strategies and how to act when crisis is upon the company. Crisis management is about investigating the scope of crisis and reviews the different options the company can take in order to improve the company's current and future condition (James & Wooten, 2005). Crisis management should help companies to manage and avert crisis. It is much debated among researchers on how to differentiate effective from ineffective crisis management (Pearson & Clair, 1998). According to Pearson and Mitroff (1993), the result of effective crisis management should be improved

ability to detect potential crisis situations, sustained operations and minimization of losses and taking the experience to improve the process for the future.

In order to reach these goals companies need to be aware of potential threats and be prepared when a crisis hits. It is also preferred to have a crisis management plan on how to act when the crisis is triggered (Pearson & Clair, 1998). As crisis often comes as a surprise for a company, it could be difficult and sometimes impossible to predict how to act. It is therefore very difficult to in advance construct strategies. However, some degree of preparation is considered to be important for a successful outcome (Mitroff, 2005). It is also important for companies to learn from the crisis situation after it is over. So that the organization can improve their performance and learn for next time the company finds itself in a difficult situation (Pearson & Clair, 1998).

2.1.1 THE STAGES OF A CRISIS

Some of the biggest researchers contributing within the crisis-event stages are Fink (1986) with a four stage model and Mitroff (2004) with his five stage model.

According to Fink (1986), firms need to plan for crisis in order to be able to minimize damage and the risks involved and to give them the opportunity manage crisis as they come. Fink (1986) argues that crisis is a process which can be divided into four different stages:

1. *Prodromal crisis stage*
2. *Acute crisis stage*
3. *Chronic crisis stage*
4. *Crisis resolution stage*

The prodromal stage of a crisis is before the crisis hits. At this stage it is important to be aware of the situation and the potential threats the crisis can pose on the company. It is important to look for signs of what is to come. No action is taking during the *prodromal crisis stage*. The next step is the *acute crisis stage*. At this stage the crisis is triggered and breaks out. At this stage the crisis unfolds and it becomes obvious of the scope and the damage the crisis brings. The damages and the losses are always depending on the firms' effectiveness and preparedness in the matter. At this stage it is important for companies to have a plan and a strategy for how they are going to deal with the stressful situation. The third stage of a crisis is when the *chronic crisis stage* is reached. This stage has also been called the clean up phase. During this phase the firm tries to recover by identifying its weaknesses and learn from them. The last stage, *crisis resolution stages* is when the firm recovers from the crisis and continues with their business. Fink (1986)

Further Fink (1986) argues that managers are well understood that once the company is not in the crisis, they are in the pre-crisis stage or the prodromal stage. It is important for companies to take time after a crisis to evaluate the performance in order to improve and prepare the firm for future crisis.

Mitroff (2004) took this concept and added an additional stage into his five stage model. Mitroff's (2004) model consists of:

1. *Signal detection = is when the company detecting the crisis*
2. *Probing and preventing = is when the company tries to reduce potential damage*
3. *Damage containment = is when the company try to hinder the crisis from spreading*
4. *Recovery = is when one is working to get the business back to normal*
5. *Learning = is reviewing the managing of the crisis and to learn from it.*

As we can see by the discussion above, different authors have different theories about how to describe the different stages in a crisis. Although they use different names for different stages, we see a pattern throughout all of the different theories. We see that each author has described one or two stages that take place before the crisis event, one or more that deals with the time during the crisis and finally they have a stage that are covering the time after the boycott considering the recovery and learning process. In that case the different crisis management authors do consider a crisis as having a life cycle including a start, a middle/centre and an end.

Table 1: Review of different stages

Fink (1986)	Mitroff (2004)	Our Three-stage model
Prodromal crisis stage	Signal detection	Pre-Boycott
	Probing and preventing	
Acute crisis stage	Damage containment	During Boycott
Chronic crisis stage		
Crisis resolution stage	Recovery	Post-boycott
	Learning	

In this thesis we have chosen to use a three stage model. This choice is motivated by the fact that we want to use a fairly simple model that shows a clear picture of the life-cycle of a boycott. Our three stage model consists of the periods before the boycott (Pre-boycott stage), during the boycott (Boycott stage) and after the boycott (Post-boycott stage).

2.2 CONSUMER BOYCOTTS

Friedman (1985) defines consumer boycott as *“an attempt by one or more parties to achieve certain objectives by urging individual consumer to refrain from making selected purchases in the marketplace.”* (Friedman, 1985, s.97-98)

He also adds that one should note two characteristics; firstly to focus more on individual consumers and less on private organizations, business firms or government agencies. One should not forget that boycotts usually are started by private organizations. The second characteristic is boycott may also have other goals in addition to market place i.e. labor union recognition (Friedman, 1985).

Garret (1987) defines the word boycott as *“concerted, but no mandatory, refusal by a group of actors (the agents to conduct marketing transactions with one or more other actors (the target) for the purpose of communicating displeasure with certain target policies and attempting to coerce the target to modify those policies.”* (Garret, 1987, p. 47)

Garret (1987) further explains the difference between ineffective and effective boycotts. The difference can be seen by looking at the targets disputed policies and see if they have achieved any changes. Even though boycotts may be similar to each other, the boycott agent’s objective is to change the policy of the target. If the target has not made any changes, this mean that the boycott is inefficient. Once the agent has managed to make the target change its policies, one can state that the boycott is highly efficient. (Garett, 1987)

Diermeier and Van Mieghem (2005) argue that boycott is what political activist use as weapon in order to express their dissatisfaction in different topics, i.e. global labor standards to environmental concerns, to animal welfare or opposition to genetically modified food products.

Three variables determines the efficiency of the boycott; economic pressure, image pressure and policy commitment. Financial losses may occur if consumer, suppliers and or/ distributors refuse to interact with the target. The targets of a boycott will face economic pressure due to the losses in income and the extent is depending on the difficulty of replacing the partners. The economic pressure can increase if members of political organizations, labor unions and consumer groups are encouraged to join the boycott. To put the target under economic pressure is one way for the agent to “force” them to modify changes which are desired. (Garett, 1987)

The target can also face an image pressure which is putting the target’s image under pressure. Negative and undesirable publicity can be the result of the announcing the boycott. In case the target manages to encourage individuals and spread sympathy by media coverage, the image of the target may get harmed. Although the target does not necessarily face economic

pressure, targets are often afraid of having their image harmed since they work with creating a positive public image. (Guzzardi, 1985; Garrett, 1987)

As mentioned above, the third variable is policy commitment, which explains to which extent the target is committed to change its policy and adopt. There are many reasons for the target to not adopt, one is that the target thinks that the target does not have a point or the cost of modifying their policy is too high. In case the target refuses to co-operate with the agent and change their policy, they have to stand out economic and image pressure (Garrett, 1987).

Garrett (1987) discusses in his framework the positive correlation between economic pressure and image pressure, where he explains when the media coverage increases of the boycott and more consumers become aware and support the boycott; it will lead a bigger economic pressure. He also explains the opposite and argues that once many consumers join the boycott, the media coverage will increase. However, Garrett (1987) argue there is a negative correlation between policy commitment and the two boycott forms economic and image pressure. Once the target perceives the pressure to be very high, the target reduces the commitment and/ or agents perceive the target as highly committed and lessen.

The topic of consumer boycotts has been discussed and previously and it has shown that there are various types of boycotts and these may depend on time, location, extent of participation, sponsors, actions, functions, actions and targets (Friedman, 1999). Friedman (2001) argues there are different types of boycott. Surrogate boycott is one type of consumer boycott.

2.2.1 SURROGATE BOYCOTTS

In a surrogate boycott, there are often more players involved than a regular consumer boycott. Surrogate boycotts usually have three main actors; the one who created the dissatisfaction, the ones who boycott and the ones who is being targeted for the boycott. The first category is often represented by political parties, nations and/or states. In some boycotts there is no possibility for the consumers to boycott such targets because they are not in direct contact with the consumers. The solution for the consumers in such situations is to boycott a third part, which has the power to affect the target or it operates in the same geographical region (Friedman, 1999; Friedman, 2001).

Wang (2005) argue that the risk of becoming boycotted is depending on several factors, national association, familiarity /visibility, like-ability and magnitude. Due to the fact that boycotts usually is triggered by media gives the actions much more coverage, more consumers voices are heard and affected by the cause.

2.3 STRATEGIC IMPLICATIONS FOR TARGETS

Targets need to evaluate how much image and economic pressure they may face by the boycott and secondly question and decide how committed they are to the policies which has “offended” the agent. As shown in Figure 1, the target may respond in four strategic ways (Garett, 1987).

		Target’s Policy Commitment	
		Low	High
Boycott’s Pressure Potential	Low	Policy modifications with a warning	Low Profile
	High	Damage minimization	Counterattack

Figure 2: Targets policy commitment (Garret, 1987, p. 52)

2.3.1 POLICY MODIFICATIONS WITH A WARNING

Policy modification with a warning is when the potential of the boycott is low and the target is not strongly committed to the policies. As a result the target can modify their policies which the agents have expressed their displeasure with. It is important for the target to clarify that the changes were not made due to fear of the boycott. If target does not, other agents will be encouraged to use more boycott in the future. There are companies that still refuses to do changes which they believe are reasonable, just for fearing the encouragement of starting boycotts in the future (Garett, 1987).

2.3.2 DAMAGE MINIMIZATION

High pressure in terms of boycott can arise against targets and they can be seen as very damaging. The target may lose a lot of profits and in addition have negative publicity showing

the scandal which can cause inquisition. A solution for this issue is, at the point when the target feels that the agent is correct and has reasonable complaints, the target should diminish the risk by revising the incorrect policies before the situation escalates. If the target refuses it can create unnecessary damage. In order to reduce the risk for the business in the future, the target invites target representatives to join their advisory panels (Garett, 1987).

2.3.3 LOW PROFILE

A low profile should be held when the boycott pressure is relatively low and the target is committed to its policies. The target may think that the accusations are false and inaccurate. Another argument for keeping a low profile is that if the target starts acting aggressively, it may aid the agent. Companies tend to measure and read the situation carefully and try to keep a corresponding approach, if the agent is holding few low pressure boycott then targets should preferably hold a low profile (Garett, 1987).

2.3.4 COUNTERATTACK

Some targets face too high pressure and by the end it becomes too high to ignore. In order for the companies to minimize the pressure of the boycott, during the high pressure/ high commitment, the target must act resolutely. As a response to the pressure the target should make a counterattack including campaigns which stress their perspective. Companies who want to respond to negative publicity can defend themselves by putting their story in media so consumers can see two sides of the coin (Garett, 1987).

2.4 MARKETING MIX

Marketing is today a popular subject and there is many ways to both conduct and describe marketing activities. One of the more common theories within the fields of marketing is the marketing mix, more known as the 4 P:s. McCarthy (1964) proposed a marketing model that contained 4 P:s where the four P:s stands for price, place, product and promotion. The 4 P:s model have been discussed for a long time and has been mainly used for industries selling tangible products. Service sector has used the 7 P:s model which in addition to the 4 P:s adds people, physical facilities and process.

The marketing mix is according to Kotler and Bliemel (1999) a marketing tool which companies use in order to reach their marketing goals and objectives. Becker (1999) argues in his framework that it is vital to understand the importance of having using the marketing tools. To be successful he argues that companies must be customer orientated.

Ivy (2008) defines it as “*a set of controllable marketing tools that an institution uses to produce the response it wants from its various target markets. It consists of everything that the university can do to influence the demand for the services that it offers.*”
- (Ivy, 2008, p. 289)

According to Ferrell and Hartline (2002), marketing departments and groups of firms need to consider the changes in the markets and try to understand how to tackle them.

2.4.1 PRODUCT

A need or want which has been satisfied by the anything offered on the market for use, attention, consumption or acquisition is a product according to Kotler (1991). A product can also be explained as a combination of tangible features and a package of benefit which is used to satisfy need of costumer (Ivy, 2008). Product is a set of three elements, *benefits, attributes and marketing support services*. These can also be named as *core product, actual product and augmented product*.

The *core product* is the core benefit and the service solution of the problem. This can also be seen as what the consumer really is buying when getting the product. *Actual product* is the parts of a product i.e. quality, brand name, packaging, features and styling. *Augmented product* is non-tangible benefits the company offers including installation, delivery and credit, warranty ad after sale service. (Eppinger & Chitkara, 2006; Vignali, 2001; Vignali, 1994)

2.4.2 PLACE

Place is the distribution method that firms need to adopt. It's also called for location and it includes all the action which is taken in order to reach a good distribution, transport and store keeping. Knowing what is the place is costly for firms to but it MNC's usually invest in this in order to reach the maximum amount of outlets. (Vignali, 2001)

2.4.3 PRICE

The price is what is being charged for the products. Pricing is not just a matter of revenues; it affects the perception of the product. Before setting price one should consider the life cycle of the product and the brand. Firms have to select the right price for the right market and this is done by different pricing strategies for different markets. (Inky, 2008; Vignali, 2001)

Vignali (1999) has argued choosing the price strategy is a process:

-
1. Selecting the price objective
 2. Determining demand
 3. Estimating cost
 4. Analyzing competitors costs, prices and offers
 5. Choosing a pricing method
 6. Selecting the final price

2.4.4 PROMOTION

Promotion is the set of tools which is used to inform the market of the offerings the firm has. Promotion or the communication mix is consisting of five subgroups:

- Advertising
- Direct marketing
- Sales promotion
- Public relations
- Personal selling

First after choosing the target audience one can formulate the message and it should attract attention and create awareness and interest of having the product which should lead to buying the product. Personal selling, developing relations with organizations, sales promotions is to receive good publicity and try to tackle negative publicity in the best way. (Vignali, 2001)

According to Ferrell & Hartline (2002) customers do get attracted by sales. The result of a research made by Nielsen Company in 2009, tells us that consumers prefer price campaigns instead of changing to another firm. This research showed also good result when customers got rebates, loyalty programs premiums (Ferrell & Hartline, 2002).

Companies use communication during the crisis period in order to influence stakeholders views on the organization and in the purpose of protecting the brand image from being damaged. Communication is a tool which can be used for changing public perceptions on a company i.e. informing, convince and motivate. Firms need to communicate during crisis to prevent damage and negative reactions from escalating. Another purpose of using communication during crisis is to inform and remind of missions, values and operations (Ray, 1999; Coombs, 1999).

Coombs (1995) has in his framework presented a communication model which contains five different communication strategies, *non- existence, distance, integration, mortification and suffering*.

The *non- existence strategy* is when firms deny the existence of the crisis (Ibid).

The *distance strategy* aims at distancing the firm from the incidents. Distancing themselves is also a strategy to inform the target that the size of the crisis is not huge. Once the firm has distanced themselves they also excuse themselves which shows that they have no intention of creating a crisis (Ibid).

The idea of the *integration strategy* is to use the establish image of the company to shift focus of the crisis and get the approval of the general public (Ibid).

In the *mortification strategy* firms tries to win the hearts back and to get a public acceptance. This can be done in various ways i.e. compensating the ones who become victims of the crisis. Firm also state that the same mistake will never happen again (Ibid).

The *suffering strategy* aims to focus on making the firm the victim in the whole crisis and by this get sympathy by the target (Ibid).

2.5 CORPORATE RESPONSES

Aggerwall, Knudsen and Maamoun (2008) set out to study the consumer and products boycotts. The author's objectives were to investigate and create an understanding of the consumer boycott phenomena from two perspectives. First from the perspective of how boycotters organize and create participation and the second point of view was from the companies and how they respond to such boycotts in order to minimize its impact.

Aggerwall, Knudsen and Maamoun (2008) conclusion was that most companies are relative unprepared for working with crisis such as boycotts. When working under boycotts there is never one solution for every problem and situation. Every boycott has its own factors and variables that companies need to take into consideration.

