

# Multinationals' Strategic Responses to Macro-Boycotts

A qualitative Case Study of Damage Limitation Strategies used by  
Danish Boycott Targets during the Cartoon Crisis



Master's Thesis

Master of Science in Economics and Business Administration  
International Business

Copenhagen Business School 2015

## Abstract

This research investigates how multinational companies can respond in order to limit damage caused by macro-boycotts. The research is a qualitative multiple case study and uses the Cartoon Crisis as an illustrative example. Relevant existing literature is reviewed in order to build an overview of previous research and to develop an analytical framework. Four prominent directions of *damage limitation strategies* are identified in the boycott literature: communication, marketing and operations, stakeholder, and internal strategies. These set the ground for the analytical framework, which will serve as structure guidance in the research. The following section gives a detailed description of three case companies and examines which strategies they used in order to limit potential damage caused by the macro-boycott known as the Cartoon Crisis. The chosen case companies are Danish multinationals operating in the dairy industry. The analysis consists of two parts, a within-case analysis and a cross-case analysis. In the within-case analysis, each case is analyzed individually and is compared to the literature review. In the cross-case analysis, the case companies are analyzed and compared to each other. Patterns, similarities, and differences among the cases are identified. The discussion includes a short assessment of the companies' damage limitation, aspects that could affect the choice of strategies, and potential explanations why some strategies are more effective for some firms than for others. The following section outlines managerial implications, which are recommendations for macro-boycotted companies of how to limit potential damage. The recommended damage limitation strategies apply for multinationals of various sizes and include strategies such as quick response, consistency in values and behaviors, and a continuous information flow to stakeholders. Furthermore, the findings show that macro-boycotted companies should downscale its country-of-origin, make sure that knowledge about the boycotting regions is accessible, and appoint a responsible person or team for strategy formation and implementation. The researchers believe that the purpose has been fulfilled and that findings contribute to and complement the existing literature. The research has some limitations and additional research can be made to strengthen the generalizability of the implications. The macro-boycott literature is scarce and future research is needed to help companies and managers to cope with the increasing phenomenon of macro-boycotts.

**Keywords:** macro-boycott, crisis, multinationals, strategies, damage limitation

## Acknowledgements

We would like to take the opportunity to express appreciation to all parties that have been involved in the process of writing this Master's thesis. First of all, we would like to thank our supervisor, Bersant Hobdari, who has guided us during challenging times and has shown great commitment in helping us reaching our aims. High availability, valuable inputs, and a friendly aura are three characters of Bersant that have been highly appreciated in the writing process. We also would like to thank the persons who have participated in interviews and provided us with useful and essential information. Their inputs have greatly contributed to the results of this thesis. To fellow students who have been present in our everyday life during the writing of this thesis we also would like to say thank you. Without our chatty coffee breaks and motivational pep talks, it would have been challenging to finalize this thesis. Finally, great thanks goes out to family and friends who have been supporting and motivating us throughout the writing of this Master's thesis.

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Copenhagen

July 2015

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# 1. Introduction

## 1.1 Background

The use of boycotts has been an efficient pressure tool since decades (Klein, Smith & John 2004, p. 92). Consumer groups have traditionally used the method of boycotting to express their opinions regarding an egregious act made by a specific company (Abosag & Farah, 2014, p. 2263). In today's international business environment, another kind of boycott is increasing in both frequency and effect; macro-boycotts<sup>1</sup>. While the traditional boycotts (micro-boycotts) targets a company, macro-boycotts target a whole country. The boycotters stop buying products from all companies originating from the country. Macro-boycotts are increasingly used as a pressure tool in consumer protests and to show dissatisfaction regarding egregious acts, values, or behaviors made by the government, a company, or individual originating from the targeted country (Aish et al., 2012, p. 165). The boycotted companies have no direct relation to the controversial event, except the same country-of-origin (Abosag & Farah, 2014, pp. 2262-2263). Reasons and motivations to organize and/or participate in a macro-boycott can be of diverse nature (Gaweesh, 2012, p. 259; Maamoun & Aggarwal, 2008, p. 35).

Macro-boycotts are intensifying in effect and the negative impacts on both the macroeconomics of the targeted country and on the companies originating from the boycotted country can be extensive (Aish et al., 2012, p. 165). Macro-boycotts can lead to fatal consequences for the companies and their corporate brands (Aggarwal & Maamoun, 2008, p. 18). Although these companies are innocent bystanders to the trigger and dispute, they are suddenly finding themselves in an unexpected boycott crisis where new challenges have to be encountered (Knight, Mitchell & Gao, 2009, pp. 6-7).

The management of such crises in today's global business world is particularly challenging because the crises are increasingly rooted in conflicting values (Hunter, Menestrel &

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<sup>1</sup> The definition of a macro-boycott used in this research does not include economic sanctions.

Bettignies, 2008, p. 358). Multinational companies need to manage and please stakeholders in different countries with potential conflicting values (Doh & Lucea, 2013, p. 171). However, companies might be able to limit the negative effects of a macro-boycott by applying different response and damage limitation strategies (Gaweesh, 2012, p. 259; Knudsen, Aggarwal & Maamoun, 2008).

Research within the field of macro-boycotts is limited and there is a strong need to learn more about how to develop, implement, and combine different strategies in order to limit potential damage (Abosag, 2010, p. 366). The increase in the use of macro-boycotts as a pressure tool and thus the higher probability that they occur, stresses the urgency of additional research (Aish et al., 2012, p. 165; Knight, Mitchell & Gao, 2009, pp. 7-8). Macro-boycotts are an increasing phenomenon that can result in huge negative impacts and it is therefore surprising that little research and consequently little knowledge is available to help managers in their formation and implementation of strategic response strategies (Klein, Smith & John, 2004, p. 92).

In order to contribute and fill parts of this gap, this research will examine a macro-boycott situation and the strategies that were used by the affected companies. The Danish Cartoon Crisis will serve as an illustrative example and the affected companies' damage limitation strategies will be studied. During the Cartoon Crisis, Danish products were boycotted in the Middle East as a reaction to the publication of cartoons depicting the Prophet Muhammad by a Danish newspaper. Danish multinationals with business activities in the Middle East were strongly negatively affected by the boycott and most targeted Danish companies experienced a hard time during the crisis. The companies tried to deal with the situation by applying different strategies that potentially could limit the damage caused by the macro-boycott.

The existing literature is limited but has aimed to address some of the challenges that arise during a macro-boycott and how to deal with these. The main focus of the literature, that uses the Cartoon Crisis as an illustrative example, has been on the response strategies used by the Danish multinational company, Arla Foods (Arla). Other Danish companies that got targeted during the crisis have not yet been sufficiently studied. Future research that considers other

Danish companies' response strategies and compares them with Arla's strategies is therefore suggested (Abosag & Farah, 2014, p. 2279).

## **1.2 Research purpose and research question**

The purpose of the study is to identify and recommend corporate response strategies that companies can apply in order to limit damage during a macro-boycott. Since companies can get badly affected and since the research is limited within this area of research (Abosag, 2010, p. 366), the researchers of this study believe that the purpose is in good need of further research.

During the first steps of preparation and when laying the ground for the study, the main objective was clear; the researchers wanted to investigate corporate response strategies when targeted during a macro-boycott. Extensive research of existing literature was needed to be able to develop an understanding of what to examine and which areas to investigate. The researchers asked themselves what the corporate response strategies were supposed to achieve and concluded that the goal was to limit all potential damage caused by a macro-boycott. Moreover, the researchers wanted to investigate a phenomenon that is crossing national borders and is relevant within the field of international business. Companies that get targeted during a macro-boycott are often multinational companies and are thereby active in an international arena. The reasoning above led to the specific research question:

*How can multinational companies respond in order to limit potential damage caused by a macro-boycott?*

In order to address the research question, existing literature relevant to the field of research will be examined and reviewed in order to detect patterns in corporate response strategies as well as to identify relevant focus areas. Furthermore, a multiple case study will be conducted to acknowledge and/or to hopefully add strategies to the scarce macro-boycott literature. The



study seeks to identify *damage limitation strategies* and to develop recommendations that can be generalized.

There will be four focus areas when addressing the damage limitation strategies:

- Communication strategies
- Marketing and operations strategies
- Stakeholder strategies
- Internal strategies

### 1.3 Limitations

First, since the study aims to develop recommendations that are based on the analysis of three case companies, one could argue that the recommendations cannot be generalized. However, the researchers do not want to prove a universal truth, they rather would like to develop an understanding of the damage limitation strategies that the case companies used and whether these were successful or not. By examining three case companies and by conducting interviews, a big amount of data can be collected. This qualitative data can be valuable and provide useful insights, insights that might have been overseen in a quantitative approach with a bigger sample.

Second, as mentioned above the multiple case study consists of three case companies. The researchers of this study have only got the possibility to interview with two case companies. The third company, Arla, will therefore be described based on secondary data sources. This is a limitation since potential information that has been kept internally will not get accessed. However, the researchers think that Knight, Mitchell, and Gao (2009, p. 19) are right when stating that it is still possible to learn valuable lessons from secondary data. To the researchers' advantage, a big amount of secondary data about Arla's response strategies is available. For the two other companies, Quantum ApS (Quantum) and Company X<sup>2</sup>, it has been challenging to find secondary data. They are relatively small companies and secondary data about their damage limitation strategies during the boycott is limited.

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<sup>2</sup> Company X has demanded anonymity and will therefore be called *Company X* throughout the study

Third, since the illustrative example of the study is the Cartoon Crisis, only Danish multinational boycott targets are described and analyzed. This can be a limitation in the sense that all of them originate from the same country. Additionally, the generalizability can be limited by the fact that all three case companies operate in the dairy industry. The researchers are aware of the limitations but aim to generalize the findings across industries and national borders.

## **1.4 Outline of the thesis**

The outline of the thesis will be as follows:

- *Introduction*

The introduction presents the research background, the research purpose, and the research question. The reader will get an overview of the study and how it will be structured.

- *Literature review and analytical framework*

In this chapter, relevant literature is reviewed and the analytical framework is developed and explained. The framework is based on the literature review and will lay the ground for the case descriptions and case analyses.

- *Methodology*

The methodology presents how the research will be conducted. The choices of research approach and research design will be explained and compared to alternatives. This chapter also includes a description of how data will be collected and analyzed.

- *Cases*

This chapter introduces the case companies to the reader. It starts with an overview of the business environment in the Middle East and continues with a recapitulation of the illustrative example, the Cartoon Crisis. Thereafter a detailed description of the case companies will follow. Each description consists of a company overview, the

company's business activities in the Middle East, and a review of the corporate response strategies that the company used with the aim to limit damage caused by the macro-boycott.