In the recent boycotts, Aggerwall, Knudsen and Maamoun (2008) detected certain similarities when dealing with boycotts. In their study they identified seven different strategies used by companies when faced with consumer boycotts. The authors constructed a model and a framework on how companies may respond when facing a boycott.

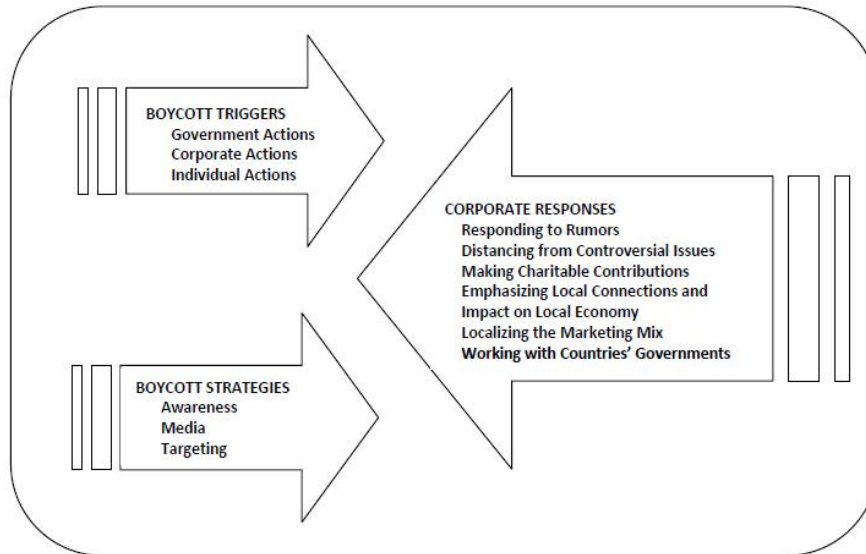


Figure 3: The Boycott battle (Aggerwall, Knudsen & Maamoun, 2008)

The model describes a boycott from three different angles:

- 1) how boycotts are triggered
- 2) how the word of the boycott is spread
- 3) how companies can respond to boycotts

According to Aggerwall, Knudsen and Maamoun (2008), boycotts can have a big impact on firm's finances, profitability and even existence on certain markets. Many companies have in the last decade faced boycotts for different reasons (Usunier & Lee, 2009). Aggerwall, Knudsen and Maamoun (2008) have in their model described seven ways of which companies can respond to boycotts, micro as well as surrogate boycotts. The author's strategies are here complemented with suggested strategies from Ettenson et al. (2006).

2.5.1 RESPONDING TO RUMORS

A strategy that firms could apply is to address the conflict. If companies not address the subject or simply ignore the problem, it could be potential hurtful for the firm. Both in terms of the reputation of the firm, as well as other factors like goodwill etc. If companies are being targeted by rumors, right or wrong, it is important for companies to take a stand and counter such rumors that could be spread in such situations. It is important for companies to form a clear message and have good communication during a crisis. By doing this, companies can be active and somewhat control the flow of information that reaches the general public. (Aggerwall, Knudsen & Maamoun, 2008)

2.5.2 DISTANCING FROM THE CONTROVERSIAL ISSUE

Ettenson et al. (2006) stress that distancing the company from the controversial issue is one of the optional strategies companies may use in such situations. When the crisis does not originate from any action taken by the company itself, there is a chance for the firm to distance itself from the issue. Such actions that could affect a company could be actions taken by governments or other politically charged issues that could affect the company (Aggerwall, Knudsen & Maamoun, 2008). By quickly distancing the company from the controversial issue could help the firm to stay out of the conflict and thereby saving the company from a turbulent time with financial losses etc. (Ettenson et al., 2006).

2.5.3 MAKING CHARITABLE CONTRIBUTIONS

In order to help companies to improve their image in the eye of general public, firm can make charitable contributions to the society. Such contributions could be given to causes that improve the welfare of the region. This could be done by sponsoring humanitarian projects, give aid-packages to people in need, start collaboration with firms and organization like the Red Cross foundation. (Aggerwall, Knudsen & Maamoun, 2008)

2.5.4 EMPHASIZING LOCAL CONNECTIONS AND IMPACT ON LOCAL ECONOMY

Other strategies companies can use as a response to boycotts are to emphasizing on how the boycott affects local businesses. Today, many firms have local office that operates independently from the main office. The local offices also have connections with local companies that may be affected by such a boycott. By emphasizing on the local connections and the general impact on local economy companies may cushion the blow and boycott. (Aggerwall, Knudsen & Maamoun, 2008)

Companies may also form joint venture with a local firm in order to build a stronger relation with the region and have a higher penetration and at the same time the company may lose its connection to another region (Ettenson et al., 2006).

2.5.5 LOCALIZING THE MARKETING MIX

One way for companies to respond to boycotts is to localize their marketing mix. This could be done in many different ways. Companies could start making products with strong local flavors, get local celebrities to promote their products or de-emphasizing the origin effects on the products or brand. (Aggerwall, Knudsen & Maamoun, 2008)

2.5.6 WORKING WITH GOVERNMENTS

Corporation can also turn to their government for help in sensitive situations, such as boycotts. This could help minimizing or avoiding troubles that comes with boycotts. In some crisis the issue becomes so powerful that merely actions by companies are not enough. In such conflict companies could turn to governments to help them find diplomatic solutions to the conflicts (Aggerwall, Knudsen & Maamoun, 2008).

2.5.7 DOWNPLAY THE “COUNTRY-OF-ORIGIN”

In surrogate boycotts, the policies and actions of a government can lead to boycott of products from that country. In such a situation, companies can choose to downplay the country-of-origin, the “Made in...”, and instead reposition themselves as a local brand (Ettenson et al., 2006).

The country-of-origin of a product can have an effect on the way the consumers perceive the product. The consumers may project the image of the country on to the products (Lehtonen, 2008). When the image of the origin country is perceived as negative, companies can choose to downplay the role of the country-of-origin as strategy in order to avoid controversy.

2.6 THEORETICAL FRAMEWORK

Based on the theories presented in this chapter, we want to highlight the connection between crisis, crisis effects and the corporate responses. The model was created to illustrate the correlation between the aspects.

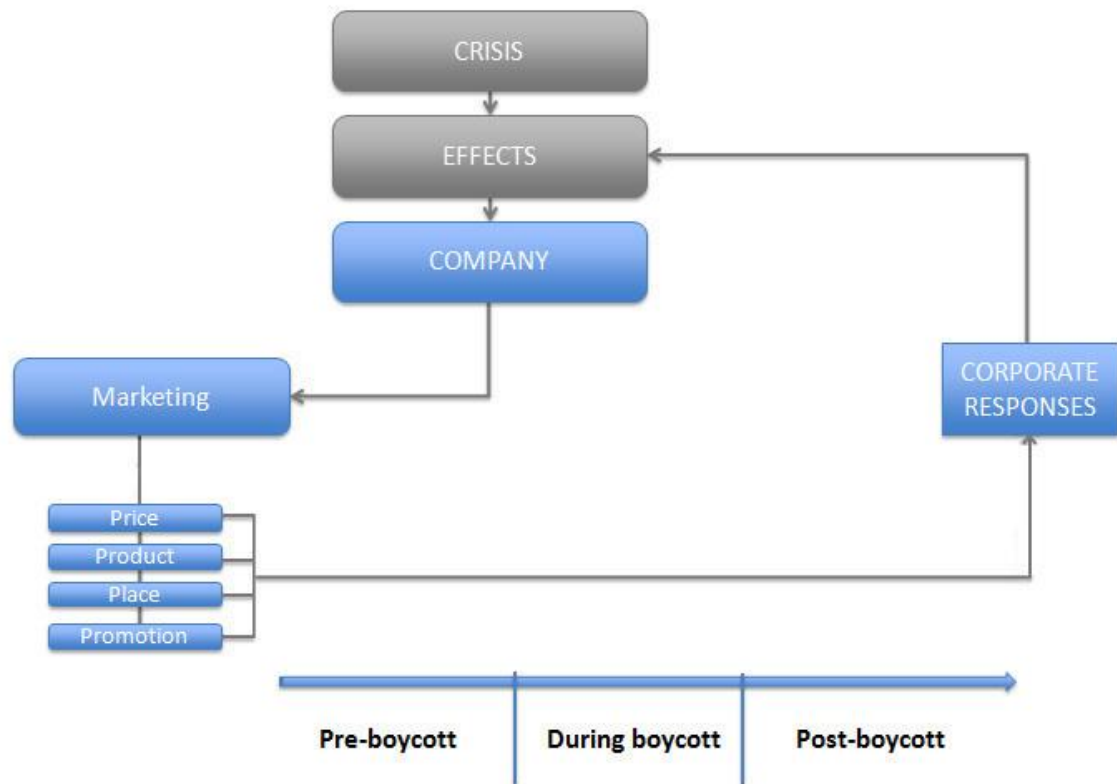


Figure 4: Crisis response model

The model above has two external aspects of crisis and effects of the crisis. The model shows the crisis as a triggering part in the conflict. The crisis could be an event that triggers an emotional response from a group of people. The effect of the crisis could take the shape of a consumer boycott against a company or several companies. Then there is the internal aspect of the company who gets affected by the boycott and must find ways to respond to the effect of the crisis.

To deal with the situation, firms can use different internal tools and strategies in order to try to minimize the effect of the boycott and minimize the damage it can cause the company. In this thesis we have a marketing perspective, therefore the marketing mix represents the tools and strategies a company can work with and change in order to reduce the impact of the boycott. By altering the marketing mix, companies can respond to effect of the conflict.

We have included the aspect of time in the model. We will look at how the marketing mix is used and changed during different stages of the boycott. The three stages we are looking at are the time before the boycott (pre-boycott), during the boycott (during boycott) and the time after the boycott (post-boycott).

3. METHODOLOGY

This chapter describes how we conducted this research. The purpose of the chapter is to provide an understanding on what methods we have chosen and also why we choose our methods. We will describe our research in terms of approach, data collection, sample selection, analysis and the reliability and validity of the paper.

3.1 RESEARCH APPROACH: DEDUCTIVE OR INDUCTIVE

There are three different approaches to research: deductive, inductive and abductive approach. The deductive approach is often used in qualitative research. According to this approach, the researchers based their research on theories, which through empirical data which lead to conclusions and final result. The inductive research method is frequently used in quantitative research. The inductive research usually starts out from empirical data, which can then be used in comparison with earlier theories and research. This may lead to the formation of new theories. The abductive research is a mix between the inductive and deductive approach (Jacobsen, 2002; Saunders, Lewis & Thornhill, 2007).

For this thesis we have used a deductive approach. We have read up on the subject in order to get a better understanding of the issue and problems companies are facing when dealing with boycotts. The advantage of this method is that we have been able to understand the subject and create relevant and interesting a questionnaire to our respondents (Hartman, 2004). According to Jacobsen (2002), the advantage with the deductive approach is that the researcher may have access to previous research and thereby construct an interesting and structured interview guide. The disadvantage of the method is that the researchers may be colored by previous research and look for information that they consider to be relevant (ibid.). There is a risk with the deductive approach, but in order to know what to ask our respondents we felt that we needed a basic understanding of the subject. That was the final argument for our method choice.

3.2 RESEARCH METHOD: QUANTITATIVE OR QUALITATIVE

When conducting a scientific research, researchers can choose between two ways of collecting empirical data. They can choose to use a quantitative or qualitative approach.

According to Jacobsen (2007), in the quantitative approach researcher collect data in form of numbers and statistics by asking or surveying a large number of respondents who may respond to a standardized questionnaire. The quantitative method is useful when the researchers need to collect statistics to support conclusions. The advantage of quantitative method is that it is very cost efficient and easy to deal with. Analysis can be done with the help of computers. The information will be easy to organize, present, and usually provides a

high external validity. A negative aspect of the quantitative approach is that data can be superficial and it cannot explain how and why certain relationships appear. Another disadvantage with the quantitative method is that the researcher gives the answers in advance, and by that controls the outcome of the survey (ibid.).

The qualitative approach is more focused on words and expressions of the individual or individuals and the data is collected through open individual interviews (Backman, 2009). The method gives the respondents a possibility to answer the questions more detailed and also gives them a chance to explain the answers. The qualitative approach is preferable when the researcher want to get a deeper understanding of a subject or situation and it also provides a high internal validity of the phenomenon or situation the researchers study (Jacobsen, 2002). Disadvantages of the qualitative method is that are that it is resource demanding. It focuses on individual cases and interpretations and which may make it difficult to generalize on a large population, the external validity (ibid.).

Based on our problem and our purpose, we have chosen to use a qualitative method. In order to answer our problem, we need an understanding of how and why companies acted during the boycott and how the boycotts affected them. The disadvantage of the method we have chosen is that we focus on a small number of respondents, which could hurt the external validity of the study (Jacobsen, 2002).

Since we choose to interview a few companies and people, our goal is not to generalize on a large population. We want to describe how the companies we interviewed worked and acted during a stressful time of their history and see if there are similarities and differences between them. The advantage of this method is that we can achieve a high internal validity of how our respondents actually worked (ibid.). Our objective with this study is not to generalize but to describe and explain how the companies we interviewed worked during a boycott. Therefore, we felt that a qualitative approach is best suited to answer our problem.

3.3 RESEARCH DESIGN: CASE STUDY

In order to answer our research purpose and research questions, we have decided to use case studies. Within the field of case studies there are according to Yin (2003) several different types of cases studies that researchers may choose between. There are single case study, multiple case studies, descriptive studies and exploratory studies (Yin, 2003). For this theses we have choose to use multiple case studies. By using more than one case, we can compare and see if there is similarities and differences between different companies methods when it come to the subject in matter.

3.3.1 SELECTION OF CASES

According to Bryman and Bell (2007), in order to get a high level of validity in a research it is important to choose the right sources of information. There several ways to determine the sample of a research. There are random selection, broad selection, information based selection, representative selection, extreme selection, snowball method etc. When conducting a qualitative study the selection should be determined by the purpose on which the research is based on (Jacobsen, 2002).

Our purpose in this study is to examine what role surrogate boycotts can play on companies targeted by a surrogate boycott and how companies can work with their marketing strategies to reduce the effects of the boycotts. In order to have companies that could help us answer our questions, we choose an information based selection approach. The information based selection approach gives the researchers the ability to choose a selection that have the information the researchers needs in order to answer the purpose of the study (Jacobsen, 2002).

With our purpose, we need to have a selection that live up to certain criterias. Those criterias were:

- The firm has been a target of a surrogate boycott
- The firm has been affected by such a boycott

With these criterias in mind, we concentrated on the latest surrogate boycott in the Middle East where Danish companies were boycotted. We then started to contact Danish companies that were doing business and operating on the Middle Eastern markets¹ during the boycott and at present time. At first we made an inquiry by e-mail to 30 different companies. After we came in contact with two companies with FMCG² products, we choose to concentrate on the FMCG companies. This because it would become more interesting to look at companies within the same industry and it would also help our analyzing process as it would become more smooth to compare the companies with each other.

¹ Middle East region in south west Asia, and sometimes also includes parts of North Africa. The term used for an area consisting of the countries of the Arabian Peninsula, Turkey, Syria, Lebanon, Israel, Egypt, Jordan, Iraq and Iran. [6]

² Fast moving consumer goods are goods sold to relatively low price and quickly.

3.3.2 SELECTION OF RESPONDENTS

In order to sustain a high validity throughout the whole thesis we have been very strict with choosing the right persons to conduct interviews with. We had certain criterias when choosing the respondents. The respondents should work within the field of sales and marketing. They should be experienced within this scope of work. The positions of the respondents should be closely related with the Middle Eastern markets. The last requirement for the respondents is that they should have worked for the company during the boycott.

3.4 DATA COLLECTION

The data in this research was collected with two different methods. Our theoretical framework was collected through researching previous articles and authors that have conducted studies within the field. Our empirical data was collected through interviews.

3.4.1 PRIMARY DATA: INTERVIEWS

Our primary data consists of the empirical data we collected through our interviews. The purpose of the interview is to obtain information through conversation, which will help the researchers to answer the research question (Svensson & Starrin, 1999). According to Patel and Davidsson (2003), when conducting personal interviews it is important to be open about the purpose of the interview. It is important to give the respondent an understanding of how his or her answers will be used in the research (ibid.). According to Jacobsen (2002), it can be a disadvantage to provide too much information before the interview. It could lead to that the respondent shape their answers to fit what he or she thinks the interviewer wants to hear. People are entitled to know what their information will be used for (ibid.).

We collected our empirical data through personal interviews. Patel and Davidsson (2003) consider the personal interview approach the best method to obtain qualitative information. There are in general two ways to conduct a personal interview in: Personal meeting or telephone interview (Patel & Davidsson, 2003).

According to Jacobsen (2002), a personal meeting is the preferred interview method when conduction qualitative studies. A meeting face to face with the respondents can reduce the risk of misinterpretation and enhance the quality of the material. The negative aspect of a personal meeting face to face is that risk of interview effects is greater. Interview effects means that the interviewer can influence the respondents by their body language, way to ask questions, choice of words etc. Ideally the interviewer should never control the outcome, however researchers believe that there is no way to conduct an interview without having some effect on the respondent, regardless of method (ibid.).

The advantages of telephone interviews are cost-effective, because neither part needs to go anywhere in order to conduct the interview (Jacobsen, 2002; Saunders et al., 2007). Jacobsen (2002) suggest that telephone interviews can reduce the interview effect. The disadvantage with telephone interviews is that it can be difficult to collect qualitative in depth information from the respondent by phone (Jacobsen, 2007; Saunders et al., 2007).

In this thesis we have choose two interview methods; we have conducted interviews by personal meeting as well as by telephone. Interview by personal meeting was our preferred method of choice. We believed a meeting in person with the people we were interviewing was going to generate better answers and dialog. In some cases we have conducted smaller interviews by telephone. These interviews purpose was to clarify some questions we had regarding the respondents answers. We choose this method because it would make much easier for both us and our respondents as we did not need to be physical present at each interview.

3.4.1.1 SEMI-STRUCTURED INTERVIEW

When conducting an interview, researchers may choose to among different methods. According to Saunders et al. (2007), there are three general types methods to conduct an interview: structured interview, semi-structured and unstructured interview.

Structured interviews are a good method when the researchers know what types of answers he or she is looking for in advance have a clue about how the respondents will respond. This method is preferred when conduction quantitative research. A positive aspect of the structured interview is that it is effective. However, the data can also become superficial and not get any of the depth you can get with a qualitative method (ibid.).

When conducting a qualitative research, Saunders et al. (2007) argues that a semi-structured or unstructured interview is most suitable for collecting primary data. The semi-structured interview is more open than the structured. In a semi-structured interview the researchers has selected a few themes in advance that he or she wants to deal with during the interview. This gives the respondent more room to interpret the questions and describe how he or she looks at the investigated phenomenon. An advantage of the semi-structured interview is that it is focused, while giving the respondent more freedom in their responses.

We have chosen to use a semi-structured interview method in this thesis. By examining certain themes and have some questions ready in advance, we give the respondents room to develop their answers. By doing so we could also go with the flow of the interview, an ask question as they entered our mind.

3.4.1.2 INTERVIEW GUIDE

Our interview guide is we designed after the research method that Saunders et al. (2007) refers to as semi-structured. We selected in advance some themes and issues which we wanted to cover during the interview. The themes and questions were based our theoretical framework and other theory we have read on the subject, our problem formulation and purpose of the study. We wanted to have open ended questions that would give the respondent the opportunity to give their own interpretation and thoughts on the subject. Depending on how the interviews went on, we gave also the respondent a chance to develop their responses.

3.4.1.3 INTERVIEW PROCESS

We have conducted interviews with four companies; Mette Munk A/S, Nordex Foods, Quantum and Arla Foods. The interviews were made in several places in order to be available close to them and for the respondent to feel comfortable answering without feeling any pressure. The interviews were taped with a recorder so we could repeat in case we would misunderstand or forget something. During the interviews one of us focused on questioning and the other would take notes. After each interview we tried to sit down and write down the answers we received from the respondent and this was made due to diminish the confusion. The Interviews took approximately one hour each to conduct.

As mentioned above the interviews were made on different places and we traveled to Denmark to conduct the interviews. The interview of Mette Munk A/S was made in Holsterbro in Mid Jylland. Holsterbro is where Mette Munk A/S has their management office and we had the opportunity to interview Claus Olsen Sales and Marketing Director and Helle Olander Kristensen, Product Manager. All interviews were conducted in rooms behind closed doors so the respondent would feel comfortable with answering. We did not want to interview Claus and Helle both at the same time. This was a decision taken in order to diminish the risk of respondents affecting each other and get an answer which can be compared.

The interviews with Nordex Foods were made at their main office in Dronninglund. We interviewed the Area Export Manager of the company, Jacob Olesen. In addition we also met Gitte Nielsen. These interviews were behind closed doors in the office of the respondents.

We met Esben Nielsen, the founder of Quantum in Copenhagen since the founder of the company had a meeting there. The interview took place at a Bjolsen cafe in Bjolsen Copenhagen and this cafe had separated study rooms which we used.

Mihaela Meuleman, who in this case responded for Arla Food, is based in Dubai, United Arab Emirates. We had the opportunity to conduct an interview in Copenhagen since she had booked a meeting the same day with her line manager. This gave us the opportunity to use the

same cafe, Bjolsen Cafe, due to the separated rooms and assuring that nobody would disturb neither us nor the respondent.

3.4.2 SECONDARY DATA

Literature for our theoretical frameworks has been collected from Halmstad City library and University of Halmstad's library. For the framework we have used both books about marketing and crisis management. We also read articles that were covering the subjects of boycotts, crisis marketing and crisis management etc. The articles for this paper were gathered by using search engines and article databases like: Google, Google Scholar, JSTOR, Libris and Emerald. Keyword we use while searching was Muhammed cartoons, boycott, macro/micro boycotts, surrogate boycott, corporate strategies, crisis management, marketing strategies, marketing in boycotts, crisis marketing etc.

We have also used secondary data to support our empirical findings. Such data was collected through the case companies' websites, press releases, newspapers websites and some cases other research papers were the subject of the Muhammed cartoon controversy were covered.

3.5 ANALYSIS METHOD

In order to get a good analysis, we choose to record and transcribe our interviews. We did this in mutual agreement with our respondents. The transcripts was a great help and tool for us in our analysis process as we could go back and read our material over and over and thereby reduce the risk of misinterpretation. We also took notes during the interviews in order to simplify our analyze process. Jacobsen (2002) argues that there is a great advantage with recording interviews, as the researchers can fast forward and return to the material many times after the actual event. After writing and listened through our interviews, we could sit down and analyze them to see if we could find connections, similarities and differences between our interview responses.

We used our theoretical frameworks as base for our analyzing process. We also used our interview guide as a point of reference as the interview guide was based on our theoretical framework. By going through each topic and answers we could easily compare the respondent's answers with each other to see if there were any similarities, differences and/or patterns.

In order to ensure that every angle is covered in our analysis process, we will use what authors Miles and Hüberman (1994) describe as within-case analysis as well as cross-case analysis. Within-case analysis is when researchers compare data with the theoretical

framework and cross-case analysis is when the researcher compares the collected data with each other.

We have also chosen to use sentence concentration and data reduction (Kvale, 1997, Miles & Hübeman, 1994). This method enables the researchers to shorten long responses and reword them so that the meaning of the conversation and question becomes clearer. Miles and Hübeman (1994) argues that this method are a big part of the analyzing process as it shortens the interviews, makes them sharper and more compact as well as it helps the researchers to organize data. We then choose to categorize our empirical work to create simple categorize that made it easier for is to compare the different interview answers.

3.6 AUTHENTICITY OF THE RESEARCH

The authenticity of a research is concerning question about the quality of the research and the result. This can be divided in to two main components; validity and reliability. The concept of validity of a research is whether the study has used the right instruments and methods to obtain the information. The meaning of reliability of a study is whether the result can be trusted. In this paragraph we will explain our thoughts on the subject and explain how and why conduct the study we have chosen.

3.6.1 VALIDITY

According to Saunders et al. (2007), the concept of validity is whether the researchers have used the right instruments to conduct the study and the quality of the results. Or in other words; did the study measure what intended to measure and can the researchers use the data.

The researcher must make a subjective evaluation of the questions and ensure that response options covers the variables that the study are suppose to measure. Since we planned and designed the questions in advance and we checked them before the interview we believe that they cover the aspect we want in our study, therefore should result in good responses. In our questionnaire we have used open questions and allowed the respondents to explain the actions taken by the firm. By using an open interview approach instead of a more formal we hope to prevent low validity.

When we contacted each company we explained the purpose of our research and our questions on so that the company could help us find appropriate people to answer our questions. Wrong people who cannot answer our questions would undermine the validity of our study. By choosing to interview companies and people who were involved in the Muhammed crisis and knew how the firm acted during that period, we are confident that our data will have a high level of validity.

3.6.2 RELIABILITY

The result of a study must be true and reliable. The research must be conducted in a credible way to insure that the result of the study is good. To ensure that the results are true and reliable, the researchers should ask them self the following questions after a study: will the survey give the same results on other occasions? Will other investigators get the same result? Is it clear how the raw data was interpreted? (Jacobsen, 2002).

There are many problems that could occur with the reliability of a study. For example, the respondents in the study can fail in their responses. They may give untruthful answers as they feel that the truth is not good enough or they may misinterpreted the question and as a result give the wrong answer (Kvale, 1997).

In order to minimize the risk for misinterpretation, we conducted each interview in person with our respondent. If anything was unclear or if there was a question they didn't understood we could explain it and thereby ensure that they give good quality answers. In the case of untruthful answers, we are aware of the risk and we have conducted more than one interview with the companies.

4. EMPIRICAL DATA

The fourth chapter contains our empirical data which was collected for this paper. The data includes interviews with people from the companies: Mette Munk A/S, Nordex Foods, Quantum and Arla Foods.

4.1 METTE MUNK A/S

Mette Munk A/S is a Danish company full of rich history. The company produces pastry, especially Danish pastry. Mette Munk A/S was the first Danish company that began to export frozen Danish pastry. Mette Munk A/S has been exporting pastries to the Middle East region since the beginning of 2007. At the start they had one agent in Saudi Arabia and one in the United Arab Emirates (U.A.E.) that were operating on their behalf in the region. The company is exporting to all countries in the Arabian Gulf.

At Mette Munk A/S we interviewed Claus Olsen, Sales and Marketing Director and Helle Olander Kristensen, Product Manager. Claus has several years of experience when it comes to operating in the Middle East and has lived in the region for several years. Helle is in charge of all of Mette Munk A/S products. At the time of the crisis, Claus was directly responsible for the contacts with the markets in the Middle East.

4.1.1 BEFORE THE BOYCOTT

At Mette Munk A/S they started to follow the conflict early. For Mette Munk the Middle East market was still in an early stage. Mette Munk A/S started their operations in the Middle East in the middle of the Muhammed crisis. Claus, Sales and marketing manager, points out that the boycott started almost a year before Mette Munk A/S entered the Middle Eastern market. However, the boycott kept re-appearing through reprints of the Muhammed cartoons in different newspapers all over the world. Mette Munk A/S entered the region at a moment where the boycott had begun to slow down. But then the boycott erupted again in a second wave and at that time Mette Munk A/S had already sent containers with products to the region.

Mette Munk A/S was somewhat prepared that the crisis in the Middle East could have an impact on their company, as any Danish company would have been at that time. It became very obvious to them at the morning of the reprinting of the cartoons that they would have an impact on the company. The evening before the reprinting, the employees realized the gravity of the situation when the artist behind the cartoons were attacked at his own home. Then it became clear to them how controversial and charged this issue really was.

Mette Munk A/S did not have a structured plan for how they were going to act through crisis. They started to analyze what parts of their business that could be affected by the crisis, e.g. Shipment, payment etc. But as for how they were going to tackle the situation they were totally unprepared. The management of the company held internal communications to update each other of the situation and possible solutions and evaluating the impact of each solution and resolution taken. The updates came from their partners which they also held a daily dialogue with. There were some discussions about solutions, eventual costs of making a solution and the effects. This was brought up with their local partners in the area due to the fact that they were very new in the region and felt more comfortable of taking advantage of the expertise of their partners.

Except for the increase in communication within the company and with the partners in the Middle East, Mette Munk A/S did not change anything about their way of doing business or market them self in the region before the boycott. According to Claus, the marketing director, there were not even talks about changing their products or price before the boycott started.

4.1.2 DURING THE BOYCOTT

The first thing that they did at Mette Munk A/S when the boycott struck was to contact the agents in the Middle East, one the Dummam in Saudi Arabia and the other in Dubai in U.A.E. They explain to the agents what was going on in the Denmark at the time so that they understood what was happening. At Mette Munk A/S, they felt that it was important to keep communicating with their partners in the region. They felt that it was very important for both parties to have a good understanding of what was going on in the region and also that they always got information from the right sources and not were dependent on word-of-mouth.

The boycott had not a big financial impact on Mette Munk A/S at the time, as they were only exporting to the region. At the time, they had already got payment for the products that they had sent to the region. So it was a bigger problem for the agents in the region who had difficulties getting the products out to the markets. The agents in both Saudi Arabia and U.A.E's stocks were getting very full and that became a big problem for them. As Mette Munk A/S deal with dairy products, their products have a short expiration dates and such products needs to be distributed fast to the stores were they could be sold. But now, the stores did not take their products and as a result Mette Munk A/S had to stop all distribution to the region.

Mette Munk A/S did not do anything at the time to help their agents to get their products their customers again. At the time, the issue was very sensitive and they felt that it was better for the company to lay low for a couple of months and not try to push the products in to the markets. As the customer did not want to buy Danish products they felt that there was no point in pushing their products with promotion.

When it comes to promotion and interaction with any media, a “lay low”-policy is the closest thing to a strategy that Mette Munk A/S had during that time. As Mette Munk A/S is a smaller company compared to other big Danish companies like Arla Food and Carlsberg, they could enjoy the luxury to lay low in such situations. Bigger companies that are more affected must act in such situations and go out and defend their company and their business.

Mette Munk A/S did not do any changes about their products or pricing during the boycott. When it comes to pricing, Claus tells us that the price is based on the cost of shipment and distribution the products to the area and there is not much they could do about the prices. Also, the prices were not the issue in this case either. The reason of the boycott was had nothing to do with the products itself, not their quality or the price or anything. The reason were that they came from the wrong country so according to Claus, altering the prices would have made little or no change at all at that time. As for working with the products, they decided not to do that. The reason for that was that there was cost issue involved with starting to alter their products.

When talking about effects of the boycott, they point out that even if the company where not directly affected financially at the time, they where indirectly effected as the future sales to Saudi Arabia for a year forward did not happen. And their agent in Saudi Arabia did not come back to the company after the crisis.

4.1.3 AFTER THE BOYCOTT

After the crisis they changed partner in Saudi Arabia. The boycott gave the agents much trouble with their Danish products and they were not so keen on taking that risk again. According to Claus, there were many reasons why the co-operation ended, but one of the most important reasons was that the distributor did not want to continue working with a company whose products were very associated with Denmark. The reason for this act was the fact that it was still not very positive to be Danish and therefore the distributor wanted Mette Munk A/S to change the image of their products. From Mette Munk’s perspective this was not optimal since the Middle East region was still not big enough to apply this on all markets.