- *Analysis*

The analysis consists of two main parts: within-case analysis and cross-case analysis. In the within-case analysis each company will be analyzed individually in order to find successful and/or unsuccessful damage limitation strategies that the company used. The strategies will also be compared to the existing literature with the aim to find confirmation and perhaps disconfirmation. In the cross-case analysis, the damage limitation strategies used by the different case companies will be compared and analyzed with the aim to detect similarities and/or differences.

- *Discussion and managerial implications*

The outcome of the analysis will be discussed and implications for managers will be presented. This chapter states the findings of the research.

- *Conclusion*

The conclusion summarizes the research purpose and the managerial implications of the study as well as suggests future research areas and directions.

## 2. Literature review and analytical framework

### 2.1 Boycott

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*This section aims to explain what a boycott is, how it is defined, and what different kinds of boycotts there are. The concepts of ethnocentrism and animosity are described since they explain the motivation of participating in a macro-boycott. An overview of a macro-boycott including boycott triggers, boycott strategies, and potential corporate responses is presented.*

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The term ‘boycott’ originates from Captain Charles Cunningham Boycott (1832-1897) who lived in Great Britain and worked as a land agent. The Irish Land League started a campaign in 1880 called the three Fs (fair rent, fixity of tenure, and free sale). Mr. Boycott refused to reduce rents and was one of the first to be ostracized (the League’s strategy when people did not cooperate). Labor was hindered from harvesting Boycott’s crops and he got completely isolated from the local community (Tyran & Engelmann, 2005, p. 2). The term boycott was born and the strategy was named. However, boycotts have been used for several centuries and were thereby used long before Mr. Boycott gave them its name (Klein, Smith & John 2004, p. 92).

Friedman (1985, p. 97) defines a consumer boycott as ‘an attempt by one or more parties to achieve certain objectives by urging individual consumers to refrain from making selected purchases in the marketplace’. In this definition a boycott is seen as a tool used to affect a company’s behavior by not buying its products (John & Klein, 2003). John and Klein (2003, p. 1198) define a boycott as:

Occurring when a number of people abstain from purchase of a product, at the same time, *as a result of the same egregious act or behavior*, but not necessarily for the same reasons.

They define the egregious act as either direct, for example affecting an individual’s health, or indirect, for example generating negative emotions or concerns. While the former definition is

both broad and widely used, the latter is slightly broader since it allows for different reasons and motivations for participation.

Friedman (1999, p. 14) separates boycotts into two categories: direct and indirect boycotts. The boycott is direct if it is associated with the target's own actions or statements. Schrempf-Stirling, Bosse, and Harrison (2013, p. 574) call this kind of boycott a primary boycott. They define it as 'a group's refusal to engage with a target firm that is acting in ways that are offensive to the group' (Schrempf-Stirling, Bosse & Harrison, 2013, p. 574). Moreover, the boycott is indirect if it is related to a third party's actions or statements (Friedman, 1999). It can also be called a secondary boycott and be defined as:

A group's refusal to engage a target firm with which the group has no direct dispute, in an attempt to sway public opinion, draw attention to an issue, or influence the actions of disputant (Schrempf-Stirling, Bosse & Harrison, 2013, p. 574).

In other words, a consumer boycott can either target a specific company (micro-boycott) or target several companies due to a connection or identification with a third party, for example a country (macro-boycott). When individuals and/or groups perceive actions of a specific country, government, and/or individual originating from that country, to be offensive and egregious, the situation could lead to a macro-boycott.

Shebil, Rasheed, and Al-Shammari (2011, p. 383) call an indirect macro-boycott for a country-of-origin related consumer boycott. Nagashima (1970, p. 68) defines the country-of-origin image (in other words the 'made in' image) as 'the picture, the reputation, the stereotype that businessmen and consumers attach to products of a specific country'. Furthermore, the country-of-origin image is affected by variables such as products, economic and political history, traditions, and national characteristics (Nagashima, 1970, p. 68). Country-of-origin boycotts are intensifying and have become an increasing challenge for multinational corporations. Since a country-of-origin boycott campaign usually boycotts all products from a specific country it can have an enormous impact on the country's economy and on the companies' performance and competitiveness (Aish et al., 2012, p. 165). Knight, Mitchell, and Gao (2009, pp. 6-8) compare macro-boycotts with a 'environmental turbulence' since companies neither attribute to the triggering event nor can control what happens. As

Abosag and Farah (2014, p. 2263) state, ‘the companies of a given country pay the price of a crisis for which they are not responsible, usually based on a country-of-origin motive’, companies do pay for something they did not do. Although companies are in a difficult situation when being macro-boycotted, sometimes even referred to as being in chaos, some degree of control might still be reachable. Companies and governments are not powerless to act (Amine, Chao & Arnold, 2005, p. 128).

### **2.1.1 Ethnocentrism and animosity**

In general, ethnocentrism can be described as the tendency of people to see their own group as the center and righteous group, judge other people’s groups from their own perspective, and reject people that are culturally different while accepting people only on the premise that they are culturally similar (Booth; Worchel & Cooper, cited in Shimp & Sharma, 1987, p. 280). Shimp and Sharma (1987, p. 280) introduced the term ‘consumer ethnocentrism’ and describe it as a representation of consumers’ beliefs about the morality and appropriateness of buying products originating from other countries. They use it to measure American consumers’ willingness to buy foreign-made products. If the ethnocentrism is high, the consumer will most likely not buy the foreign product. In their study, consumer ethnocentrism was mainly reflecting the economic point of view and whether it was morally right and appropriate to buy foreign products when domestic producers offered substitutes. However, the concept give an understanding of how different groups think of different purchase behaviors and whether these are acceptable or not (Shimp & Sharma, 1987, p. 280).

Whereas consumer ethnocentrism measures the willingness and beliefs about buying products from other countries in general, animosity is country-specific. Consumers can for example be willing to buy foreign products from some countries, while animosity towards another country would make them reject that specific country’s products (Klein, Ettenson & Morris, 1998, p. 91). Klein, Ettenson, and Morris (1998, p. 90) define animosity as ‘the remnants of antipathy related to previous or ongoing military, political, or economic events’. Even though consumer ethnocentrism and consumer animosity can be seen as two different constructs (Klein, Ettenson & Morris 1998, p. 96), some scholars argue that they are correlated (Abosag & Farah, 2014, p. 2266; Klein, Ettenson & Morris, 1998, p. 91). Consumer animosity can be

classified in four ways: stable versus situational and personal versus national (Ang et al., 2004, p. 192). Stable animosity is when there is an underlying historical tension and when values are passed on by generations. Situational animosity on the other hand is linked to a current event. Moreover, personal animosity is based on the person's own experiences with that country while national animosity is based on perceptions of how the host country has behaved towards the home country (Amine, Chao & Arnold, 2005, p. 126).

When a country takes action in an international arena (for example political, economic, or military), animosity towards the country and companies originating from or affiliated with the country can arise. This has motivated researchers to dig deeper into the field of consumer animosity and how it affects purchase behavior (Leong et al., 2008, p. 996). There are additional actions that can motivate and create consumer animosity, for example religious actions. Abd-Razak and Abdul-Tabil (2012, p. 75) discuss religious animosity and how it has been a strong motivation for consumer boycotts in the Muslim world. Boycotts have been used to show animosity towards nations, corporations, or individuals that have acted in a way that is considered to be offensive and sensitive to the Muslim population. While Amine, Chao, and Arnold (2005, p. 128) have found that:

Consumers avoid purchasing products from countries that have engaged in hostile military, political, or economic acts against the consumers' home country, and they find these acts both grievous and difficult to forgive.

Wang and Cheng (2005) add two reasons of conflict: tension in international business and religious conflicts.

Klein, Ettenson, and Morris (1998, pp. 96-97) have contributed with two main findings to the country-of-origin literature. First, the country-of-origin has a direct impact on consumers' willingness to buy and is thereby independent of quality and product perceptions. However, this does not necessarily exclude an indirect impact. They find that hostility towards the target country will affect the purchase decision for consumers with high animosity, not the product features per se. This means that consumers can realize a product's quality just by looking at the country-of-origin, but still reject it because of hostility feelings (Ettenson & Klein, 2005,

p. 204). Second, consumer animosity is affecting consumer behavior in the long term (Klein, Ettenson & Morris, 1998, p. 97).

Abosag and Farah (2014, p. 2262) have made a major contribution to the boycott literature by investigating the field of consumer ethnocentrism and animosity. There is a growing interest in research of consumer animosities, but studies addressing religious animosity are few. Abosag and Farah (2014) consider consumer ethnocentrism and animosity as the two main consumer motives to participate in a macro-boycott. They focus on religious animosity since that has been the underlying cause of recent major boycotts around the world. They find that consumer ethnocentrism and religious animosity increase the probability of a boycott and affect brand image negatively. The main finding shows that macro-boycotts have a negative effect on customer loyalty (Abosag & Farah, 2014, pp. 2276-2277). Al-Hyari, Alnsour, and Al-Weshah (2012) propose that religious beliefs can change dramatically and affect loyalty towards a brand or country. Furthermore, they can affect consumers' perceptions of the country-of-origin, can result in animosity, and in the extreme case end up in a consumer macro-boycott. Boycotts caused by religious animosity are long lasting and effective since the triggering egregious act attack the consumers' core beliefs (Abosag & Farah, 2014; Al-Hyari, Alnsour & Al-Weshah, 2012, p. 169). Abosag and Farah (2014, p. 2265) therefore suggest that every act against religion should be carefully evaluated within its specific context.

### **2.1.2 Overview of a macro-boycott**

Knudsen, Aggarwal, and Maamoun (2008) present a framework, which gives an overview of a consumer macro-boycott and the parties involved (see figure 1). They break down the boycott-term into three parts: boycott triggers, boycott strategies, and corporate responses. Triggers and strategies are from the boycott organizer perspective while the corporate responses are from the corporate perspective. To know the trigger and strategy of a boycott can help companies to understand, analyze, and develop corporate responses. According to the framework there are three main actors who can trigger a boycott: a government, a corporation, or an individual. The actions or statements made by these parties can trigger a boycott if another party from another country perceives them as offensive (Knudsen, Aggarwal & Maamoun, 2008, pp. 17-18). Furthermore, boycotters can use three main



strategies to implement the boycott successfully: raise awareness of the boycott, use media to spread information in a cost-efficient way, and clearly identify the target(s) (Knudsen, Aggarwal & Maamoun, 2008, pp. 20-21). The role of media and new communication technology plays an important role for the intensity, power, and impact of the macro-boycott (Aish et al., 2012, p. 165; Izberk-Bilgin, 2012, p. 533; Knudsen, Aggarwal & Maamoun, 2008, p. 20; Shebil, Rasheed & Al-Shammari, 2011, p. 394).