The period after the boycotts the company had no direct involvement on the Middle Eastern markets. After the breakdown of the collaboration with the partner in Saudi Arabia they decided to take a step back and regroup. They started to look for new partners that could cover most of the markets in the Middle Eastern area. When they finally decided on a new partner they started to develop that relationship with the partner for about nine months. They wanted to have a strong foundation for their business down there so they spent a lot of time developing that relationship.

Claus does not think that the image of the company has taking too much damage from the boycott. Mette Munk A/S had recently been down at the international food show “Gulf Food”

in Dubai. At the food show they had come home with a lot of new contacts in the area and people are still interesting in doing business with them.

As for the marketing, there is not much that has changed after the boycott. At Mette Munk A/S they still promote their products in the region as authentic Danish products. As well they do promote their company together with their national Danish identity. For most part this has not been a problem for Mette Munk A/S. But in some cases, like with supermarkets in Saudi Arabia it has become difficult to promote their products to the stores. Also they prices of their products still remains the same and the prices in the region are cost based.

After the crisis had settled, they were chocked who the conflict had snowballed and the big impact that the crisis had had on Danish companies. The crisis has not changed the way Mette Munk A/S does business in the region. Today they are keeping a close eye on any market now and different aspects that could have an impact on their business.

4.2 NORDEX FOOD

Nordex Food is a privately owned Danish company. Nordex Food specializes in the production and exporting of white cheeses, e.g. feta cheese. The company has been operating for 25 years. The business with the Middle East has been a core part of their business since the beginning when all of their export went to the Middle East region. Today Nordex Food does business in most of the markets in the Middle East, with the exception of Syria and Iraq.

At Nordex Food we have had contact with Gitte Nielsen and Jacob Olesen. Jacob Olesen is Area Export Manager at Nordex Food and he has been working at Nordex Food for 20 years and the last seven years he has been in charge of all markets in the Middle East. Jacob was in charge of the Middle Eastern markets at the time of the Muhammed crisis and he still is today.

4.2.1 BEFORE THE BOYCOTT

Jacob explains that they started to follow the cartoon situation early. The cartoons where printed in September 2005 and directly they sat down and discussed if there was anything they could do to prevent this, as there was talks of boycotts etc. However, there were no big consequences for Danish companies before the boycott. The company kept an eye on the situation as it was a big thing in Denmark. As there are many Muslims living in Denmark today, the printing of the cartoons was a big and controversial issue.

Nordex food did not do much before the boycott started. Before the boycott, there was not much happening that involved their company, or for any Danish company for that matter.

They had some talks about the subject, but no big actions were taken before the boycott. There was very much business as usual. Small actions were taken, like keeping a closer eye on the conflict they also increased their communication with their business partners in the region. At Nordex Food they felt as it was not really anything that they could have done before the boycott as they were not a part of the problem.

4.2.2 DURING THE BOYCOTT

In January, a Friday, suddenly the decision came one day that there was going to be a boycott of all Danish products because of this Muhammed cartoons. This came as chock for the people working at Nordex Food. From one day to another, all supermarkets and customers in the Middle East started to return the products to their distributor. Everything that had anything to do with Denmark had to go from the stores.

“From the biggest supermarkets to the smallest shops, all started to call us and told us that we had to come and get out products as they refused to have Danish products in their stores.”
– (Olesen, J., 2011-04-08, interview)

This became a big problem for Nordex Food as the distributors in the Middle East got products returned to them they had sold. At the time the stocks was already full. Also Nordex Food had containers with more products on their way with no place for them to go and all their planned sales and productions came to abrupt stop. It was a very chaotic time at the company.

The biggest effect the boycott had on Nordex was the financial aspect. Nordex started their business in 1984 and at that time they only dealt with export to the Middle Eastern markets. So the business in that area has been a very important part of their business and still is. At 2005, just before the crisis, the business in the Middle East was about 25 % of Nordex Food total turnover. They sold for about 200 million Danish crones a year to the Middle East. So the Middle Eastern market was very important for the company and it was a market which the company was heavily relying on. All of the sudden in 2006, for four months they had no sales at all in the area. These losses in revenue lead to a lot of problems for the company.

The company had started plans for expansion in the region as the Middle Eastern markets was prioritized. The plan was to invest further in that market and to build production facilities in Dubai. Those plans of further investments in the Middle East had to be scrapped as a consequence of the boycott. The risks in the region at that time were far too great for such a large investment. Instead of the production facilities in the Middle East they invested in facilities in Romania instead, which was considered to be a far safer place to be at that time.

As for the image of the company, there were to a certain degree problems with the image due to their national origin. But it also depends on which relationship you talk according to Jacob.

As for the relationship with their distribution partners, there was no problem at. This because they had worked together for almost 20 years and they knew what the company stood for and that problem arrived from the newspaper in Denmark. As for the customers and consumers in the region, they were skeptical for Danish products for some time and it took time for sales to go back to the results they had before the crisis.

The first thing they did at Nordex Food was to create a crisis group. The role for this group was to try to deal with the consequences of the boycott and especially the economic situation. They tried to examine what they could do in this situation, what was going to happen, what were the risks and what were they going to do with their scheduled production etc. There was a lot of uncertainty at the time and they did not know how long the crisis where going to last of it could be over in a few days or if it would go on in infinity. Also there were discussion of shutting down the company as they had trouble with estimate the impact and losses of this boycott. After some discussion, they decided to try to find ways around the crisis so that they could come on top again.

One of marketing actions that Nordex Food took during the boycott was to change the labels on their products. As a result their products did not longer have the “Made in Denmark” label on them. At Nordex Food, it felt very strange at first to tone down the Denmark aspect of their marketing. They had always been proud of their national heritage and they still are. Denmark has in the past been a good for them, as Danish goods has been known for its good quality and if you showed up with a Danish flag you were always welcomed. But as the situation has progressed, they have decided that it is better to keep a low profile.

When it came to promotion during the boycott, Nordex Food decided to keep a low profile in media. This was done because they did not want to do anything that could worsen the situation. The company visited “Gulf Food” during the time of the boycott. This was according to Jacob a good opportunity to talk to previous costumers and potential costumers about the company and also explained the company’s innocence and values when it comes to the Islamic religion. They also talked about their history on the markets in the Middle East.

4.2.3 AFTER THE BOYCOTT

It has taken time for Nordex food to recover from the boycott on the Middle Eastern markets. The biggest supermarkets chain in Saudi Arabia, Panda, still has no Danish products in their stores. Jacob tells us that the recovery process is still ongoing today, five years after the actual events. The boycott did not only hurt Danish companies in terms of losses in sales, but other competitive alternatives came into the Middle East at that time and gained markets share. So the competition and the business climate have become more though after the crisis.

After the crisis, in order to promote their comeback in the region, Nordex Food sent out e-mails to all their customers in the Middle East (editors note: Supermarkets, restaurants, stores)

that explained how Nordex Food stood in the situation along with an official letter from a Danish minister that explained the situation. It was important for them to spread the word about the end of the boycott as wide as they could.

Nordex Food did also collaborate, along with other Danish companies operating in that area, with Dansk Industri³. Dansk Industri went out with different campaigns in the Middle Eastern region after the boycott in order to help Danish companies to recover some of the lost markets share. The campaigns aim was also to improve some the damage Danish image. Dansk Industri did promotions for Danish product and goods, a campaign that went out to almost every country in the Middle East.

Also, in order to mend the relationship with loyal distributors in the area, Nordex Food decided to cover some of the losses the distributors had during that time. For example, they bought back some of the old products that was ruined when it was placed back at the stocks at the distributors. They did this so that they could work together with them again as they had have a good past with the partners down there. However, sometimes it is more difficult and for example in Iraq the business has not yet started again. At Nordex Foods they believe it is because the partners down there are not willing to take the risk of having Danish goods in their stocks.

Today, some things have changed in the way that Nordex Food does business with the Middle East. For example, Nordex Foods operations have become more international. They also emphasize more on image of the international company Nordex Food, with their production facilities in both Germany and Romania. They no longer export products directly from Denmark to the Middle East. Instead they export from their facilities in Germany and Romania. As a result their products still does not have “Made in Denmark” labels on them. The fact that they only export from Germany and Romania is a conscious decision, because of all the controversy with Danish products in the region, they want to down the Danish aspect of their products. Of course, Jacob adds, there is always a change that something happens to the relationship between Germany and the Middle East, but for now they have taking the necessary steps in order to make sure that the company will not be so sensitive to crisis because its connection to Denmark.

The lessons that Nordex Food learned from this experience is that you should not lay all your eggs in one basket Jacob told us. In the past, the business with the Middle East region was a very big part of Nordex Foods operations and now they have spread their activities to more markets. Jacob said that it was lucky that this crisis did not erupt 20 years ago, because then

³ *“The Confederation of Danish Industry (DI) is the strong voice of corporate Denmark. On the behalf of 10,000 member companies, DI works to provide the best conditions for Danish businesses in order to improve the opportunities for growth and overall competitiveness” – (www.di.dk, 2011-04-14)*

Nordex Food would not have existed today. They also learned that some areas are difficult to do business in and there a lot of different factors that could have major consequences on the firm. So today they have a more watchful eye on situations that turn up in regions where they do business.

4.3 QUANTUM

Quantum is a Danish company that established in 2001. Quantum produces dairy products, focusing on cheeses as feta cheese and mozzarella. The company has been exporting to the Middle East region since the foundation of the company and exports to most of the countries in the area.

At Quantum we interviewed Esben Nielsen. Esben was one of the founders of the company and has been working at the company since the establishment in 2001. Previous to that Esben had been working in Saudi Arabia and Dubai for seven years for different companies, for example Uhrenholt. At the time of the crisis, Esben was covering all of the markets in the Middle East.

4.3.1 BEFORE THE BOYCOTT

Immediately when the cartoons where printed, there was a bad feeling at Quantum and they knew that this was going to bad news for both Denmark and their company. Since his time living in the region, he knew how sacred the prophet Muhammed is for the religion of Islam and he also knew the different aspects of Islam. What people can do and what they should not do is very clear to the Muslim people, and when the cartoons where printed, Esben knew directly that this issue was going to become very problematic. He was not surprised that there were strong reactions. He was more surprised that it took as long as it did for the reactions to grow to the point they did.

The company did not do much before the crisis hit the company. When caught in such a situation, things are totally out of your control and it becomes very difficult to do anything as it is very difficult to forecast the outcome.

They did however increase the communication with their partners in the area so that both parts where well informed of the situation, in order to minimize any problems that could erupt due to misinterpretation. All the time they exchanged information about the stands of the Danish government, what were facts and what was false acquisitions and so on. At this point Quantum also had internal meetings on a daily basis in order to update each other and making

sure that the competence of the company was used in any potential actions taken by the company.

“At the time there were a lot of rumors floating around, some true and some fabricated by people who saw an advantage of people boycotting Danish products.”

- (Nielsen, E., 2011-04-13, interview)

4.3.2 DURING THE BOYCOTT

The first 2 – 3 months of the boycott was hard on the Quantum. Their sales dropped and it was hard to times to keep the business going.

When the boycott broke out they felt at Quantum that they had to do something in order to minimize the effects of it. The first thing they did was to fly to the region and meet with their partners in the area. They wanted to get a better understanding of how deeply rooted the problem was in the area. Esben tells us that sometime you get one picture from the media and another from the ground and they wanted to get first hand information of the situation.

They also visited the international food show “Gulf Food” that where the same time as the boycott. There they talked to people and tried to get a feeling of the future business opportunities in the region. It was also a good opportunity for them to distance themselves from the controversy of the cartoons.

When it came to using media and other external communication the strategy was to keep a low profile. Companies that did go out with statements and apologies at the time of the boycott, like Arla Foods, where deliberately misinterpreted, misunderstood and attacked from both sides of the conflict. During that time there was a very aggressive atmosphere and especially Arla Foods was taking huge blows in media. Even the smallest things very taken out of context and put in context that was hurtful to the companies. With all this in mind, Quantum decided to keep a low profile. And there was never any discussion at the company to go out with an apology. This was never an option as the company felt that they had nothing to do with the conflict and they had nothing to apologies for. All they could do is to express their own views to the people that they worked with in the area. And they had known Esben for a long time, which was a good thing for Quantum.

In order to reduce the effects the boycott had on the firm’s business, Quantum decided to change some of their marketing strategies. They changed their products by changing the packaging and labeling. In the past they had always stressed the fact that it was a Danish company selling Danish products. This had in the past worked very well for them as partners, distributors, customers and consumers gets expectations that the product will be of superior quality when it comes from Denmark. The fact that it was a Danish product was a good sales parameter in itself.

When the boycott of Danish products came, they immediately started to downplay the role of their Danish nationality.

“Instead of calling it “Danish Feta cheese” we started calling “Feta cheese” and instead of labeling our product “Made in Denmark” we started to label it “Made in EU” on the packaging.” - (Nielsen, E., 2011-04-13, interview)

At Quantum they stress the fact that it was never an intention to fool anybody. Their distribution partners always knew that it was the same cheese they were buying and selling and they were at Quantum open about the fact that it was a Danish product when people asked them.

That was a successful move from their part Esben believes. Only 2 - 3 months after the change the exports were back to normal and it was no problem with the new labeling. The change of labeling may have benefited Quantum as a company in more ways. In many cases with Danish companies, they did not do much more than sitting and preparing for tough times. At Quantum, they tried to be active and find solutions to the problem and their willingness to change made them gain a month or two in the market, in which they got more market share and grew.

According to Esben, Quantum was very lucky to have worked a long time together with their partners in the Middle East. There were no friction between them and they always knew what Esben and Quantum stood for. Esben as well as Quantum’s standpoint is that one should have mutual respect for each religion and hospitality towards one other etc. The partners in the region expressed early their support for the company as they knew Esben personally.

4.3.3 AFTER THE BOYCOTT

Even this day, the recovery process is still ongoing for Quantum. Volume wise they are almost back to the numbers they had before the boycott. According to Esben, the recovery went smooth and fast for them in the beginning when comparing to other Danish companies. However, there are still supermarkets that they had yet to start up the business with again. The biggest client they had lost because of this conflict is the Saudi supermarkets chain Panda.

On the biggest issue after the boycott has been how to deal with their national identity. The advantage they have had in the past by being a Danish company is gone and may be gone in that area for ever. The usage of the Danish identity had been a great sales point in the past. Offering Danish products was secure and the product had a great quality stamp on it.

Today, Quantum is more and more trying to move away from the image of being Danish. They have started collaboration with a big German company in 2007. That company bought

around 50 % of the shares and the company is moving towards a more European image. And that new European image is something they are trying to push and promote.

Some products that are being shipped to sensitive areas in the Middle East today are being shipped from Germany instead of Denmark. They do this because of the tension and history of Danish products in the area. Esben points out that maybe there could be a future problem between Germany and the Middle East, but that is a problem they have to deal with if that day comes.

In some markets, Saudi Arabia for instance, the prices were adjusted. This was not a decision from the company but a result of demands from distribution partners. The fact that they were offering products from a controversial country as Denmark was considered to be very risky at that period and as a result the prices were increased. The increase in price was not big, but it was a small increase.

The lessons that Quantum has learned from this experience is that they have learned the power of media is bigger than they could ever imagine. What are being published in newspapers and what is being said by politicians could travel great distances and have huge implications.

In order to reduce the chance for future problems, Quantum has started to work more with their relationships with partners all over the world. The key is to build good relationships so that people know who Quantum are and stand for as well as Quantum's employees.