**Figure 1: A useful Boycott Framework**

*(Knudsen, Aggarwal, & Maamoun, 2008, p. 18)*

Knudsen, Aggarwal, and Maamoun (2008, pp. 21-24) summarize some commonly used responses to boycott campaigns. First, a company can respond to rumors with the aim to counter false them. Second, companies can distance themselves from the controversy. Third, a company can make charitable contributions to support the welfare of the country where the boycott is originated. Fourth, a company can put focus on local connections and the impact on the local economy. Fifth, a company can localize the marketing strategy. Last but not least, the company can cooperate with the local government. These corporate responses are some examples of how companies can react in a macro-boycott, but they are nor mutually exclusive nor collectively exhaustive. The boycott triggers and the boycott strategies are not the focus of this study, but the researchers believe it is useful to know the reasons why and how a macro-boycott occurs and they are therefore briefly explained.

### **2.1.3 Crisis management**

Getting macro-boycotted is a highly challenging situation for companies and to be a boycott target can lead the company into a crisis. Such organizational crises are not probable to happen, but if they do, they will most likely have a high negative impact. This can threaten the company's reputation, viability, and competitiveness (Carmeli & Schaubroeck, 2008, p. 177; Coombs, 2007b, p. 163). Coombs (2007a, pp. 2-3) describes a crisis as 'the perception of an unpredictable event that threatens important expectancies of stakeholders and can seriously impact an organization's performance and generate negative outcomes'. According to the Institute of Crisis Management, two main types of organizational crises exist: a sudden crisis and a smoldering crisis. The former is an unforeseeable crisis that often is caused by an external factor that the company cannot control or influence. In contrast, a smoldering crisis starts as a small event within an organization that eventually develops into a crisis for the company (James & Wooten, 2005, pp. 142-143). Macro-boycotts are an example of a sudden crisis.

The design and implementation of organizational systems and strategies during a crisis is a managerial key challenge. In order to successfully deal with a crisis and to limit potential damage, managers have to make wise decision of how to respond (Carmeli & Schaubroeck, 2008, p. 177). Crisis management aims to minimize the negative impact of a crisis and hence prevent the organization, its stakeholders, and the industry from any harm (Coombs, 2007a, p. 4). It can be defined as 'a set of factors designed to combat crises and lessen the actual damages inflicted' (Coombs, 2007a, p. 5). Crisis management is a complex process with different stages including preventive measures, corporate responses, and post-crisis evaluation. The management of a crisis can therefore be divided into three parts: pre-crisis, crisis, and post-crisis management (Coombs, 2010, p. 20). However, when examining macro-boycott response strategies the crisis management during the crisis will be the main focus.

Successful crisis management is highly important for a company's legitimacy (Massey, 2001, p. 169). Legitimacy coordinates the relationship between the organization and the society. It can be defined as 'a generalized perception or assumption that the actions of an entity are desirable, or appropriate within some socially constructed system of norms, values, beliefs,

and definitions' (Suchman, 1995, p. 574). Thus, legitimacy is a result of how an organization's actions and decisions are perceived and interpreted by its stakeholders. The management of legitimacy can therefore be defined as 'a cultural process whereby organizations attempt to gain, maintain, and in some cases regain stakeholder support for organizational actions' (Massey, 2001, p. 154). When in a crisis, an organization's stakeholders might question the company's legitimacy. Strategic communication with different stakeholder groups is therefore a crucial part of handling a crisis successfully (Massey, 2001, p. 153; Suchman, 1995, p. 586). In this context, it has to be emphasized that perceptions can differ significantly between stakeholders, especially when having different cultural backgrounds (Holmström, Falkheimer & Nielsen, 2010, p. 1). Culture influences the way stakeholders perceive and experience a crisis (Gaweesh, 2012, p. 264) and that makes the management of legitimacy challenging for multinational corporations. The company must apply a legitimate communication strategy in a culturally diverse environment with different stakeholder groups (Holmström, Falkheimer & Nielsen, 2010, p. 2).

When acting in a globalized business environment, most companies apply the political corporation model of legitimacy. This means that each corporation has developed a set of moral and ethical values, which are relating to both the global and the local society. The corporation uses this as guidelines when deciding for strategies to use or actions to take (Brummer, 1991, pp. 185-210; Grolin, 1998, pp. 216-217). However, the balance between global and local is a challenge and is connected to macro-boycotts in the sense that one group perceive an act offensive while the other does not. Even though companies have a code of conduct or a corporation model of legitimacy, they can get targeted during a macro-boycott.

To be able to investigate how companies can respond to boycotts and how the situation can be dealt with, the following sections will dig deeper into strategies and actions that companies can use in order to limit potential damage that can be caused by a macro-boycott. Damage limitations will be examined within different but connected fields.

## 2.2 Damage limitation strategies

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*Damage limitation strategies are, like the name reveals, strategies aiming to limit damage during a macro-boycott. The section below examines different strategies for how to cope with a macro-boycott. The situation is complex and many strategies overlap or interrelate with each other. The strategies are sorted by different categories: communication strategies, marketing and operational strategies, stakeholder strategies, and internal strategies.*

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### 2.2.1 Communication strategies

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*Communication during a macro-boycott is an important tool for limiting potential damages. Davidson (1995, p. 80) states 'Finally, it is important for managers to remember that dealing with a boycott is nothing more nor less than one facet of communicating with customers and other stakeholder groups'. The researchers of this study agree that communication is crucial and will therefore review relevant communication strategies for damage limitation during a macro-boycott.*

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Crisis communication is an important part of crisis management and is used to gather information, gain knowledge, and to selectively share it with others (Coombs, 2010, p. 20). Information is shared on both interpersonal and mass mediated levels (Falkheimer & Heide, 2006, p. 182). By using strategic crisis communication, potential damage caused by a macro-boycott can be limited (Coombs, 2007b, p. 163). Crisis communication aims to decrease the negative emotions of stakeholders (Coombs, Frandsen, Holladay & Johansen, 2010, p. 338). Coombs (2010, p.20) define crisis communication as 'the collection, processing, and dissemination of information required to address a crisis situation'. This definition is limited in the sense that it neither takes the complexity of crisis communication nor the perceptions of stakeholders into account. Johansen and Frandsen (cited in Frandsen & Johansen 2010, p. 431) define crisis communication as:

Crisis communication consists of a complex and dynamic configuration of communicative processes, which evolve before, during, and after an event, a

situation or a course of events that is seen as a crisis by an organization and/or more of its stakeholders. Crisis communication also includes various actors, contexts, and discourses (manifested in specific genres and specific texts) related to each other.

According to Abosag (2010, pp. 370-371), a good communication strategy is vital during a macro-boycott and companies need to respond immediately and explain its position relative to the trigger. Leong et al. (2008, p. 1004) say that the company should distance itself from the triggering act and try to change boycott participants' perception of the company's possibility to control or affect the situation. International companies need to distance themselves quickly but must take into consideration how the communicative message get perceived by different stakeholder groups. Managers should be careful when formulating their messages and balance them so they do not create new animosity in another market, for example the home market (Abosag & Farah, 2014, p. 2278). Klein, Ettenson, and Morris (1998, p. 97) also suggest that a macro-boycotted company should engage in communication and public relations activities in order to address tensions and to improve stakeholders' perceptions of the company.

Furthermore, communication regarding distancing the company from the boycott trigger should not only be directed to the boycott organizers and participants, but also to non-boycotters. This can reduce animosity towards the company, protect the brand image, and lower the amount of participants in the macro-boycott (Klein, Smith & John, 2004, p. 106). Both market value and reputation can be damaged if a company refuses to engage in dialogue with different stakeholders. It is therefore important that companies establish and maintain dialogue with both direct stakeholders and other adversaries. Additionally, the company should not only state facts that it considers important but also try to anticipate and solve conflicts with stakeholders during the boycott (Hunter, Menestrel & Bettignies, 2008, pp. 335, 348).

Boycott organizers and participants often spread rumors with the aim to increase boycott effects. False rumors about the company affect its reputation and must therefore be countered effectively and quickly before the rumors enter the belief system of customers. However as mentioned before, the response must be balanced between different stakeholder groups (Abosag, 2010, pp. 370-371). Ettenson and Klein (2005, p. 218) argue that companies can

respond to rumors with visible actions that are considered to be social responsible and thereby stand in contrast to the boycott trigger. According to Frandsen and Johansen (2010, p. 428), research about the visual aspects of crisis communication is limited and should not be overlooked.

Companies should pay attention when communicating during a crisis so that they do not lose important stakeholder groups. When communication strategies aim at for example controlling or influencing public opinion, the risk of stakeholder conflicts and loss of credibility rises. Communication should therefore not only aim to deliver a message, but also be a dialogue with the most important stakeholders (Hunter, Menestrel & Bettignies, 2008, p. 347). However, when communicating during a crisis a company can try to frame the debate about an issue. By providing the public with a continuous information flow, the company can control the information that is available and thereby set a limit of what is acceptable to debate (Hunter, Menestrel & Bettignies, 2008, p. 343). In this way, companies can somehow influence public opinion in an indirect way.

When being macro-boycotted, companies want to affect the situation in order to limit damage and can therefore design and implement change interventions. Farah and Newman (2010, p. 354) say that the two main pillars of change interventions are information and persuasion. The goal with change interventions is to affect the public opinion about the company, from negative to positive. The intervention does often include transmitting information about the company's non-political orientation and its revulsion of the egregious act that cause the macro-boycott. By using persuasive communication the company can affect boycotters and their perception of motives for participating. Persuasive communication can be done in several ways where messages in different media channels, attendance in forums, participation in talk shows (in public or at universities), and/or sponsorship of local events are some of them. Furthermore, they state that the power of a persuasive message or statement depends on how credible it is, how often it is repeated, and whether the receivers (the audience) are responsive. The audience needs to be willing to reflect on the message in order for it to have an effect (Elliot; Eagly & Chaiken, cited in Farah & Newman, 2010, p. 354). The literature stresses that if statements made by a company should have any effect on consumers' attitudes and intentions, the statements must be in great intensity (Farah & Newman, 2010, p. 354).

Knight, Mitchell, and Gao (2009, pp. 17-18) emphasize that messages and statements made by a boycotted company are best delivered by local entities, also known as *gatekeepers*. Gatekeepers are often more successful in delivering a message thoroughly since their faces are recognized by the local audience and stakeholders. They also state that well-known gatekeepers combined with a message that the local audience actually would like to hear are important parts for the communication strategy to be successful. Knight, Mitchell, and Gao (2009, p. 17) conclude that if this does not work, the next alternative would be to ‘batten down the hatches’ and wait out the storm. Their research contrasts the majority of the established public relations and crisis communication literature when concluding that the best way in dealing with a crisis like a macro-boycott is a ‘least said, soonest mended’ approach.

When a macro-boycott is religiously motivated, the animosity is intense and the boycott power often increases. It is therefore important that companies do not ignore the religious interpretations of the situation made by boycotters. By trying to understand religious groups’ perceptions of the situation, the company could succeed in building counter arguments that are based on religious interpretations and thereby arguments might be perceived as more valid and legit. In other words, the company can try to find arguments that are built on boycotters’ beliefs and in that way possibly gain legitimacy and affect stakeholder groups’ perceptions of the company (Abosag & Farah, 2014, p. 2278). Davidson (1995, pp. 77-80) also stresses the importance of actually listening to what the boycotters have to say and engaging in dialogue. Boycotted companies must listen, discuss, and negotiate in order to deal with the situation. If the company does not communicate, it is likely that the dispute will intensify. He also argues ‘communication with customers always carries the potential for a positive outcome’ (Davidson, 1995, p. 78).

The media’s role is crucial when managing public relations and communication during a turbulent time (Abosag, 2010, p. 371). Modern communication technologies have resulted in the presence of two main types of media during a macro-boycott: regular news media and stakeholder media. Although news media can be effective and is an important variable to handle, the power of stakeholder media is huge. Stakeholder media can have a considerable influence, is mobile, and hard to control. While news media reports what the public considers important, stakeholder media generates action. The power of stakeholder media is big and

therefore it is important that managers listen to stakeholder groups and include a stakeholder perspective in their crisis communication strategies (Hunter, Menestrel & Bettignies, 2008, p. 345-346).

Previous research is useful in order to understand how organizations communicate during a crisis. However, it is limited for various reasons and one of them is that the focus often lies on one specific stakeholder instead of a variety of stakeholders (Frandsen & Johansen, 2010, p. 428). Multicultural approaches to communication are increasing in importance since most international organizations in today's society are acting in a multicultural environment. Many organizations have culturally diverse stakeholders and that results in a complex situation with potential intercultural issues when a crisis occurs (Coombs, 2014, p. 398; Falkheimer & Heide, 2006, pp. 180-188).

Seeger (2006) discusses practices in crisis communication when a company goes through a crisis that has received large publicity. He outlines ten best practices of crisis communication that can help a company to form an effective plan and to respond. The following list summarizes the ten best practices according to Seeger (2006):

1. Crisis communication should be part of the decision-making process when planning and responding as well as follow an already outlined systematic process
2. Plan before crisis hits – identify potential risks and prepare possible crisis responses
3. Accept the public as a legitimate stakeholder – engage in dialogue
4. Listen to the audience and take their concerns into account when responding
5. Be open, honest, and candid – fosters credibility
6. Coordinate and collaborate with credible parties – necessary to achieve effectiveness
7. Use the media as a tool when managing the crisis – be consistent and accessible
8. Show concern and empathy – enhance legitimacy
9. Acknowledge uncertainty – since a crisis is unpredictable, over-reassuring messages can damage if they lack credibility
10. Encourage stakeholders to take action and argue why they should do so



Some of the practices overlap and some are related to others. However, they complement each other and can function together, but can also contradict each other in some situations. Seeger (2006, p. 243) highlights that crises are chaotic and hard to predict. Additionally, he states that every crisis is unique and that this should be taken into account when trying to generalize response strategies.

### **2.2.2 Marketing and operations strategies**

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*This section presents damage limitation strategies within the fields of marketing and operations. While a vital part of crisis management during a macro-boycott is crisis communication, there are additional strategies that can limit potential boycott damage, such as marketing and operations.*

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To invest in brand relationships and brand emotion is an important tool to win customers' loyalty and understanding. If customers have an emotional attachment or relationship with a brand, it might be harder for them to participate in a boycott towards that specific brand. Moreover, customers that actually decide to boycott the brand might be easier to regain if the relationship is strong (Abosag, 2010, p. 371). This implies that a long history in the region could be an advantage since the company has had a long time to build a positive perception of its brand and products. If this would be the case, the company should use that intangible asset when trying to avoid or limit potential damage caused by a macro-boycott.

Customers do not explicitly change their perception of the product quality during a macro-boycott and therefore marketing managers do not have to put time and resources on evaluating how product judgment have or will change because of the boycott. Managers should on the other hand put emphasis on recovering brand image. Brand image is usually negatively affected during a macro-boycott. Since positive brand image is something that takes time to build it is important to react quickly in order to restore as much of it as possible. The best strategy would obviously be to try to avoid the boycott completely, this is however hard during a macro-boycott. The company should therefore try to distance itself from the egregious act that triggered the boycott and thereafter remind customers of the company's history in the region (Abosag & Farah, 2014, p. 2278). In combination with a potentially hurt

brand image, customer loyalty decreases during a macro-boycott. However, restoration of customer loyalty can be made with the same measures used for re-building brand image, in other words putting emphasis on the company's history and contributions to the region (Abosag & Farah, 2014, p. 2278).

Davidson (1995, p. 79) argues that the boycotted company should see a positive side of the situation and take the opportunity to build even stronger ties with its customers. *Relationship marketing* often refers to business-to-business relationships but can also be applied to individual customers and manufacturing companies of consumer goods. If the company listens to its customers and let them be part of the solving process, customers might feel that they have been part of the solution and a special bond can be created. The timing is crucial and companies should act in the beginning of the boycott in order to succeed with these kinds of measures. Customers must perceive the actions taken as proactive rather than reactive. Relationship marketing can create strong ties between the company and its customers, ties that would be hard to create with traditional marketing methods (such as focusing on product, price, place and promotion) (Davidson, 1995, p. 79).

Another aspect of marketing strategies is to engage in charitable events or contributions in the boycotting region. Leong et al. (2008) call it *cause-related marketing* and give examples such as supporting local causes or involvement in local communities (Leong et al., 2008, p. 1004). Abosag (2010) argues that companies can engage in such actions but stresses that the company should not advertise about its charitable donations itself, instead that must be left to the media. However, the possibility to inform the media of such donations is of course there. By engaging in charity, customers' perception of the company can soften and animosity can be reduced (Abosag, 2010, p. 371).

Davidson (1995, p. 78) encourages companies to be creative in their marketing strategies and that they should try to turn a disadvantage to an advantage. Farah and Newman (2010) suggest that companies could promote the product as a 'product with no substitutes' and in that way remind and try to convince the customer that they need that specific product. However, they highlight the importance of adapting marketing strategies to different

stakeholder groups as well as prioritizing which groups that matter the most (Farah & Newman, 2010, p. 354).

The reason why companies become boycott targets during a macro-boycott is because of its country-of-origin. When stakeholders participate in a macro-boycott, the *made in label* is an important determinant in the buy-or-not-buy decision. Many participants surely already know the country-of-origin of big international brands, but that is not always the case. Klein, Ettenson, and Morris (1998, p. 97) conclude that a potential damage limitation strategy could be to reduce the promotion of country-of-origin. The boycott target could change the names of products or brands so that they are not associated with the boycotted country and in that way perhaps limit the potential drop in sales. Moreover, the boycotted company could change its supply chain or value chain by for example locating manufacturing in one country while having branding in another. Klein, Ettenson, and Morris (1998) call them *hybrid products* and their purpose is to de-emphasize product origin (Klein, Ettenson & Morris, 1998, p. 97). Leong et al. (2008, p. 1005) suggest a similar strategy and that the company should focus on other aspects of the brand than the country linkage during a boycott crisis. It is important to understand the reasons behind the boycott and why animosity has aroused to be able to use suitable strategies. When animosity towards the country is the underlying cause, a possible strategy is to downplay the country-of-origin.

According to Leong et al. (2008, p. 1004), companies could also go further in the downplaying process by localizing their brands even more. By using local raw materials and production or by adapting the product offering to local preferences, the company can demonstrate a commitment to the country or region. Close cooperation and partnerships with local distributors could message long-term intentions and loyalty towards the host country as well as downplay the country-of-origin.

In line with Leong et al. (2008) is the *blend in strategy* suggested by Shebil, Rasheed and Al-Shammari (2011). The aim of the strategy is to minimize the brand's country-of-origin identity and highlight the local character of the organization. This is a proactive and long-term strategy and can be achieved by for example advertising campaigns, increased public relations activities, and sponsoring events. The strategy should be adopted as soon as possible in order

to improve the situation. The strategy is part of a framework developed by Shebil, Rasheed and Al-Shammari (2011) which aims to guide companies when coping with macro-boycotts, developing strategies, and trying to mitigate the negative impact of boycotts.

The framework is built on two dimensions: brand-country association and boycott intensity. Brand-country association is the extent to which customers in a specific country associate the brand and its products with another country. If the brand-country association is high it is more likely that the company becomes a boycott target and that the company is more affected during the boycott. Some companies are more associated with their country-of-origin than others, which implies that companies could respond differently depending on the level of association. Boycott intensity consists of different boycott aspects: size, duration, and aggressiveness. Size refers to the number of people boycotting the brand, duration reflects how long the boycott will be, and aggressiveness refers to potential violent acts (Shebil, Rasheed & Al-Shammari, 2011 pp. 387-389). Depending on how high or low a company ranks itself within each dimension, the framework provides four different strategic responses: blend in, monitor and blend in, lower profile and status quo (see figure 2).

		BOYCOTT INTENSITY	
		HIGH	LOW
BRAND-COUNTRY ASSOCIATION	HIGH	Blend In	Monitor & Blend In
	LOW	Lower Profile	Status Quo

**Figure 2: Strategies for coping with boycotts**

(Shebil, Rasheed & Al-Shammari, 2011, p. 389)

The *monitor and blend in strategy* is suitable when the brand is highly associated with its country-of-origin while the intensity is low. The company should proactively conduct blend in activities and carefully monitor the environment in order to detect potential threats that can

increase the boycott intensity. The company should try to estimate how likely it is that the threats become real and in that case take immediate action.

The third strategy, to keep a *lower profile*, is recommended when the intensity is high while the brand-country association is low. If boycotters do not know that the company's country-of-origin is the targeted one, a lower profile is preferable. Actions when trying to keep a lower profile include change of store name, company name, product name, and the made in label.