4.4 ARLA FOODS

Arla Foods is a Danish-Swedish cooperative and it is the largest dairy producing company on the Scandinavian market. The company produces a wide range of products from milk, cream to different cheeses etc.

The company has been working in the Middle East for almost 30 years and has both sales offices and production facilities in the region. Arla Foods has about 1000 employees working in the different areas of the Middle East, like Oman, U.A.E., Saudi Arabia etc. Before the boycott, Arla Foods was one of the biggest dairy brands in the Middle East.

At Arla Foods we have interviewed Mihaela Meuleman. Today Mihaela is working at Uhrenholt A/S in Dubai, but at the time of the crisis Mihaela was working as Regional Key Account Manager in the Middle East for Arla Foods. Mihaela worked at Arla Foods for eight years at Arla Foods regional headquarter in Dubai.

4.4.1 BEFORE THE BOYCOTT

The Muhammed cartoons were published in September of 2005 and as Mihaela recalled it, there was a pretty aggressive escalation leading up to the boycott about four months later. At Arla Foods, they were “pretty” alert at the time. She meant that they read and follow the situation, but there was nothing done at the company at that time. From the printing in September to December, the situation was calm and they did not believe that the conflict would reach as far as it did. They had faith in that the politicians could calm the situation.

However, in January when the rumors of a boycott reached the company, Arla Foods was very alert. The pressure was building at Arla Foods and the internal communication was signaling that there was something bad happening in the region. Mihaela explains that there are certain taboos and “do not” in the region and the cartoons defiantly crossed that line by far. All employees were on a regular basis informed of the situation and how it was developing, so that they were prepared and informed.

Arla Foods has invested hugely on the Middle Eastern markets so it became important for them to look over the situation and the possible consequences of a future boycott. At that time, they started to go over the stocks and the production plans for the area. In January, when it became clearer that the boycott would strike, there was a kind of state of emergency. But they did not do anything before the actual boycott. Arla Foods was prepared for a boycott, but they did not want take actions that could create some sort of panic or uneasy in the market. They decided to sit back and see how the situation was unfolding and then go from there.

4.4.2 DURING THE BOYCOTT

When the boycott broke out, it was total chaos at Arla Foods. The first thing they did was to stop all production and import of new products. In a period of 48 hours, every product out in the stores and supermarkets were rejected and people were calling, asking them to come and get their products. Retailers did not want anything to do with Arla Foods. The boycott was very vocal and loud and it was certainly not a silent boycott. It was in some cases violent and aggressive. In some retail stores people were shouting and smashing the products.

Arla Foods tried to keep calm in the situation and also aid their customers, the retail shops, by picking up products. It was better for them to help them get rid of the products from the shelf in order to keep a good relationship and collaboration for the future.

“We knew that sooner or later everything will be sorted out and we did not want to put the retailers under more pressure than they already where.”

- (Meuleman, M. 2011-04-14, interview)

In a period of two months, Arla Foods had no sales in the region at all. They had no income from the region, but still they had to pay all of their employees at the time. They had stocks that were full of products that were going bad that had to be disposed. This hurt the company very much financially.

There were a wide range of reactions from retailers. Some of them were very understanding and some angry on the situation that made them lose a lot of money etc. At Arla Foods they tried to be calm, honest, open and humble towards the retailers. They wanted to keep up good communication with the retailers so that both sides understood each other's situation.

Arla Foods was very much in the spotlight throughout the crisis. As one of the biggest Danish companies in the Middle East region at that time they were exposed in the media a lot. Almost every single day Arla Foods was in the front page of newspapers with big headlines. The fact that they were exposed brought not only financial and trouble on their business, but it also attracted a lot of violence. They had situations where employees at Arla Foods were attacked outside their offices by people who thought it was a bad thing to work at a Danish company.

The Muhammed crisis made the company rethink of their plans of investing in a new factory in Jeddah, Saudi Arabia. The boycott made the situation very critical for Arla Foods and the plans were stopped. As the future in the regions was unsure at the time, they felt it was not the right time for further investments.

Arla Foods marketing strategy at that time was completely changed. All the marketing activities above the line⁴ towards consumers were stopped in the area. This decision was made as there were no products out in the stores to be sold and as the situation was so sensitive. The consumers in the region were very aggravated and aggressive. For the consumers in the region, everything associated with Denmark was "Haram" (forbidden, *editors note.*). Arla Foods did not want to aggravate the consumers by pushing and promoting Danish products at the time.

The marketing towards retailers were also changed. From promoting products and news, the promotion now concentrated on the company Arla Foods. The ad they sent out was focusing on Arla Foods history and heritage in the region. They also tried to explain that they had no fault in the boycott.

The company also decided to take away the Danish flag from the products which earlier were helping them communicating the high quality. This was due to calm down the costumers from burning all the products which had the Danish flag on.

⁴ The promotional activities carried out through mass media like television, radio, newspaper etc. [4]

Arla Foods tried to reduce the effect of the boycott by full-page advertisements in the 25 biggest Arab newspapers in the area, in which they wanted to distance themselves from the drawings made by Jyllands-Posten. They emphasized that they had nothing to do with the drawings and that they hope that businessmen as well as the consumers in the Middle East would reconsider their products. However, the size of the boycott was now so massive that the advertisements did not help that much. Arla Foods then turned to the Danish government for help in finding solutions for the situation in the Middle East. Danish companies received help from the European Union who threaten to take the boycott of Danish products before the world trade organization if it did not stop the boycott. The European Union meant that a boycott against Danish goods is a boycott against the EU and could have serious consequences.

Arla Foods also started to communicate with the Islamic leaders in the Saudi Arabia and Qatar, as well as authorities in the Middle Eastern region. They lobbied to them about their innocence in the conflict and tried to show them how unfair it was to boycott companies based on something that was not their fault. As they had not done anything wrong, they told them that could not apologize for anything. However, Arla Foods regretted the situation that the conflict had emerged. As result of this action, the Islamic brought up the subject of the boycott at a conference in Bahrain on the 22ed of March. The result of the conference was that Arla Foods was explained innocent and Muslim leaders tried to calm down masses. This reduced the effects of the boycott.

General attitudes in the region are often originating from the mosques, where the majority of Islamic population is gathered during Fridays to pray. After the praying people gather and have big discussions with Imams⁵, after that imams or prayers raise issues. This has lead to the crisis started from the mosques and spread through it. Arla Foods estimate that one could reach out to 75-80 % of Islamic population through this channel.

Arla Foods also decided to host a conference were they invited retailers from all the areas in the Middle East. They invited all types of different retailers; conservative, big, small, international, modern, etc. There they explained the situation. That Arla Foods, as well as other Danish companies, was being punished for something they could not do anything about. That this boycott affected people's lives, as many people had lost their jobs due to fact that the boycott had stopped production and sales to region.

⁵ Imam = For shia-muslims Imam is the name of leaders after the prophet Muhammed, which are relatives to him and they are seen as infallible. [5]

4.4.3 AFTER THE BOYCOTT

In the beginning of the post-boycott stage, Arla Foods worked with promoting the heritage and the local history of the company instead of promoting new products at once. At a later stage, Arla Foods started to promote their products more in the stores with ads and flyers about how they had been accepted back in the stores. The *ads were* put together with a letter they received from the religious leaders in the area. The letter was also put together with POS-materials⁶. Arla Foods wanted to spread this letter as much as possible as it was a letter saying that Arla Foods was accepted by Islamic leaders and it was accepted for retailers and consumers to do business with Arla Foods and Danish companies again. After publishing the ads, the business with the retailers slowly started to get back to normal. It took about a month or two before the sales were up again. Some people were still skeptical about taking in Danish products. But most of the retailers were now once again buying from Arla Foods.

Arla Foods did not do anything with their products packaging during this stage. The main thing they did was to do promotion and price discounts as they had huge stocks.

“Huge discounts are not enough explain it. The discounts were super huge discounts. Buy one get one free for example!” - (Meuleman, M. 2011-04-14, interview)

There were internal discussions about it before the decision was made. From a branding point of view, they had a strong brand and they were afraid that their brand image could hurt from this. But on the other hand, this boycott had put the company in a very complicated situation and they also had to try to get the consumers to buy their products again. The “Buy one get one”-discount promotion worked well for Arla Foods. The promotion was so strong and the offer was so good that it even attracted consumers that were a bit reluctant to buy from Arla Foods. Arla Foods made it easy for the consumers to choose their products again. The fact that Arla Foods had a good reputation for its good quality before the boycott helped them to recover sales a lot after the boycott.

“If the quality had been the same as the others, consumers could easily replace Arla Foods with another brand. But when the brand is superior along with discounts, like “Buy one get two” it became hard for the consumers to refuse the brand.”
- (Meuleman, M. 2011-04-14, interview)

The promotion went overall very well and in the areas Oman, Qatar and the U.A.E. the markets share and the sales are today higher than before the boycott. But in some areas in the Middle East, like Saudi Arabia, the sales volume has dropped significantly. The sales in Saudi Arabia are today half of what it was before the boycott. The region is very conservative and the consumers in that area replaced the brand with another.

⁶ Point of sales-materials

After the boycott, they felt that everything about their business and marketing had to be improved. Their service, the communication, the trade marketing, the support were all improved. They had to do this because they had been in the public eye for some time and were still observed by many and therefore they felt that they needed to perform excellently.

Arla Foods also wanted to improve their status in the region after the boycott. They felt that they wanted to improve and strengthen their connections to the region. Arla Foods started to sponsor humanitarian projects around the Middle Eastern region. For example they gave aid to disabled children, people suffering from cancer and starving people. Arla Foods also approached the Danish Red Cross to hear about possibilities for future co-coordinated efforts.

Another action which Arla Foods took was to decide that not to import any products to the Middle East from Denmark. Today they only sell products that have been locally produced in the Middle East.

Arla Foods have learned many lessons from the boycott. For a company to recover after a boycott of this magnitude, the products must be of high quality. If the quality of the product is not superior, the consumers can easily replace it with another brand. Arla Foods has learned that importance of good communication with customers and consumers and the necessity to show each other respect and understanding in such difficult situations.

There are still customers in the area that are upset of the situation and to this day still demand compensation for their losses in the boycott. In some cases Arla Foods has agreed to compensate the customers, but mainly they decided not to do that. Because the unusual circumstances of the boycott and the fact that Arla Foods was not the original source of the boycott, they did not feel obligated to compensate the retailers.

5. ANALYSIS

The fifth chapter contains our analysis of our empirical data. We have chosen to structure the boycott into three different stages. We will now look into the different stages of the boycott and analyze each company and also compare their actions with each other. The three stages we are looking into is the pre-boycott, during boycott and post-boycott stage.

5.1 PRE-BOYCOTT

The pre-boycott period reaches from the day the Muhammed cartoons were printed, 30th September, to the start of the boycott against Danish goods in the end of January. Below we will examine how the companies acted during this period. We begin to analyze each case individually and then we do a cross case analysis.

5.1.1 METTE MUNK A/S

At Mette Munk A/S they started to follow the situation early and they knew on the morning when the cartoons were reprinted that this was going to be a big thing. The first action that Mette Munk A/S took before the boycott was to hold internal meetings about the progress of the situation and the crisis was a big subject in the office. Each day they had meetings where the management updated each other. The role of these meetings was to keep everybody involved updated about the situation. The company increased in this case has their internal communication. In addition they also had some talks with their partners and gave them updates and talked about how they eventually could do something to minimize the effects. This corresponds to what both Fink (1986) and Mitroff (2004) have to say about the early stages of a crisis. At this stage it is not usual for companies to take big actions. Companies should be aware of signs of future complications.

Mette Munk A/S did not take many actions during the pre-boycott stage. They argued that the reason for this is that they did not know whether this conflict would have an impact on the company's business at all. According to Wang (2005), it is difficult for companies to take actions before the outbreak of a crisis as there is a lot of uncertainty of the future and it is not easy to know how the crisis will progress. By increasing internal communication and communication towards partners in the region Mette Munk A/S tried to keep them self informed of the progress.

5.1.2 NORDEX FOOD

At Nordex Food they also followed the printings of the cartoons at an early stage and they knew that it would have big impact both in Denmark and possibly for the company. At

Nordex Food they had both internal within the company as well as external discussions with partners in the region, if there was anything they could do anything to prevent future problems, but they soon understood that the conflict was out of their hands since they were not a part of the problem. This corresponds to what James and Wooten (2005) says about how crisis management is about reviewing different options a firm can take in order to reduce effects. Even though the firm did not take big actions at this early stage, they did discuss the situation. Wang (2005) argues that one never knows to what extent the target is going to be affected of a boycott and the effect will in the end depend on several factors such as national association, familiarity /visibility, like-ability and magnitude. We see the connection between Wang's (2005) theory and the action during the pre-boycott stage, the company are not aware of what is going to happen and therefore one can only assume and act upon these assumption.

5.1.3 QUANTUM

Esben at Quantum was also following the happenings closely and since he had lived in the region for a long time he knew the "Do's and Don'ts" in the region. He was aware of the possible outcome but he was surprised about the fact that it took five months before the boycott started. They did not have any special designed plan to tackle the situation with. At Quantum they also insisted that situations like this conflict are totally out of their control. At Quantum they choose to create a closer dialogue and communication with the partners in the region, in order to update them about the situation and stands in Denmark. According to him this was needed to destroy the rumors coming from others who could benefit from this boycott. As Ray (1999) and Coombs (1999) argue firms need to communicate in order to prevent damage and negative reactions from escalating. Communication is also used in order to inform and remind of missions, values and operations.

This actions taken by Quantum is corresponding to what Ettenson et al. (2006) said about responding to rumors. The author mentions that rumors could be harmful for firms. As Esben mentioned, other actors on the market could benefit from spreading rumors about for example burnings of the Koran in central Copenhagen. At Quantum they chose to have a closer dialogue with their partners in the Middle East and inform them on a daily basis of what was true and what was not. According to Ettenson et al. (2006), this is vital in order to counter eventual rumors which may harm the firm's position. Further one should notice that Quantum only held dialogues with partners who they already had a strong relationship with. However, Quantum did not inform the consumers about the situation and about the rumors. The reason for this is that it was out of their hands and that Quantum was a small actor who could not do much more. Quantum was very pro-active when they started to increase their external communication with their partners.

5.1.4 ARLA FOODS

Arla Foods was described to be alert by Mihaela and they were following the situation early on. Internally they had management meetings to update the involved ones about the conflict. Further Mihaela explained that during the period between the printings and December of 2005, the situation was very calm and they did not believe that the conflict would escalate the way it did. Mihaela also explained that when the rumors about a boycott came in January, they had internal meetings about the situation and the development of it. The Middle Eastern markets were Arla Foods second biggest market at the time. We knew that Arla Foods had made huge investments in the region and now that the conflict where about to hit them they looked for possible solutions. But they did not do anything before the boycott and one can never try to repair to repair what is not broken yet.

Mihaela argued that there were two big reasons why they did not do anything before. First thing was that they did not want to create panic and unease in the market. Instead they wanted to see how the situation was unfolding. Second reason was that they did believe that the politicians would solve the situation and they did not believe that the crisis would go the length it did. Even here the case corresponds to Wang (2005) who argues that a firm never knows if they are going to be affected and how and to which extent.

5.1.5 CROSS CASE

Table 2: Marketing during Pre-boycott

	PRODUCT	PRICE	PROMOTION	PLACE
Mette Munk A/S	N/A ⁷	N/A	- Internal discussions and increased external communication with partners.	N/A
Nordex Food	N/A	N/A	- Internal communication and external communication with their partners in the region	N/A
Quantum	N/A	N/A	- Internal discussions and external discussions with their partners in the region.	N/A
Arla Foods	N/A	N/A	- Internal discussions and external discussions with their partners in the region.	N/A

⁷ N/A = not applicable [7]

Analyzing the pre-boycott stage one recognizes that all companies used the same strategies and tools during this stage. All four companies were according to the theories of Garrett (1987), using the strategy which is called “Low profile”. As there was no boycott yet, there was not much for the companies to do. Garrett (1987) argues that one should keep a low profile since there is low pressure and target is committed to its policies.

All companies increased their communication at this stage, both internally against employees and external towards the customers in the region. We have placed this communication under promotion in our table as the communication works as an information channel for the involved parties. Quantum had a very specific formulated aim with their increased communication with their partners in the Middle Eastern region. Quantum chose to increase the communication in order to reduce untruthful rumors that were floating around at the time. This was a pro-active approach from the Quantum. All firms have Danish origins and were aware of that the printings are neither a thing they could to stop or do anything about, nor could the Danish prime minister apologize since Denmark is a democratic country.

According to Friedman (2001), the surrogate boycott is when for example consumer’s wants to take action against a triggering part. The triggering part can be actions or policies from, for example, a nation. It is hard for consumers to do something to pressure nations. The solution for consumers to this problem is to boycott a third part who has nothing to do with the original conflict, but has a connection, weak or strong, to the triggering part. The Muslim world wanted to take a stand against Denmark’s indifference to the Muhammed cartoons, so they started to boycott Danish goods.

According to Coombs (1995), a crisis is often unpredictable and unexpected for companies. There is always an element of surprise involved, which make the preparation hard for firms. This is especially true in cases of surrogate boycotts. The very nature of a surrogate boycott gives an explanation to why it is so hard for companies to do something before the outbreak of the boycott. As the companies often are not involved in the conflict until the very day the boycott is a fact, it is hard not to say impossible for them to do anything before. This is something that every respondent in this thesis has brought up.

The companies had done nothing wrong and therefore they could only stand by and wait and see how the situation would develop. Even though Arla Foods is one of the biggest Danish companies in the Middle East region and had resources to take actions, resources which the other companies do not have, they still could not do anything. The reason of the low pressure is very clear for Arla Foods and the rest are very clear with saying that the conflict is out of their control. We believe that companies are keeping the low profile in order to see how the conflict is developing and until then, firms do not make any changes in the way they do business or conduct marketing. As we see it is too early to make any changes, instead one should wait to see what the responses are and first then make possible adaptations. This corresponds to what Fink (1986) has to say about early stages before a crisis breaks out.

According to Fink (1986), early stages of a crisis firms need to be aware of potential threats and try to make plans in order to avoid or reduce the effects of crisis.

One can clearly conclude that promotion, with focus on internal and external communication, is the most important tool in the marketing mix during the pre-boycott stage. This is a situation where no boycott has taken action yet but all of the company more or less knew that there was going to be an impact on the companies. All four companies, independent of their size have used internal communications and external communication, which we argue is a part of their Promotion. One should also note the type of the communication is at this stage only with costumers and not with consumers. In our point of view a reason for not talking with end consumer is that still no boycott has taken action. To talk with costumers is helpful to get an update of the climate and their thoughts.

5.2 DURING BOYCOTT-STAGE

The boycott stage is the period in which the boycott was active. At this stage the company's business were getting affected. So here we have divided up the content into two major topics: how the companies were effected by the surrogate boycott and how the companies used and changed their marketing during the boycott.

5.2.1 EFFECTS OF THE BOYCOTT

We will start to look at the effects that the boycott had on the companies involved. We will first look at each case individually and then compare them at the end.

5.2.1.1 *METTE MUNK A/S*

Mette Munk A/S was the company in this thesis that was the least effected by the boycott. They had received payment for their exported products. Their agents had more problems as their stocks were full and so Mette Munk A/S had to stop further distribution to the area since their agents could not sell the products. So in terms of losses in income they were effected. Especially they were effected by the fact that all future planed income was no longer certain. This gave them problem as they had to alter their business to the new situation.

5.2.1.2 *NORDEX FOOD*

At Nordex Food they were shocked by the boycott. When the boycott started customers returned their products to the distributors who all of a sudden had full stocks. At the time Nordex Food had more containers who were supposed to reach the Middle East, that had to be sent back to Denmark. The main issue for Nordex Food during the boycott was the financial aspect. The boycott affected Nordex Food hugely on the finance side since the Middle Eastern markets counted as 25 % of the company's annual turnover. That counts for 200 million DKK and during the months the boycott was active, Nordex Foods had no sales at all in the region. This corresponds well to what Garret (1987) is saying about economic pressure on companies in boycott. When firms are caught in a boycott they will have financial losses, due to the consumers no longer consume their products. As the Middle Eastern market was a big important market for Nordex Food, the boycott had a huge impact on the company and with that came a lot of problems.

As well, Nordex Foods plans of starting a production factory in Saudi Arabia were changed due to the conflict. The crisis created a risk which was far too great for the company to invest in a factory. Financial losses were a fact for the company and they had some trouble from an image perspective, as the costumers and consumers were skeptical towards Danish products.

5.2.1.3 *QUANTUM*

Quantum also had financial problems during the boycott since the sales dropped and financially it was hard for Quantum's owner Esben to keep the business going. Quantum counted the Middle East as one of their biggest markets, which generated a major part of the total revenue. To be too dependent on a market can be a problem. For Quantum this meant that when the Middle Eastern markets stopped working for them, they were put under economic pressure since they were highly dependent on those markets. This is exactly what Garrett (1987) has stated when talking about the economic pressure. He argued that financial losses may occur if the consumers refuse to interact with the target.

Also as mentioned by the Esben, financial losses were also a result of the negative publicity that the consumers saw in the newspapers every day. We believe that the negative publicity and PR gave them and every Danish company a bad image which according to Garrett (1987) is strongly connected to economic pressure. Garrett (1987) explains the positive correlation between more media coverage will increase the awareness which may result in more support to boycott and bigger economic pressure.

5.2.1.4 ARLA FOODS

Arla Foods saw huge changes during 48 hours when the boycott broke out. Consumers took their products down from the shelf, smashed them and burned which led to the retailers calling them and asking them to take away their products. Neither retailers nor consumers wanted the products of Arla Foods. We believe that due to the size of the company, its history and Danish origins, it became the biggest target for consumer which was easy to boycott. The company had no sales in the region and in addition the company had to pay the employees, keep the business running, paying the costs for facilities etc. Financially they were having major problems. Arla Foods, the biggest Danish actor within the FMCG industry, were one of the most affected companies since they are the biggest. This corresponds well to what Garret (1987) say about how companies in crisis situation could face economic pressure.

Image pressure as Garrett (1987) was talking about is generated from the newspaper and the word of mouth which was spread through the imams and other religious groups. The negative publicity and the fatwa⁸ which Muslim leaders gave during this period led to bad image which have the positive correlation to economic pressure. Arla Foods was on a covering the front page of magazines every day and this of course affected them from an image perspective. Mihaela explained that everything which was Danish was haram.

5.2.1.5 CROSS CASE

When looking at each company and comparing them with each other, we can see that the financially aspect was the biggest problem for them. For three of the companies, Nordex Food, Quantum and Arla Foods, the Middle Eastern markets were a big part of their business and when these markets breaks down, there are bound to have difficulties. They were all very invested in and dependent on these markets and the losses in sales in Middle Eastern markets a long with the cost of keeping the business going, with employees, facilities etc. really hurt the companies financially at that time.

In the case of Arla Foods, they had more problems than the others from an image point of view. All Danish companies had problems with their image during the boycott, as Denmark and Danish products were very much bad mouthed in media and there were many rumors spreading in the region. It comes fairly natural that Arla Foods was more affected by this than the others as Arla Foods is a bigger company than the other case companies. In fact, Arla Foods is one of the bigger Danish companies in the region. At the time of the boycott, Arla Foods was heavily targeted by media and they were in a way representing all of Denmark.

⁸ A fatwa is the religious opinion for Islamic law created by a “mufti”.

The other companies, Mette Munk A/S, Quantum and Nordex Food as smaller companies could take a more passive role and take a more low profile-strategy.

5.2.2 MARKETING DURING BOYCOTT

Here we will look at how the different companies worked with marketing during the boycott. We will start by looking at each company individually and then compare their actions with each other.

5.2.2.1 *METTE MUNK A/S*

During the boycott, Mette Munk A/S increased their communication towards their partners. The aim of this was to ensure that they knew what was going on in Denmark as well as getting information about the situation down the Middle East. This action corresponds to Ettenson et al. (2006) about responding to rumors. Mette Munk A/S wanted to make sure that everybody got right information in order to reduce lies and rumors to be spread. Besides from the increase in communication, Mette Munk A/S decided not to take actions in order to aid their agents' situation in the region. This may be explained by the fact that the Middle Eastern markets were new to them and they may not have known how to act in the situation. Even though they did not venture their agents business, the agents never came back for more orders after the boycott and sales to Saudi Arabia have stopped ever since. The fact that they were passive and did not help their partners in the region more could have a reason for why they became friction between the partners, which finally lead to the breakdown of the collaboration.

The company's promotion strategy towards media during the boycott was to lay low. As for promotion towards consumers, Claus mentioned that there was no point of pushing products on the consumers since they were not favorable at the time. As mentioned above, the company's strategy during the crisis was to lay low which corresponds to Garret (1987) about keeping a low profile.

We believe that there are two reasons why Mette Munk A/S acted as they did during the boycott. Firstly, they felt that the conflict was too big for them and out of their hands. Secondly, the Middle Eastern market is not the company's main or biggest market. The region was a small part of their business and this is therefore the cheapest strategy they could possibly have done. We believe that it would not be profitable for Mette Munk A/S to take action by first covering the expenses of their targets or using mass media to let consumers around the Middle East region know that they are disagreeing/sorry for what was published.

5.2.2.2 *NORDEX FOODS*

As mentioned before, Nordex Foods objective was to invest in a factory in Saudi Arabia, as a step towards increased presence in the region. But after the crisis and boycott broke out, Nordex Food deemed the risks were too high and they had to change their plans and placed the new factory in Romania to cover East Europe.

As customers and consumers on the Middle Eastern markets were boycotting Danish products, Nordex Food tried to find ways around the problem. In response Nordex Foods chose to alter their products by changing their labels and taking away the Danish flag and the changed the “Made in Denmark” to a more neutral “Made in EU”. This strategy corresponds to both Ettenson et al. (2006) and Lehtonen (2008) strategy of downplaying the country-of-origin aspect and distancing the company from the controversial issue. During a controversial time, this move by Nordex Food was a way of to become less connected to the country which all of a sudden had very bad negative image in the mind of the consumers which had a bad impact on the companies originating from that country. The packaging of a product is a part of what Eppinger and Chitkara (2006) refers as actual product. In a way it is a simple solution, but in this case there are aspects that made the decision hard to make. The Danish origin of the company had been a big strength for them in the past and to move away from that was though according to Jacob. But as the market was important to the company they felt compelled to do something about the situation.

5.2.2.3 *QUANTUM*

Quantum was also heavily effected by the boycott since the Middle Eastern markets had been the company's main markets since the beginning. They felt that they had to take actions in order to minimize the effects of the crisis. They chose to hold a close communication with the partners of Quantum and inform them on a daily basis about the happenings and the situation in Denmark. The aim of the increased communication were to make sure that partners and customers would know where they stood in the conflict and also inform the parties about what was truth and what was false rumors. As Coombs (1999) and Ray (1999) argue, communication is to inform, convince and motivate and this was truly what Quantum wanted to do whenever he responded to rumors on the market. The ones Esben was communicating with were the partners who could inform retailers about the truth. This also corresponds to what Aggerwall, Knudsen and Maamoun (2008) says about responding to rumors. Rumors can be very dangerous for companies. If they false rumors are not addressed they can become harmful for the company. Here Quantum was very active by keeping customers and partners in the areas updated if what was actually going on.

Quantum also visited the international food show “Gulf Food” during the boycott time to speak to customers and tried to understand the future of the business and opportunities. In addition they could explain their view on the situation and distance themselves from the

Danish cartoons to their customers. Esben mentions that promotion and communication in media was still keeping a low profile. Esben mentions that this was possible for them as they were smaller than the biggest companies like Arla Foods. Further they reasoned that they could not apologize for anything as the wrongdoing was not done by them. In our thoughts Quantum has held a low profile toward media in order to not upset the consumers, but they have also been highly committed to their policy since they still consider themselves as being innocent (Garett, 1987).

Quantum altered their products during the boycott by changing of the labels and the country-of-origin on the products. Previously they had stressed the fact of being Danish as Danish goods were regarded as high quality products. At the time of the boycott, they downplayed their nationality. Instead they chose to have labels with made in EU and instead of calling the products “Danish Feta Cheese” they called it “Feta Cheese”. This action helped them go back to normal sales after just two to three months, given them one month less of boycott. Quantum’s action responds to one of the corporate responses that as Ettenson et al (2006) present in his framework. The implication is downplaying the “Country-of-origin” and this implication is taken since the country-of-origin is affecting the perception of consumer. This action is mainly taken because the origin is perceived negatively and firms use this in order to avoid controversy (Lehtonen, 2008). This action from Quantum worked very well for them as it got them back on the shelves.

5.2.2.4 ARLA FOODS

At Arla Foods, all marketing was changed due to the boycott. All above line-marketing was stopped. This was decided after that all products was taken away and as no consumers wanted to buy their products. Do to the consumers boycott against Danish goods; there was no point or interest from Arla Foods side to promote their products. Marketing activities towards retailers was changed by promoting Arla Foods heritage and history in the region, instead of promoting new and existing products. This action of Arla Foods can be seen as a way to emphasizing on the companies local connection to the region. That is one of the suggested strategies that Aggerwall, Knudsen and Maamoun (2008) suggested. Also, the theory of Garett (1987) about low profile corresponds to the act of Arla Foods. It is better to avoid the media coverage during the announcement of the boycott. Besides it would not have been efficient to have above the line promotion since no consumers wanted to buy their products.

Arla Foods in addition also tried to explain that they had no fault in the boycott. Ettenson et al. (2006) have a strategy which is called distancing from the controversial issue. The aim of that strategy is for targets to distancing themselves from the original conflict. The authors continue by saying that this can be done when the company has not originated it by an action taken by the company itself. During the later period of the crisis Arla Foods announced in the 25 biggest Arab newspapers that they had nothing to do with the printings of the prophet. We can see a clear pattern that the longer time the boycott went on, the more Arla Foods were

affected both financially and image wise. Here we can see connection with Garrets (1987) theories. Garret (1987) suggests that as the pressure against a company increase, it becomes hard for companies to ignore it and they haft to act. In Arla Foods case, with being in media each day and more and more rumors spreading and with employees being attacked on the streets it is easy to see that the management wanted to act. As mentioned above, the overall strategy was to keep a low profile in promotion to consumers during the beginning of the boycott stage. In the later stage they have used the newspaper once in order to distance themselves due to the fact that the pressure on the company was very high.

Arla Foods also changed the labels on their products in order to distance themselves from the country which was upsetting the consumers. This is coherent with Lehtonen (2008) suggested corporate response. Although it is well known that the origin of Arla Foods is Danish, consumers tend to get upset if company place the Danish flag on the products. The removing of the Danish flag on their product was an action taken in order not to aggravate the consumers rage more than necessary.