*The status quo strategy* should be applied if both dimensions are low. The company does not have to take action and can remain in status quo. However, the company should monitor the environment to detect possible changes (Shebil, Rasheed & Al-Shammari, 2011, pp. 389-392). Some unfortunate companies get associated with the targeted country even though their origin is of another country. This is called a spillover effect and occurs when boycotters erroneously assume a company's country-of-origin. When such a misperception of national identity is made, the company has to take immediate action and educate customers and boycotters (Shebil, Rasheed & Al-Shammari, 2011, p. 392). This framework does not consider all relevant variables but can still serve as a rough guide for how to develop strategies when trying to cope with a macro-boycott.

### **2.2.3 Stakeholder strategies**

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*This section aims to review the literature of stakeholder management during a macro-boycott crisis. The focus will be on how companies can map their stakeholders and on different approaches of how companies can manage their stakeholders during a macro-boycott.*

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Companies have traditionally identified stakeholders from their own perspective, in other words they have had a *standard stakeholder map*. In a standard stakeholder map, the company makes the center of the map while stakeholders surround it. This kind of map outlines the most important stakeholders but is somehow locked to a specific context. The alternative would be to use an *issue-focused stakeholder map*, which centralize an issue and then identify stakeholders to that specific issue. Even though it might be more time-consuming (several maps might be needed) it can help companies to become aware of what

issues they are connected to and which stakeholders that are relevant (Schrempf-Stirling, Bosse & Harrison, 2013, pp. 574-581).

Schrempf-Stirling, Bosse, and Harrison (2013) aim at extending stakeholder theory, increasing our understanding of the complexity of secondary boycotts, and developing strategies for how to respond. They come up with four approaches of how to find a balance between different stakeholder groups and how to respond to macro-boycotts. The four approaches are summarized in the table below (see table 1).

**Table 1: Stakeholder strategies during macro-boycotts**

<b>Egoist</b>	<ul style="list-style-type: none"> <li>• Business as usual, do nothing special regarding the boycott</li> <li>• Works best for small and less powerful companies - stakeholders have lower expectations regarding what the company can achieve/change</li> <li>• Focus on primary stakeholders (enough to protect the firm)</li> <li>• <i>An egoist stakeholder culture</i> which focus on short term gains</li> </ul>
<b>Observer</b>	<ul style="list-style-type: none"> <li>• Regularly scan the environment</li> <li>• Include an <i>issue-focused stakeholder map</i> and an on-going dialogue with stakeholders to understand their stand in different issues</li> <li>• Possibility to detect threats and to make adjustments in an early stage</li> <li>• <i>An instrumentalist stakeholder culture</i> - implies that some short term profits might be lost but future losses could be avoided</li> </ul>
<b>The neutral party</b>	<ul style="list-style-type: none"> <li>• Also known as <i>middle of the road</i></li> <li>• The company positions itself on both sides of an issue by assembling stakeholders from both sides to its network</li> <li>• Can create harmony and save the company from bad publicity</li> <li>• Several disadvantages: costly, risky since the company does not show consistency in values and behaviors, and can reduce credibility</li> <li>• Might be better to admit a misjudgment and try to correct the situation</li> </ul>
<b>Collaborator</b>	<ul style="list-style-type: none"> <li>• Collaboration with stakeholders in order to find a solution to the issue</li> <li>• The company can create an understanding of the underlying problem and find potential solutions by engaging in dialogue with boycotters</li> </ul>

	<ul style="list-style-type: none"> <li>• Suitable for powerful companies since their stakeholders often have higher demands and expectations (they are expected to act and collaborate to find a solution since they have the power to do so)</li> <li>• A <i>moralist stakeholder culture</i> is characterized by a willingness to find a solution that is good for all stakeholders</li> </ul>
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(Schremp-Stirling, Bosse & Harrison, 2013)

Customers are an important stakeholder group and can be considered as one of the key assets of a company. Companies have to do their best and use all their power to not lose them and not letting them become the companies' enemies. Strong relationships with customers are generally considered to be positive and to protect the company from potential damage. However, betrayal is a key motivational force for customers to take action in order to restore justice and the feeling of betrayal can increase if the relationship is strong (Grégoire & Fisher, 2007, pp. 248, 258). In other words, it is important to know your customers' needs and the strength of the relationships. Instead of just relying on their own measures, companies could collect data about their customers' perception of the relationship's value. Another possible action is to develop procedures that satisfy the strong-relationship customers' needs in order to avoid further actions to restore fairness (Grégoire & Fisher, 2007, pp. 258-259).

#### 2.2.4 Internal strategies

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*This section covers internal measures that companies can apply to limit damage during a macro-boycott. These include good crisis leadership, communication with employees, and the recruitment of local human capital.*

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James and Wooten (2005, p. 145) highlight the importance of crisis leadership competencies when dealing with a crisis. They argue that the common crisis management activities, for example crisis communication, are highly important but insufficient without good leadership. James and Wooten (2005, p. 145) state: 'What is needed is not simply management of the situation but a leadership approach whereby the organization, the crisis, and the environment

are considered fully and completely'. They present six leader competencies that they find important during a crisis:

- Carefully selected information should be shared both internally and externally in order to build trust. Information must be shared openly, frequently, and in an honest way.
- Leaders need to apply a big-picture approach and include multiple perspectives.
- Leaders should be able to identify and anticipate crisis scenarios.
- Decision-making should be rapid and wise.
- Own knowledge could be combined with expert's opinion.
- Leaders should be courageous during a crisis and dare to take action instead of being risk averse. There might be possibilities to improve processes and management.
- Leaders should be able to learn from the crisis and adapt strategies accordingly.

These competencies are useful guidelines but, as mentioned before, crises differ and they should therefore be considered and adapted to the specific context (James & Wooten, 2005, pp. 145-149). According to Hunter, Menestrel, and Bettignies (2008, p. 345) a visible leader is included in standard crisis management and should therefore be at the front line. However, a visible leader that for example gives false information can cause a backfire. Moreover, leaders who try to control information and public opinion are fighting a battle that they most likely will lose (Hunter, Menestrel & Bettignies, 2008, p. 348).

The morale of employees often decreases when experiencing a boycott crisis. This is partly because employees find it difficult to respond to questions regarding the boycott from friends, family, and others. To resolve this situation, management can communicate with its employees and help them develop competencies and confidence to respond. By highlighting the company's response to the boycott and by outlining the strategic arguments behind it, employee morale and confidence can be increased. This also demonstrates that the company has an understanding of the situation and uses effective and appropriate measures in order to find a solution (Ettenson & Klein, 2005, p. 218).

Furthermore, Leong et al. (2008, p. 1005) suggest a strategy that potentially could reduce animosity, namely hiring local talent. By hiring people with an origin from the boycotting



region/country and placing them in key positions, the company can show that it respects different cultures, especially the culture of the boycotting region. An additional advantage of this strategy is that the company could be perceived as encouraging and promoting diversity.

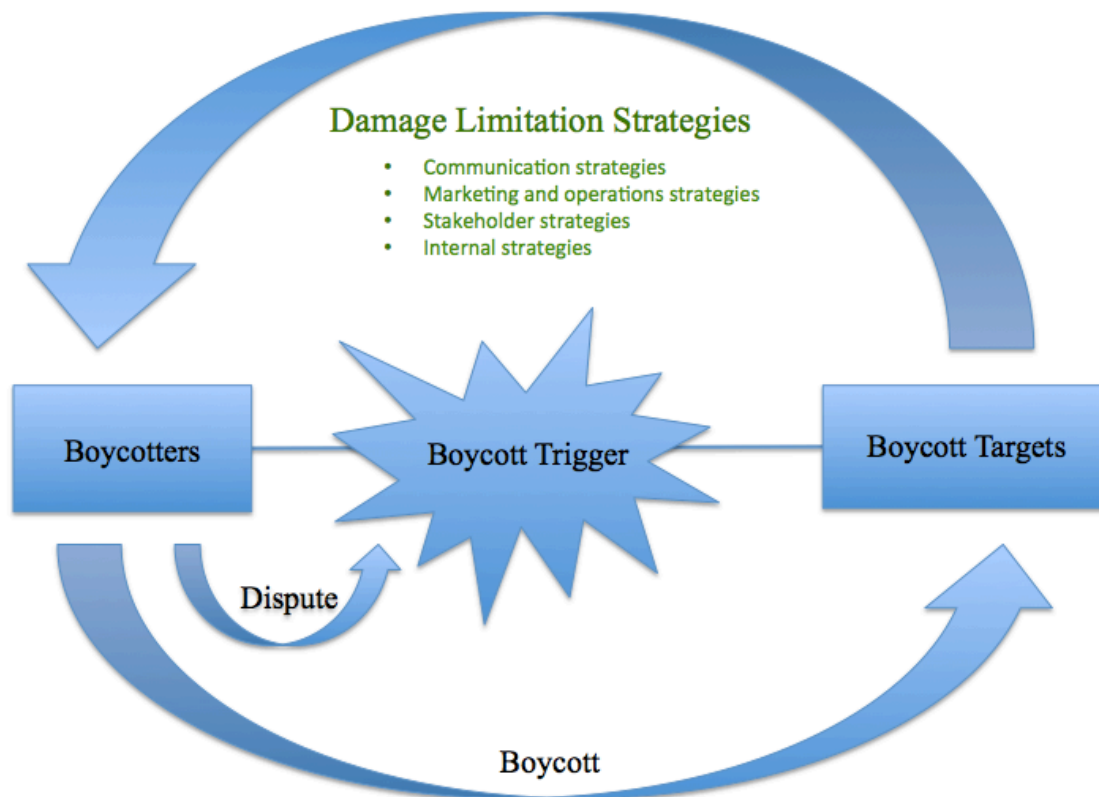
## 2.3 Development of an analytical framework

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*The analytical framework is developed to serve as a base when analyzing the case companies. It reflects the literature review and includes directions of damage limitation strategies that have been prominent.*

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The framework below (see figure 3) illustrates the main parts of a macro-boycott situation. The boycotters have a dispute with the boycott trigger while they boycott another party. The focus of the analysis will be on strategies a company can apply in order to limit damage when being targeted during a macro-boycott. The literature review has provided the reader with an overview of a macro-boycott and has examined potential damage limitation strategies. The review is needed to understand relevant and possible strategies and to know what to investigate in the analysis. The analytical framework of this study will be used to structure the case presentations and the case analyses.