Arla Foods has lobbied for Imams to promote their innocence in a conference in Bahrain in order to explain the situation of Arla Foods and to start a dialog. This resulted in the Imams explaining Arla Foods innocence in the conflict and showed that it was unfair to boycott them. During the conference it was showed how the company was in a middle of a conflict by not having made any faults and therefore it was not possible to regret/apologize for something. Arla Foods also went to the Danish government for help in dealing with the difficult situation. These actions taken by Arla Foods in a clear example of the working with government's strategy presented by Aggerwall, Knudsen and Maamoun (2008). This is an action to build a stronger relationship with the Imams in the region and convincing them that the company has nothing to do with the published. Further this is also a good way of getting a positive PR and distancing from the controversial by word of mouth. As Mihaela mentioned on Imams may reach very high number of Muslim consumers after the Friday's praying.

Arla Foods also hosted a conference for all kind of retailers, small, big, international, modern and conservative, from the Middle East. Also here Arla Foods explained their situation and questioned if it was fair for them to be punished for something they could not do anything about. They also emphasized on the fact how the boycott also affected local businesses in the area. By hosting this conference, Arla Foods got a good opportunity to communicate their opinion and to distance them from the issue. Also they got chance to shed some light on how local businesses were affected by the boycott. If you look at the corporate responses suggested by Etnenson et al. (2006) and Aggerwall, Knudsen and Maamoun (2008), one can clearly see similarities.

5.2.2.5 CROSS CASE

Table 3: Marketing during boycott

	PRODUCT	PRICE	PROMOTION	PLACE
Mette Munk A/S	N/A	N/A	-Increased internal and external communication with partners in the area.	N/A
Nordex Food	- Changed labeling. Downplayed the "Made in Denmark" aspect.	N/A	- Low profile towards media and consumers. - Internal communications. - Visited "Gulf Food"	- Stopped plans for local production facilities in the Middle East
Quantum	- Changed labeling. Downplayed the "Made in Denmark" aspect.	N/A	- Increased communication with distributors. Had personal meetings with distributors. - Visited food show "Gulf Food". - Low profile towards media and consumers	N/A
Arla Foods	- Changed labeling. Downplayed the "Made in Denmark" aspect.	N/A	- Increase communication with the customers - Stopped all product promotion towards customers and consumers. - Towards retailers Arla Foods started to promote their local history in the market and the companies view on religion and respect. - Ads in 25 newspapers with their side of the story. - Lobbied for Islamic leaders and for the Danish government to help them. - Hosted a conference with retailers etc.	- Aid customers (food stores) with their products. - Stopped plans for another factory in Jeddah, Saudi Arabia.

Even though the companies started to follow the Muhammed cartoons printings at an early stage, when the boycott broke out they were all caught by surprised. The fact that a boycott could happen seem not to have entered the respondent's minds and the companies were not prepared for a boycott. This agrees with what Aggerwall, Knudsen and Maamoun (2008) says about companies that are caught in boycotts. The authors argue that most companies are unprepared for dealing with boycotts. This was very much the case of our case companies.

At this stage of the boycott we can clearly see a trend with the actions taken by the companies. The decisions and actions the companies took were similar. One aspect that clearly has had an impact on the decision is the role which the Middle Eastern markets have for the companies. The higher commitment the companies had to the markets, the more actions they took in order to reduce the boycotts effect.

What is similar for all the companies is that none of them wanted to be related to the Muhammed crisis and the issues which had emerged at that time. But as mentioned above the role which the Middle Eastern markets had for the companies played a significant role. Mette Munk A/S's actions, who had just begun to export to the Middle East, were very different from the other case companies. For the others, the Middle Eastern markets were big markets. Quantum had the Middle East as a core market. For Nordex Foods the Middle Eastern markets represented 25 % of their annual sales. Arla Foods considered the Middle East market as one of the most important markets after Europe. By having this information, we argue that Quantum, Nordex Food and Arla Foods had a completely different pressure to take actions. Such pressure did Mette Munk A/S not have.

We can see that three companies during this period choose to change their products by changing the labels and taking of the Danish flag which was making consumers frustrated. This action was taken by all the companies except Mette Munk A/S. In the case of Quantum and Nordex Food this reduced much of the potential losses since they were not as known and exposed to consumers as being Danish in the same extent as Arla Foods were.

During the boycott stage, all companies increased the external communication with costumers in order to get an update about the situation and also to find possible solutions. In addition the internal communication was increased as well, in terms of daily meetings. We can see that companies had similar objectives with their external communication. They wanted to distance themselves from the printings and too keep a low profile in media in order not to get consumers more upset. We can clearly see a trend towards keeping a low profile in stopping promotion towards consumers when the problem escalated and instead of feeding the market with news from the company.

A solution for the companies was to work with PR. Nordex Foods, Quantum and Arla Foods had all close relationships with their customers. Quantum owner Esben explained that one of the first actions they took was to explain to their costumers how sorry he was about the situation and how they at Quantum respected the religious differences of Islam. Esben put

much focus on explaining his background and history of living in Middle East. Nordex Foods and Arla Foods took similar actions with their customers. Arla changed the focus on their promotion as explained earlier towards promoting their heritage in the region. All three companies also visited “Gulf Food” too talk to people in the industry and to give them their side of the story, their values and heritage in the region.

As argued earlier, the exposure of Arla Foods during the boycott was huge; therefore the company had to take it one step further in order to reduce the effects. We see this in Arla Foods actions to lobby both to the Imams in the region and also to the Danish government. Arla Foods lobbied for the Muslim leaders to affect the general perception of Arla Foods by explaining their innocence in this crisis. We believe this is an excellent way of reaching out to the population of the Middle East. It is hard to get access, but if you succeed in the attempts to convince them you have a lot to win. The Imams prays on Fridays and reach out to 80 % of the Muslim consumers. The companies should learn from the actions taken by Arla Foods during this stage, all the PR activities from lobbying to donating money to build mosques etc. These activities are highly appreciated by Muslims since for instance charity is a very important part in Muslim beliefs.

We can clearly see promotion and product strategies as the most used tools during the boycott stage. Also we argue that the importance of the markets effected the actions taken by the companies. Nordex Foods, Quantum and Arla Foods used both push and pull strategies to distance themselves and inform about their innocence during the crisis stage. This was reached through good promotion and PR where they distanced from the controversial issue, changed products where they relabeled their packaging and working in line with Muslim values and promoting the company’s history and heritage in the region.

5.3 POST-BOYCOTT

The post-boycott period starts from the day the boycott ended up to this day. During this stage we will see and analyze the actions taken by the different companies and see what they have learned from their experiences. We will start by examine each company individually and then do a cross analysis in the end.

5.3.1 METTE MUNK A/S

Due to the boycott, the collaboration between Mette Munk A/S and their Saudi partners ended. After the breakdown with their old partner they wanted to have a distributor that could cover the whole region. They are now using a distributor with a wider distribution and share their values, better than the previous one did. Claus also mentioned that he does not think that

the image of the company has been damaged. They are still very committed and have not changed the products or the way they promote their company as being Danish.

We see this as Mette Munk A/S having very high commitment towards their policy and even though this ended the relationship with their distributors who they had trouble to co-operate with for many reasons, one was to play down the Danish image, which was the main thing of their business - promoting and selling Danish pastry. According to us this is as Guzzardi (1985) and Garrett (1987) argue about high policy commitment and to which extent one is prepared to adapt it. The authors argue that in the case the target refuses to adapt, they might face economic pressure. In this case the distributors did not want to work with Danish goods which were a problem for Mette Munk A/S. We believe that this was the right action for the Mette Munk A/S to change their partners. The Middle Eastern markets were a relatively small and new market for them and their partner wanted to change image of their products. As they sell Danish pastries and cakes and this is the biggest sales parameter form them, they would lose their biggest point of sales. In addition one can also argue that FMCG companies usually try to get as high volumes as possible and keep costs down. So in case they took away the Danish flag of the packing, it could force them to remove it for other markets as well.

5.3.2 NORDEX FOODS

According to Nordex Food, it took time for them to recover from this boycott. One of the big reasons for this is due to the fact that the biggest supermarket chain in Saudi Arabia, Panda, still refuses to sell Danish products. This has led to huge financial causes and market share losses.

After the boycott they have changed their “Place” strategy. They no longer export any products directly from Denmark. Instead the products are being exported from their facilities in Romania and Germany. Nordex Food has kept on working with their product strategy and their products no longer have any Danish flags or anything to connect them with their Danish origin. As they no longer export form Denmark, they no longer use the “Made in Denmark” label on their products. There is a resemblance between the precautionary actions that Nordex Food takes in order to minimize the risk of similar crisis like the one they been in and the distancing strategy suggested by Ettenson et al. (2006).

Earlier when they used the Danish flag it was a short-cut for them as Danish products is seen as high quality products. Now the situation is different and it is could be better to keep a low profile about their Danish roots. But as Jacob argues, the actions taken are just dealing with a future controversy against Denmark. If there is any problem with Germany or Romania they have new problem. Although they may have future problems; they have taken actions which aims to prevent the company from being connected to their country-of-origin, which had a bad image. We believe that although the boycott is over, it is still very a sensitive issue of

being Danish in the region. People do tend to not forget very fast, especially older people will not forget as fast as the young ones.

Nordex Food sent out a letters to their customers explaining their side of the story and also a letter from the Danish ministry. This could be connected to the responding to rumors strategies that Aggerwall, Knudsen and Maamoun (2008) describe. Though Nordex Food is not directly responding to any rumors, they are giving their side of the story to the customers and consumers. By this they communicate their views on the subject in a clear way that is suggested by Aggerwall, Knudsen and Maamoun (2008). In addition they collaborated with the Danish companies in the region, whereby they made campaigns to rebuild the image of Denmark and Danish companies. According to Ettenson et al (2006), working with a government is a way to minimize and avoid the boycott.

The actions taken by Nordex Foods during this stage, aimed to get back their customers and also to prevent future difficulties due to their origins with Denmark. Overall they try to get the image of a more international company and this could be a way to do it. It shows that they have learned something from the boycott and that they actively trying to make a better future for themselves. This corresponds to what Flink (1986) and Mithroff (2004) has to say about the last stages of a crisis. After the boycott it is important for companies to review the experiences in order to make necessary steps to prevent future similar problems.

5.3.3 QUANTUM

Quantum has almost recovered the losses if they look at volume. They are almost back at the same volumes as before the boycott. Quantum has also had problems with the Saudi Arabian supermarkets chain Panda, since they decided not to take in Danish Products. As Panda is one of the biggest players one the Saudi market, they have a lot of power and it is a big loss for Quantum that they do not have their products in the Panda stores anymore.

Quantum's prices has also gone up in the region, but as Esben told us, it was not by much. The reason for the increase in price is the higher margins that the distributors takes as they feel that there is a higher risk today to deal with Danish products in the Middle East. As it was a demand from the distributors to increase the margins and not and planned action from the company, we do not consider this to be an action taken from the company to reduce effects or to bring back the consumers.

Quantum had difficulties of handling the issue of their nationality after the boycott. The Danish origin was a great advantage for the company before the Muhammed conflict and but as the situation as evolved, they now thought of it a weakness. The quality stamp their products automatically received by being Danish are now gone according to Esben. After the boycott they got an opportunity to start collaboration with a German company. They sold 50

% of their shares to the German company and their image is becoming more European since the products now also are shipped from Germany.

Today their promotion strategies focus more on the international image. We believe that this is a good way of distancing and loose the connection to the country-of-origin. They products do not longer have any connection to Denmark as they have changed they ways the export and distribute to the region.

5.3.4 ARLA FOODS

After the boycott, Arla Foods had more in-store activities with flyers and ads promoting the end of the boycott and a letter of approval from the Imams. The letter from Imams was also put together with POS- materials. The same letter was printed in daily newspapers.

In order to get consumers to buy their products again, they had promotion and heavy discounts allowing the costumers to “buy one- get one for free”. Arla could do this because of their huge stocks of products that were going to go bad if they were not consumed. Ferrel and Hartline (2002) argue that consumers do get attracted by sales and a research made by Nielsens company (2009) shows that consumers prefer price campaigns instead of changing to another firm. The promotions went very well in Qatar, Oman and U.A.E and now they have gained more market share and sales volume today than before the boycott. However this is not the case in Saudi Arabia, the market share and the volumes have not reached half of what it used to be. Although it worked well in the Middle East and most parts of the region have recovered they still need to continue working with these kinds of activities in order to rebuild the sales volumes they have lost in other markets.

Arla Foods used various above line promotion but compared to before the boycott. After the boycott the promotion aims more to informing customers and consumers about the company’s heritage and the history in the region rather than pushing products. We believe that this is very important since they have a long history in the region and in addition a lot of their facilities are in the Middle East which is creating jobs for the people of the region. One of Coombs (1995) strategies of communication is integration strategy which aims at using the establish image of the company to shift the focus of the crisis and get the approval of the general public. Also by emphasizing on their local connection they can build an image the companies a part of the Middle East and what effects them will in the end effect other local companies.

Arla Foods also made charitable contributions which intended to improve their image in the eye of the general public. The firm started to sponsor humanitarian projects in the Middle East. Arla Foods donated to disabled children, people suffering from cancer and starving people. In addition they also contacted the red-cross in order to know how they could contribute in the future (Ettenson et al., 2006). In this case we believe that Arla Foods made very good action since charity is a very important part of Islam, therefore it is a very good

way of getting good PR and improving the image of the company. We think that actions like this should be encouraged as there is a win-win situation involved. For Arla Foods it helped them repair some of their damage image in the region after the boycott, and people received help that is very much needed.

An interesting aspect is that the company does not feel that there was any problem with their Danish origin after the boycott. But they do not have any connections to Denmark on their products, they promote their local connections and they only sell products in the region that is locally produced. Even though they say there is no problem, their actions tell us something else. They want to keep a low profile of the origins and this we see as precautionary action in order to reduce the risk of future boycotts.

Arla has been very active during the period after the boycott and they have also regained almost all of the lost customers and consumers in the region. They have worked with promotion-, price- and place strategies during the post-boycott stage.

5.3.5 CROSS CASE

Table 4: Marketing during post-boycott

	PRODUCT	PRICE	PROMOTION	PLACE
Mette Munk A/S	N/A	N/A	- Visited "Gulf food"	- New distribution partner in the area. - Working more with relationships.
Nordex Food	- Changed packages and labeling: No longer use "Made in Denmark". Now "Made in Germany" or "Made in Romania".	N/A	- No longer promote Danish heritage. Focus on international identity. - E-mails to customers (read: restaurants, supermarkets etc.) explaining situation. - Sent out letter from Danish Prime minister. - Collaboration with Dansk Industri, promoting Danish goods.	- No export directly from Denmark. Products to the Middle East ships from Germany or Romania - Helped loyal distributors with costs.
Quantum	- Changed labeling: Now German or European origin instead of Danish.	N/A	- No longer promote Danish heritage. Focus on European identity.	- No export directly from Denmark. Products to the Middle East ships from Germany.

N/A	- 6 months with price discounts	- 6 months with promotions. Offer “2 for one”, with letter from religious leaders. Above the line promotion.	- No products from Denmark. Products must be locally produced from the facilities in Saudi Arabia
Arla Foods		- Charitable contributions - Promoting Arla Foods local history and connections to the market.	

The trend of the actions taken in this stage is more towards winning back the consumers, diminishing the risks of a similar type of crisis affecting them again and building a strong future. In the previous stage, the companies focus on distancing them self from the issue, to communicate with customers and also to keep a low profile and the media in general. In this stage the promotion we have seen that the focus lies firstly on spreading the word of the end of the boycott in effective ways. This must be seen as a desire to get the customers back and to get back on the market. Both Nordex Foods and Arla Foods did promotion to the customers. Nordex Food sent out letters with their story along with a letter from the Danish prime Minister. Arla Foods had in store-promotion that with posters and flyers with the news of the end of the boycott, their views and also a letter of approvals from the Imams. All this was put together on POS-materials. Both companies used this stage to spread their values and how they had nothing to do with the crisis.