**Figure 3: Analytical framework**

The framework shows the different parties involved in a macro-boycott. It starts with a boycott trigger (in the middle), which is perceived as an egregious act by another party. When the act is committed, a dispute arises between the offended party (Boycotters) and the triggering party. Animosity towards the triggering party arises and the offended party decides to boycott. However, the boycott does not target the triggering party, it targets companies (Boycott Targets) with the same origin as the triggering party. The macro-boycott is started and companies might not be sure of what to do, but the situation could be improved by applying different response strategies in order to limit damage caused by the boycott (Damage Limitation Strategies). The arrow in the top shows that the Boycott Targets could take action to affect the Boycotters and try to limit damage. In this study, strategies suggested in the existing literature are categorized under communication, marketing and operations, stakeholder, and internal. These are the themes that have appeared the most during the research of existing strategies and therefore the case descriptions will be analyzed accordingly.

### **3. Methodology**

#### **3.1 Research approach**

Researchers always strive to maximize rigor by having control and precision when examining concepts. Practitioners on the other hand want to maximize relevance by identifying key issues within a certain context in order to solve a problem or to get an in-depth overview of a phenomenon (Mitchell, 1993, p. 10). In this study, existing relevant theory within the field of research and practitioners' experiences has been combined and analyzed in order to reach both rigor and relevance.

There are two common ways to approach a research topic: qualitatively or quantitatively. These approaches can be distinguished in many ways and the selection between the two depends on the researchers' objectives. There are advantages and disadvantages with both approaches; however, one of them might be more suitable for a specific research goal than the other. While quantitative research usually examines a few variables and their impacts, qualitative research takes a holistic view and investigates many variables in a specific and natural context (Hancock & Algozzine, 2006, p. 15). The qualitative approach is often more time consuming since data is collected from a variety of data sources, but on the other hand usually generates a rich amount of in-depth information. The richness in data sources helps the researchers to grasp the situation and to see the phenomenon through many lenses (Baxter & Jack, 2008, p. 544).

The researchers of this study have chosen a qualitative approach since the study aims to identify and investigate several variables in order to address the research question. Additionally, the research within this specific area is relatively limited and therefore the researchers agree with Hancock and Algozzine (2006, p. 8) who state: 'If little is known about an issue, a qualitative approach might be more useful'. In general, researchers adopting a qualitative approach seek to explain and investigate a pattern of behavior and events, while the quantitative approach tests relationships between variables (Hancock & Algozzine, 2006, p. 16). Since the aim is to identify successful or unsuccessful actions and/or behaviors, the researchers argue that a qualitative approach is more appropriate.

There are different types of qualitative research and, without naming them all; the researchers have chosen the case study approach. Common topics that are under examination during a case study are individuals, groups, or events. The approach often addresses a specific phenomenon, which is bounded by both space and time (Hancock & Algozzine, 2006, p. 11). Two main critiques of the case study approach are lack of rigor because of researchers' and informants' subjectivity and that cases cannot be generalized. However, it has repeatedly been shown that the same goes for quantitative research. The main strength of case studies is the fact that data is collected from many sources (Patton & Appelbaum, 2003, p. 62). Natural science aims to explain and prove universal truths, while social science in the form of case studies seek to understand and explain a case(s) and possibly come with broader conclusions (Patton & Appelbaum, 2003, p. 64). This study aims to develop an understanding and recommendations for companies by investigating the case companies' actions and chosen strategies connected to a specific event, the Cartoon Crisis. The researchers therefore believe that a case study approach is appropriate for the research purpose.

Inductive reasoning means that researchers observe and infer something particular and draw conclusions based on that. The contraire is deductive reasoning, which refers to rules that are 'true by definition' (Ormerod, 2010, p. 1209) and does not consider the uniqueness of specific cases (Patton & Appelbaum, 2003, p. 64). In this study, inductive reasoning has been used. While some scholars argue that inductive conclusions cannot be justified, others say they can. The justification can be traced back to Isaac Newton who used inductive reasoning in his conduct of science (Ormerod, 2010, p. 1211). The researchers of this study believe that the inductive approach opens up for new ways of seeing things and therefore the theory and collected data will be analyzed inductively. Even though the inductive case study method is criticized for being limited by researchers' preconceptions, Eisenhardt (1989, p. 546) argues that the conflicting and complex realities that arise lead to a flexible thinking and in fact have the potential to generate novel theory that is less subjectively biased than theory generated by deduction.

The aim is to use and examine the existing literature in a flexible, open-minded, and critical way. The researchers do not believe that there is one definite truth to be found. By reviewing

relevant literature and by analyzing the cases, the aim is to gain an overall understanding and to develop recommendations for how companies can respond to a macro-boycott.

The case study research is founded in a sociological orientation. Sociological research often has its focus on society, social relationships, investigating structure as well as collective behavior by organized individuals or groups (Hancock & Algozzine, 2006, p. 32).

### **3.2 Research design**

There are several ways to conduct a case study research. In this study, a multiple case study design has been chosen since it is considered to be a stronger base for developing recommendations and theories. Multiple cases allow for comparison and give the researcher the possibility to see if findings are replicated (or not replicated) among different cases and thereby improve the quality of the potential novel theory. The multiple case study design strengthens the analytical power and makes the research more robust and generalizable (Eisenhardt & Graebner, 2007, p. 27). The main disadvantage with this design is that it is time consuming and demands extensive data collection (Baxter & Jack, 2008, p. 550).

#### *Selection of cases – determining the sample*

Since the aim of this study is to develop recommendations for companies and not to test a theory, the researchers think that theoretical sampling is appropriate. Cases have thereby been selected because of their relevance and because of the researchers' beliefs that they can generate valuable insights. As Eisenhardt and Graebner (2007, p. 27) state:

Again, just as laboratory experiments are not randomly sampled from a population of experiments, but rather, chosen for the likelihood that they will offer theoretical insights, so too are cases sampled for theoretical reasons, such as revelation of an unusual phenomenon, replication of findings from other cases, contrary replication, elimination of alternative explanations, and elaboration of the emergent theory.

In other words, theoretical sampling means that the researcher chooses cases that are likely to contribute to the emerging theory. Furthermore, a selection of different and specific case companies increases the potential to develop theory that can be generalized to different kinds of organizations (Eisenhardt, 1989, p. 537). The use of ‘polar types’ is one approach of theoretical sampling. When selecting polar types the researchers sample extreme cases with the aim to facilitate the detection of contrasting patterns (Eisenhardt & Graebner, 2007, p. 27). In the start of the selection process, research about the Cartoon Crisis and the Danish companies that got targeted during the boycott was made. Several companies from different industries were contacted with the aim to find gatekeepers that could increase the likelihood of getting an interview. Two companies named Quantum and Company X gave us positive responses and agreed to give an interview. Both companies operate in the dairy industry. Another company that was contacted several times through different channels without success was Arla. Arla is also operating within the dairy industry and was affected by the crisis. At this point, the researchers decided to examine companies operating in the dairy industry and to conduct a multiple case study of Arla, Quantum, and Company X. The companies could be classified as polar types due to their size. Arla has been considered as a big company, Quantum as a small, and Company X as medium-sized.

*Selection criteria for the chosen case companies:*

- Danish boycott targets during the Cartoon Crisis
- Multinational companies
- Business activities in the Middle East
- Active in the dairy industry

*Unit of analysis*

The unit of analysis is defined as: *damage limitation strategies*. These are strategies that a company can use to minimize potential damage caused by a macro-boycott. In other words, strategic responses that Danish boycott targets used in order to minimize the damaging effects (on the companies) caused by the Cartoon Crisis has been examined.

### 3.3 Data collection

Both primary and secondary data have been collected from multiple sources and through different data collection methods in order to build an accurate theoretical base and an objective understanding of the cases. The method of collecting data from several sources and through different ways is called *data triangulation* (Wahyuni, 2012, p. 73). It is used to increase credibility and validity when studying a specific phenomenon (Hussein, 2009, p. 2). Data triangulation serves as a protection against researcher bias (Riege, 2003, p. 82) and will therefore be applied in this study.

#### *Primary data collection*

The method of individual interviews has been used when collecting primary data. Individual interviews can be time consuming but often result in a lot of valuable information. Interviews are a common data collection method in qualitative case studies. Hancock and Algozzine (2006, p. 30) point out five guidelines of how to conduct a successful interview. They are:

- Identify participants that can provide useful insights
- Develop an interview guide (protocol)
- Consider an appropriate setting
- Decide how to record or handle the interview data
- Make sure legal and ethical requirements are adhered to

In this study, the key participants in the interviews have the position of CEO and were highly involved and in charge during the Cartoon Crisis. Therefore, the participants are considered to be useful informants and able to share knowledge and practice that can be of importance. Interview guides have been made since they help the researchers to identify open-ended and appropriate questions that allow the researchers to collect useful information from the interviewee (Hancock & Algozzine, 2006, p. 40). The questions have been developed and formed on the basis of the literature review to make sure that relevant areas would be covered. The setting of the interviews is important and can affect the interviewee's answers. The setting should make the interviewee comfortable so that the probability of getting high quality data increases (Hancock & Algozzine, 2006, p. 40). The interviewees were asked about what



kind of setting they would prefer and the setting was thereafter collectively decided on. Telephone interviews were the preferred setting since the participants live relatively far away.

There are different types of interviews: structured, semi-structured, and unstructured. In this study semi-structured interviews are used to facilitate and encourage the interviewees to openly share their experiences, knowledge, and perspective on the research topic. In a semi-structured interview flexible but pre-determined questions are asked as well as follow-up questions. The latter allows the researcher to get deeper insights in areas of interest (Hancock & Algozzine, 2006, p. 40). The interview guides (see appendices A and B) include a big amount of questions and therefore the interviews have been relatively long. However, the participants received the questions in advance and were prepared.

The interview material has been recorded after getting the participants' permission to do so. Since one of the participants has asked for anonymity, the participant's and the company's name will be treated as confidential information (references for Company X are therefore not stated in the research paper). The other participant (and company) has agreed to public identification and has thereby been referred to by using the real name of both participant and company. The interviews have been transcribed in order to facilitate the data analysis (see appendices C and D). As stated before, neither gatekeepers nor informants were easy to find at Arla and thereby it was not possible to conduct an interview with that case company.

### *Secondary data collection*

Secondary data has been collected for different purposes: to review relevant existing literature, to describe the Cartoon Crisis, as well as to include several sources' perspectives when describing the cases. Secondary data is convenient since it already exists, but on the other hand it is hard to control the quality of it since it is not under the researchers' control (Sørensen, Sabroe & Olsen, 1996, p. 435). The researchers of this study have carefully selected secondary data sources of the following types:

- Academic journals and books
- Digital newspapers
- Websites

- Case companies' websites
- Organizational documents including case companies' press releases
- Public documents

There has been an extensive collection of secondary data to be able to build a relevant and broad theoretical base. The researchers of this study believe that in order to address the research question and analyze the cases, many variables in a complex context have to be considered and thereby an extensive literature review is needed.