One should note that during this stage firms started to use above the line promotions again due to the fact that the situation had calmed down and the firm and the companies wanted to rebuild their reputation. Another interesting fact is that Arla Foods started to promote its local history and heritage more. Arla Foods worked in this stage to be perceived as a more local company and they gave money to charity to strengthen its positions in the area. Nordex Food and Quantum, who do not have head offices in the region, started to promote a more European company image, with respectful Muslim values. Both actions are clear actions taken in order to move away from the crisis. Arla Foods by trying to promote a local image and Nordex Food and Quantum by trying to promote a more neutral European image. Even though the strategies is different from each the aim of both efforts is the same; to distance themselves from their Danish origins. Mette Munk A/S stands out in this case as they keep working with their Danish heritage. That may be explained by the fact that they are still quite new on the market.

We see strong connections with three companies who have changes the ways they are distributing to the region. Quantum and Nordex Food have started exporting from other countries other than Denmark. Arla Foods also did a similar thing as they no longer have

products that are imported. They only have locally produced dairy products. This is interesting because it shows how companies respect the controversy the crisis brought to the relationship between Denmark and the Middle East. It seems that they do not want to take the risk with Danish products, as it still after almost six years could be sensitive. It is also a clear precautionary action, in case some similar boycott would affect the region again. As a result, two of the companies have also changed labels, as their products no longer come from Denmark. This also is an action take in order to minimize the risk of future controversy.

We can also clearly see that “Price” is only used in this stage due to the fact that the most affected company, Arla Foods. Arla Foods had a lot of products in stock and therefore felt forced to use price promotion during this stage in order to sell before the expired date. Further we do not believe that promotional pricing is an optimal long term strategy which can be used in order to win back the heart of costumers, consumers and building a strong future.

5.4 REVISED THEORETICAL FRAMEWORK

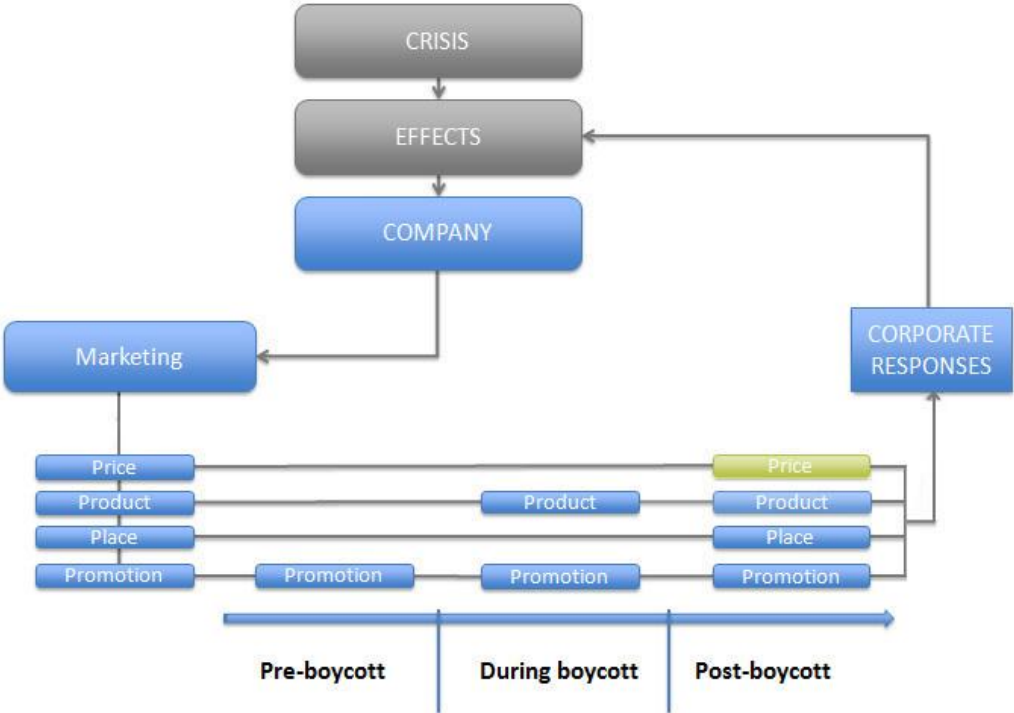


Figure 6: Crisis-boycott- response model (Revised)

In this model it is shown that the Muhammed crisis is the starting point which triggered a group of people to form a surrogate boycott against goods from Denmark. The internal aspect of the models are dealing with possible ways for companies to respond in order to deal with the effects that the surrogate boycott is having on the companies.

Firms can use different internal tools and strategies in order to try to minimize the effect of the boycott and minimize the damage that it causes on the firm. In this thesis we have a marketing perspective, therefore we have chosen the marketing mix as a tool that companies can work with in order to create a marketing strategy to reduce the impact of the boycott. By altering the marketing mix, companies can respond to effect of the conflict. The aspect of time in the model will contribute by showing during which stage of the boycott each P of the marketing mix were used.

In the pre-boycott stage, the companies used promotion, by focusing on increasing the internal and external communication. The aim is to keep every part in the situation informed.

During the boycott stage firms changed their products by changing labels and used promotion in order to try to distance them self from the controversial issue.

During the post-boycott stage, the companies used price, place, product and promotion strategies in order to get customers and goodwill back in the region. Another aim of the marketing changes was to prevent future conflict to affect the companies.

During the post-boycott stage we have included “Price” as tool that has been used. Arla Foods used price reduction for a while after the boycott in order to reduce their stocks and get customers back. The other companies in this thesis did not use price strategies during this stage. We have colored this yellow, in order to highlight the fact that it is a strategy that were used, but not by the majority of the case companies in the thesis.

We have considered the fact that no company used any price strategies during the any of the different stages. The reason for this could depend on the consumer’s reason for the boycott. In a surrogate boycott, consumers boycott companies due to the national heritage. It is not because they do not like the products or anything. It is a belief that the companies’ home land should be punished. Therefore, changing prices will not make any difference. It is not the price that stops the consumers from buying the products.

6. CONCLUSIONS

This chapter contains and concluding discussion along with the conclusions we have drawn based on our empirical data and analysis. We will also highlight managerial implications and interesting areas for future research.

6.1 DISCUSSION AND CONCLUSIONS

In the beginning of this thesis we defined the purpose of this study was to understand what role surrogate boycotts can play on companies and how companies can work with their marketing strategies to reduce the effects of a surrogate boycotts. We had two research question and we will now discuss each research question and the different aspects of them.

The first research question was regarding what role surrogate boycotts can play on companies. A boycott is a very complex situation with many factors involved. By looking at the case companies in this thesis, we can clearly see that the financial aspect is the biggest issue when it comes to effects of a surrogate boycott. The nature of the surrogate boycott is that it comes very unexpected for the company, as it is not their actions that lead to consumer boycott. This also means that it becomes hard for companies to be prepared and take the necessary precautions in order to reduce the financial impact of the boycott in the company. Described by several respondents to us, there was little time to prepare the company. Financially, all the companies lost the income from the region as they had no sales at all in the region. Still they had to cover the cost they had and keep up the business in the region, like employees, factories, shipments, storage etc. As well there were products that went bad in the stocks again, which also was a big problem.

To the financial aspect, it is important that one not only consider the direct costs. One must also include the fact that during the period when the Danish companies were boycotted, competitors moved into the markets and gained more markets share. The increased competition should also be noted when it comes to the role of surrogate boycott on companies involved.

Also the image of the companies involved was effected. However, most of the bad image the companies in this study received during the boycott has more or less gone back to normal. Still there can be controversial to be Danish or a Danish company in the region. But it is also important to know how to deal with people in the region according to our respondents. Mutual respect is always important and when it come to regaining trust, working on good relations with business partners and customers in the region is important.

We conclude that the role that surrogate boycotts play on companies involved is that it firstly effect the company's finances. The companies are more or less bound to struggle financially if they are caught in a surrogate boycott. Also a surrogate boycott gives the image of the

company a hard time, as the company will be put into a conflict where there is much feelings involved. Every bad aspect the consumers have against the original trigger of the conflict will be projected on the companies involved in the surrogate boycott.

Our second research question was concerning how companies can work with their marketing strategies to reduce the effects of a surrogate boycott. In this paper we have seen that there are several actions firms can take with their marketing. We have also seen that different marketing options are used more often in different stages of a surrogate boycott. Before the actual boycott breaks out, it is hard for companies to act as there is not a conflict for the companies yet. The conclusion we have made is that before a surrogate boycott, the only P that companies tend to work with constantly is promotion.

In the pre-boycott firms can work with their promotion and especially their communication in order to keep them self informed about the situation. It should be noted that the communication should be increased both internally as well as externally towards customers and partners in the region. The objective during the pre-boycott stage is to prevent rumors from taking big proportions that could harm the company. Also by keeping every part informed, it could become easier to spot future complications. The communication is spread between the firm, partners and customers. The company never communicates directly with the consumers in this stage, due to the fact that nothing has yet issued a boycott yet.

During the boycott, companies can work with promotion. They should work with their internal and external communication. It is important to get the side of the story out so that customers and consumers know where the company stands in the situation. Companies tend to change the activities in their promotion mix. From a product pushing focus to a more general promotion of the company's history in the region and emphasizing on the local connections and the business the company provides to the region. Another strategy firm may use is to lobby their agenda to important organization and people. If companies can get access to and persuade the people in power in their innocence, they can win a lot from this. The most important objective with the promotion used during boycott stage is to stop untruthful rumors and to distance itself from the controversial.

In order to reduce the effects during the boycott, the companies can work with their products. In the cases of this thesis we have seen several cases were the companies has downplay the controversial aspects and by changing the labels. If the companies have ways to go around the problem of origin, i.e. production facilities in other countries, that could be a good way to try to go around the problem. This could be a way to do it, if the boycott is result of the actions taken by a country is what led to the boycott.

After the boycott it is again important to work with promotion. There are, as we see it, several reasons for this. Firstly, it is important to spread the word that the boycott is in fact over. It is also good to have sources from both sides confirming this. Secondly, it is important to spread

the word about that the company's products again are out on the market. And thirdly, it is important for companies to regain some of the good image that they may have lost due to a surrogate boycott. In this stage it is important that companies communicate with partners, costumers and consumers.

This could be done by through traditional above the line promotion, letters and posters in supermarkets etc. In order to regain image and goodwill, charity could be a good way to regain some of the lost image. Another good way to regain image and goodwill is to start promotion campaigns in order to build up good relationships with actors on the local markets. This could be done by promoting the companies local history and connections to the market. The objective with the promotion is to win back hearts of costumers, consumers and partners and building a more stable future.

After a surrogate boycott, companies can also work with reducing the Prices for a period. This could help to bring back lost consumers that may have chosen other alternatives due to the boycott. However, we concluded that companies should not use discount pricing as a long term strategy after a surrogate boycott. Companies should only use this in order to sell out full stocks and in a short term attract consumers to buy the products again. Using this strategy may harm the brand and its perceived quality. Therefore it is advised that each company do an analysis of pros and cons, before choosing this strategy.

We conclude this discussion by saying that companies can work with their marketing in order to reduce the effects of a surrogate by using promotions, altering their products and choosing other ways to distribute their products. As shown by the discussion above, different marketing tools and strategies can be used during different stages of the boycott in order to be most effective.

6.2 MANAGERIAL IMPLICATIONS

With our conclusions in mind, we would like to stress some facts that could be useful for mangers. When facing surrogate boycotts, there is not much a company could do in order to prevent the boycott before it hits. However, it is always important to be prepared for the worst case scenarios. With this we suggest that there is a manager's duty to have future "worst case scenarios" in mind and also to create and spread crisis management plans within the company, dealing with how a company should act when caught in a crisis. A crisis is often a very turbulent time in any organization and therefore it is important to give the organization information about how they and the company should act when a crisis is upon them.

Another important aspect when it comes to boycott is relationship. Relationship towards partners, customers, consumers and markets, all of those will in a crisis situation be put to the test. So it is important to invest in relationships and to take time to get to know partners and

customers. A good relationship where each part know and respect the other can be a huge asset in a crisis or boycott situation. It can make the recovery process much smoother which will lead to minimization of financial damage in a post-boycott stage.

Also the phrase, “*do not put all eggs in one basket*” comes in mind. A company should never be too dependent of one market. If a company is too reliant of a market and that market shuts down, the company will face serious problems. In a worst case scenario that could jeopardize the whole company's future. So it is important to spread the economic risk and also have alternatives if a boycott will happen.

We would also like to discuss the aspect of country-of-origin effects and use in marketing. The use of the country of origin in marketing context can be a great strength for a firm, if the country which it originate from has a positive place in the mind of future partners and customers. We have seen with the Muhammed crisis, a strong connection with a country can also be harmful and it is important to know both the strengths and weaknesses with strong country connections. This study shows that some companies today are trying for a more international approach and maybe that is a way to go.

6.3 FUTURE RESEARCH

The area of surrogate boycotts is very interesting and we see several areas within the field as interesting research areas. As for marketing actions during a surrogate boycott, we think that it would be interesting to see a study with firms representing other industries then the dairy industry and see how they work before, during and after a surrogate boycott. Depending on the product or service that the firm the offer, the use of different marketing strategies and tools could vary and therefore it would be interesting to see a broader research.

It would also be interesting to see a study considering the aspect of market commitment and actions taken during a surrogate boycott. In this study we have seen a pattern between market commitment and years on the market with actions taken to minimize the damage of the boycott. However, a case study of four companies within the same industry is not enough data to make generalizable conclusion that can be applied on all types of companies in all surrogate boycotts. Therefore it would be interesting to see a broader research where more companies are asked and to see if there is a difference in actions depending on year and commitment on the market.

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Olesen, J., Personal interview, 2011-04-09

Olsen, C., Personal interview, 2011-04-05

Appendix 1: Interview Guide

1. Name?
2. Title?
3. How long have you been working in the company?
4. Where in the Middle East is the company based? Where in the Middle East do you do business?
5. How long have your company been in the Middle East?

Before the boycott

6. The boycott in the Middle East was a difficult situation, a very intense period. Did your company follow the situation early?
7. When did you realize that the crisis could have an impact on your company?
8. What/Did the company do anything to prepare themselves for the boycott?
9. Did you change anything about your marketing?
 - a. Products?
 - b. Place?
 - c. Promotion?
 - d. Price?
10. Did you have any plan for how you would deal with an eventual boycott?
11. How prepared were you for the impact of boycott of that magnitude?
12. What did you do to prepare yourself?
13. What were the first actions/decisions that were undertaken by you when the company realized that a crisis was about to strike the company?

During the boycott

14. How did the boycott affect your company?
15. How did you act during this period? What was your first action?
16. Did you use any strategies or crisis management plan in order to reduce the effects of the boycott?
17. How did the crisis affect your marketing?
18. Did you have to adapt or change anything about the way you conduct marketing? :
 - a. Products?
 - b. Place?
 - c. Promotion?
 - d. Price?
19. What policy do you have when regarding communication with the mass media and the stakeholders during a crisis?

After the crisis

20. How long did it take for you to recover from the crisis?
21. How did you work after the boycott in order to rebuild your image and trust towards: Customers? Consumers? Distributors? Partners etc?
22. What lessons have you learned through this experience?
23. Have they boycott change the way you do business in that our any other area?
24. Have you changed anything about your marketing in the region after the boycott?
 - a. Products?
 - b. Place?
 - c. Promotion?
 - d. Price?
25. What are the steps that have been taken to prevent a similar crisis from happening in the future?

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26. What kind of obstacles did you face when trying to rebuild or retain the business relations to its customers and consumers in the Middle East?
 27. Did the relationships and the collaborations to consumers change as a result of the boycott?
 28. What were your main priorities before, during and after the boycott?