### **3.4 Data analysis**

The most difficult part of the research process is to analyze the collected data in order to create new theory. It is often hard to follow how a researcher goes from an extensive amount of data to a few final conclusions. However, there are some steps that can ease the process and help the researchers to conduct a good analysis, for example *within-case analysis* and *cross-case analysis* (Eisenhardt, 1989, p. 539). Since qualitative research often results in a big volume of data it is important to be able to cope with the amount and to find a way to filter out the valuable parts. Within-case analysis often involves a detailed description of the case company, which allows the researcher to find unique attributes of the case. The main idea is to learn about each case before comparing with others (Eisenhardt, 1989, p. 540). Cross-case analysis is a search for patterns across cases. Both similarities and differences are examined with the aim to increase researchers' understanding and to potentially find simple insights that were not seen before. By doing cross-case analysis researchers can reduce the impact of initial perceptions, improve the probability of coming up with new reliable theoretical insights that actually fit the data accurately, and have the chance to find patterns or differences that are hidden in the data (Eisenhardt, 1989, p. 541).

In this study both within-case analysis and cross-case analysis have been conducted. The case analysis can therefore result in findings that are either case-specific or replicated across cases. Successful and unsuccessful strategic actions are both of value in order to be able to develop recommendations of how companies could respond to a boycott. The literature review has served as a base and structure when analyzing the data. Categories based on relevant literature

have been identified in order to analyze the data in a systematic way. Both the within-case and the cross-case analysis follow the structure of the categories.

Recordings and transcriptions of the interviews have been made to ease the process of analyzing the primary data. This means that it has been easy to go back and listen or read what the interviewees have said and thereby reduce the risk of misinterpretation of the collected data.

### **3.5 Ensuring research validity and reliability**

Research quality plays an important role throughout the whole process of research. In qualitative research, quality is an important factor when forming the research questions, when collecting and analyzing data, and when presenting the findings (Ali & Yusof, 2011, p. 26). Case studies are often criticized of not being valid research. The main critiques are subjectivity, non-generalizability, and the lack of standard methods and rigor (Patton & Appelbaum, 2003, p. 65). There are several designs and tests available to improve and evaluate the quality of case study research. The quality can be broken down into two main parts: validity and reliability. If the research has a high degree of both, then the collected data and the findings that are based on that data can be trusted. Riege (2003, p. 80) discusses two different sets of tests that researchers can incorporate to improve the research quality. Quantitative approaches often use the set of construct validity, internal and external validity, and reliability. The other set of design tests are confirmability, credibility, transferability (trustworthiness), and dependability, and is more common in qualitative approaches. However, the two sets are almost analogous and they can both be applied to case study research (Riege, 2003, p. 84).

#### *Construct reliability (confirmability)*

Case study research is generally seen as subjective since the researchers have for example direct personal contact with interviewees. By using certain measures when designing the study and when collecting data, the researchers can avoid subjectivity and thereby increase the construct validity of the research (Riege, 2003, p. 80). Techniques that can increase the construct reliability are for example the use of multiple sources and data triangulation (Riege,

2003, p. 82). Data triangulation has been applied and therefore the researchers believe that subjectivity will be limited.

#### *Internal validity (credibility)*

Internal validity means that researchers conduct their study in a credible way. By doing both within-case and cross-case analysis internal validity can be increased (Riege, 2003, p. 80). Since this technique has been applied it can be argued that the findings will be internally valid.

#### *External validity (transferability)*

When a research has external validity, the case-specific findings could be generalized to a novel theory. Techniques for increasing external validity include: clarification of scope and limitations and comparison of findings with existing literature to outline the researchers' contributions as well as to generalize them within the pre-defined scope and limitations (Riege, 2003, p. 82). Patton and Appelbaum (2003, p. 65) state that the generalizability depends on how strong the descriptions of the context are. This allows the reader to determine if a specific case corresponds to another similar case. The researchers of this study have defined both scope and limitations of the study. Additionally, relevant findings have been compared to the literature review in order to detect replications and/or if something new can be found. The researchers aim to provide the reader with detailed and in-depth case study descriptions.

#### *Reliability (dependability)*

Reliability refers to the researchers' demonstration of how the study was conducted so that others can replicate the study and find similar results. In case study research, this can be tricky since the interviewees can change their minds (Riege, 2003, p. 81). By for example making an extensive review of relevant literature, by recording interviews, and by using semi-structured interview protocols, a higher degree of reliability can be achieved. The researchers have used the techniques mentioned above and would therefore like to argue that the research is reliable.

### 3.6 Summary

This study has combined relevant existing literature and practitioners' experiences in order to reach both rigor and relevance. Since the aim is to investigate and identify a successful or unsuccessful pattern of actions and strategies (and not to test a relationship), a qualitative approach has been chosen. Three case companies have been described and analyzed in a multiple case study. The researchers do not seek to explain a universal truth, but rather to develop broader recommendations and conclusions. Inductive reasoning has been applied and the cases have been examined and inferred in order to draw conclusions. The uniqueness of the different cases can open for new ways of seeing things. The existing literature has been reviewed in an open-minded and critical way.

Multiple cases studies are considered to be a stronger base when developing novel theory. They allow for both within-case and cross-case analysis, which can increase the research quality, the analytical power, and the generalizability. Theoretical sampling has been made based on the researcher's belief that the cases can contribute with valuable insights. The unit of analysis is defined as *damage limitation strategies*.

Both primary and secondary data have been collected. There are some limitations regarding access to primary and secondary data for the case companies, but the researchers believe that a sufficient amount of data has been accessed. The method used to collect primary data has been semi-structured interviews. Secondary data has mainly been collected for the literature review and methodology, but also for the case descriptions.

The researchers have applied techniques to increase research quality. The method of data triangulation has been used to increase validity and decrease researcher bias. Within-case and cross-case analysis has been used to increase credibility. The case descriptions are detailed and the findings have been compared to the literature review in order to increase generalizability. Lastly, information about how the researchers have aimed to ensure validity and reliability is presented.

## 4. Cases

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*This chapter starts with an overview of the business environment in The Middle East and continues with a description of the illustrative example, the Cartoon Crisis. This will give the reader an understanding of the background and context. The next section includes three detailed case descriptions in which companies' damage limitation strategies are described.*

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### 4.1 Business environment in the Middle East

#### Defining the region

The Middle East region has no exact borders and can be called a 'socio-cultural area' (Budhwar & Mellahi, 2006, p. 1). This area can be defined in different ways depending on the perception of which countries that actually belong to the region (Ahmed, 2008 p. 3). Ahmed (2008, p. 3) makes a broad definition of the Middle East as 'extending from Morocco to Turkey along the southern and eastern shores of the Mediterranean and as far east as Iran and south to the Sudan, Saudi Arabia and Yemen'. International institutions often adopt the definition. It includes countries from North Africa and is therefore often called the MENA region (Middle East and North Africa) (Ahmed, 2008, p. 3; International Finance Corporation, 2015). The map below (see figure 4) shows Ahmed's (2008) definition of the region.



Figure 4: The Middle East

This implies that the Middle East is a region that includes many different countries and therefore is highly diverse regarding ethnicity, languages, and political and economic systems (Mellahi, Demirbag & Riddle, 2011, p. 407). The common ground of these countries is their main religion, Islam (Budhwar & Mellahi, 2006, p. 1). The population size of the region is approximately 6 % of the world population, similar to the European Union's population size, and it records a fast growth rate (International Monetary Fund, 2015). The increasing disposable income in the region will attract new multinational companies and will open up for new business opportunities (The Economist Intelligence Unit, 2015).

### **Religion**

Approximately 95% of the Middle Eastern population is of Islamic faith (Mellahi, Demirbag & Riddle, 2011, p. 407). This implies that people and companies are shaped by the Islamic culture and the Islamic way of life (Beekun & Badawi, 2005, p. 143; Welsh & Raven, 2006, p. 30). The ethical system is a result of the Qur'an (the holy Islamic book) and the Sunnah (the behavior and sayings of the Prophet Muhammad) (Rice, 1999, p. 346).

The Qur'an and the Sunnah serve as guides for how to live as a Muslim (Beekun & Badawi, 2005, p. 133). The guidelines also include business relationships and transactions (Rice, 1999, p. 359; Welsh & Raven, 2006, pp. 30-31). In general, ethical values dominate the economics and business environment of the Islamic world (Rice, 1999, p. 349) and religion is 'a driving force exerting great influence on economic development and business performance' (Pistrui & Fahed-Sreih, 2010, p. 108). According to Muslims, the Qur'an holds the unambiguous and ultimate truth and each Muslim should preserve the sayings and principles that it mediates (Rice, 1999, p. 349). Muslim and Christian values often clash and this can result in misinterpretations in cultural, political, and economic life (Pistrui & Fahed-Sreih, 2010, p. 109). Moreover, the Prophet Muhammad holds a special status in Islam by being both the messenger of God and the last of His Prophets. He is the embodiment of all virtues and is considered as infallible (Soage, 2006, p. 363). People who do not accept the Prophet Muhammad are perceived as unbelievers (Pistrui & Fahed-Sreih, 2010, p. 109). Blasphemy is basically seen as a crime in the Islamic religion and is punishable by jail or even by death in

some sub-regions (Soage, 2006, p. 364). Insulting the Prophet Muhammad is the worst crime of all crimes in the Islamic world (Knight, Mitchell & Gao, 2009, p. 9).

### **The market and business environment**

The Middle East is rich in natural resources and has two thirds of the world's crude-oil reserves, big natural gas reserves, and other types of resources. The Middle East therefore constitutes a sizable economic entity (International Monetary Fund, 2015) with strong market potential for multinational companies (Mellahi, Demirbag & Riddle, 2011, p. 407). Almost all countries in the region are on average net food importers and account for 6% of the world food imports (International Monetary Fund, 2015). The food industry has particularly high potential and the demand for dairy products is expected to rise. Additionally, the Middle East is one of the main growth markets in the world and that is one reason why many multinationals are operating there (Arla Foods Annual Report 2014). The biggest market within the region is Saudi Arabia (Abosag, 2010, p. 367). Multinationals have benefitted from high profitability of their business activities in the Middle East and have established a solid market position. Although entry barriers and challenges exist, the amount of multinationals doing business in the region has increased during the last years (Mellahi, Demirbag & Riddle, 2011, pp. 406-407).

Challenges exist due to various reasons. First, the region is marked by many wars and conflicts (Sharro, 2015), where the on-going conflict between Israel and Palestine (The War in Gaza, 26 July 2014) and the war against ISIS (Arango, 2015; Crooke, 2014) are examples. Since multinational companies often are involved in political and/or international affairs, tensions in business relations are common. Second, animosity towards products originating from Western countries exists and this is a constant challenge when operating in the Middle East (Mellahi, Demirbag & Riddle, 2011, p. 408).

The trend of entry mode has changed since the 1980s and has gone from resource-seeking to market-seeking multinationals. This emphasizes the importance of nonmarket strategies for companies. When entering the Middle East and when doing business in the region, it is important to choose local partners strategically. It is also important to acknowledge that business groups that are founded on religious beliefs are dominant and powerful in the market



(Mellahi, Demirbag & Riddle, 2011, pp. 407-408). The business environment is highly influenced by the religious faith, which serves as guidelines in everyday life (Ahmed, 2008, p. 4).

## **4.2 The Cartoon Crisis – an illustrative example**

The Cartoon Crisis in Denmark was a mix of a commercial, political, cultural, and religious caused crisis. It was triggered by the publication of 12 cartoons depicting Prophet Muhammad on the 30<sup>th</sup> of September 2015. The publication led to a macro-boycott of Danish companies in the Middle East (Frandsen & Johansen, 2010, pp. 425-426). The Cartoon Crisis has been described as an extremely complex crisis (Rasmussen & Merckelsen, 2014, p. 238) because of the big amount of actors from different countries that were involved. Danish companies were caught in the middle of the crisis and were in general strongly negatively affected (Maamoun & Aggarwal, 2008, p. 35). Besides Danish companies, different groups of stakeholders from both Denmark and the Middle East were taking part of the crisis (Frandsen & Johansen, 2010, p. 426). Successive events and actions made by the different actors intensified the situation and contributed to the crisis's complexity (Knight, Mitchell & Gao, 2009, pp. 9-10; Maamoun & Aggarwal, 2008, pp. 35-37).

### **Background and timeline**

The reason behind the publication of the cartoons by the Danish newspaper Jyllands-Posten was that the publishers wanted to counteract self-censorship. The publishers decided to take action when Danish illustrators declined to work for a children book about Prophet Muhammad's life because of fear of violent reactions from Muslims (Frandsen & Johansen, 2010, p. 424; Rasmussen & Merckelsen, 2014, pp. 238-239).

As mentioned above, insulting the Prophet Muhammad is a severe crime for people with Muslim faith. The distorted depiction of the Prophet Muhammad was thereby criticized as blasphemous to Muslims (Knight, Mitchell & Gao, 2009, p. 9; Maamoun & Aggarwal, 2008, p. 35). Since Muslims interpreted the cartoons as a 'crime of aggression' against the religion of Islam, they expected an apology from Jyllands-Posten (Gaweesh, 2012, p. 262; Rasmussen & Merckelsen, 2014, p. 238). Jyllands-Posten refused to apologize by stating 'printing the

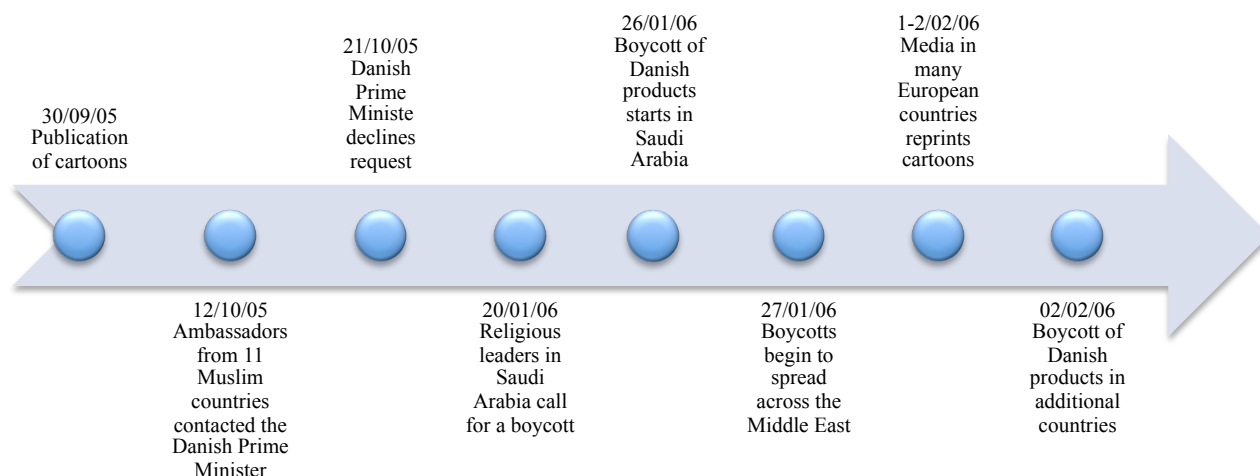
cartoons was a way to ensure the freedom of speech in the face of intimidation from radical Islamists' (The Copenhagen Post, 2005).

The response in Arabian media was that freedom of expression should not be understood as the freedom to spread insult, defamation, and slander (Maamoun & Aggarwal, 2008, p. 35). Ambassadors from 11 Muslim countries sent letters to the Danish Prime Minister, Anders Fogh Rasmussen, asking him to 'take all those responsible to task under law of the land in the interest of inter-faith harmony, better integration and Denmark's overall relations with Muslim world' (see appendix E) (Letter from ambassadors, 2005).

The Danish Prime Minister declined this request by emphasizing the importance of freedom of speech in Denmark (Knight, Mitchell and Gao, 2009, p. 9). The demands of an apology increased and demonstrations by Muslims intensified worldwide. When no apology was made, Muslims in the Middle East called for a boycott of Danish companies and their products (Knight, Mitchell & Gao, 2009, p. 9).

On the 20<sup>th</sup> of January 2006, religious leaders in Saudi Arabia encouraged people to boycott Danish products and thereby initiated the boycott campaigns. Boycott lists of Danish products were spread out through modern communication technologies and therefore reached out quickly and increased the boycott intensity (Abosag, 2010, p. 367; Frandsen & Johansen, 2010, p. 426).

Media in many European countries reprinted the cartoons in the beginning of February 2006 with the goal to show support of freedom of speech. This intensified the situation and the boycott spread to more countries in the Middle East (Knight, Mitchell & Gao, 2009, p. 10; Maamoun & Aggarwal, 2008, p. 36). Additionally, big local retailers started a trade boycott where they withdrew Danish products from the shelves in their stores (Abosag, 2010, p. 367). The timeline below shows the main events in the beginning of the boycott (see figure 5).



**Figure 5: Timeline of the Cartoon Crisis**

*(Abosag, 2010, p. 367; Frandsen & Johansen, 2010, p. 426; Knight, Mitchell and Gao, 2009, p. 10)*

### **Main actors involved in the crisis**

- Danish companies found themselves caught in the middle of the crisis as innocent bystanders (Knight, Mitchell & Gao, 2009, p. 6; Maamoun & Aggarwal, 2008, p. 35). In general, they were hit hard by the boycott and for example Danish dairy exports dropped by 85% in February 2006 (Maamoun & Aggarwal, 2008, p. 37).
- The cartoons offended end-consumers in the Middle East. The growing middle class in some Middle Eastern countries had an increasing economic influence and decided to collectively boycott Danish products (Maamoun & Aggarwal, 2008, p. 37).
- The Media and new communication technologies played an important role in both moderating and intensifying the boycott. Statements made by different actors such as companies, politicians, religious groups, and leaders were communicated via different media channels (Lindholm & Olsson, 2011, pp. 262-264).
- Governments in the Middle East were putting pressure on the Danish Government (Lindholm & Olsson, 2011, pp. 262-265) and were supporting the boycott campaign

(Gaweesh, 2012, p. 263). Sudan for instance took additional measures and banned Danish products (Maamoun & Aggarwal, 2008, p. 39). The Danish Government faced harsh criticism for its reactions during the crisis. These criticisms did not only come from actors in the Middle East, but also from Danish trade organizations and companies (Rasmussen & Merksel, 2014, p. 238).

## 4.3 Case companies

### 4.3.1 Arla Foods

- Industry: Dairy
- Multinational: Yes
- Type: Privately held
- Headquarters: Denmark
- Company size: Approximately 19,000 employees



#### Company overview

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Arla is a farmer owned dairy company headquartered in Aarhus, Denmark. The history of the company dates back to 1881, when Swedish and Danish farmers formed cooperatives to invest in common dairy production (Arla website: about us, history). Arla was founded in 2000 when the Swedish dairy cooperative ‘Arla Ekonomisk Förening’ and the Danish dairy company ‘MD Foods’ merged (Arla website: about us, history, arla landmarks). Arla is the first cross-boarder dairy cooperative and has currently 13,413 owners based in seven European countries (Denmark, Sweden, Netherlands, Germany, UK, Belgium, and Luxembourg). The owner group is growing and is getting more and more international (Arla Foods Annual Report 2014).

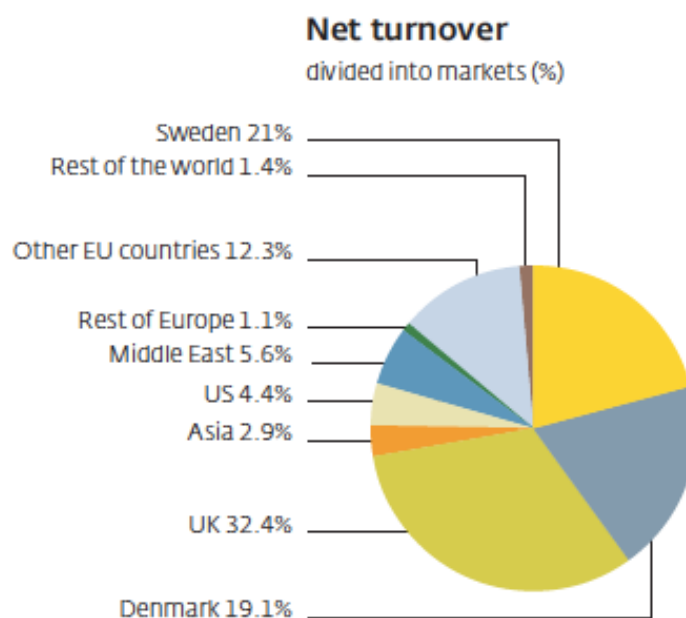
Peder Tuborgh has been the CEO of Arla since 2005 (Arla website: about us, organization, management). In 2014, Arla registered 19,000 employees across 30 countries and recorded revenues of 10,614 million Euros. Arla generates 90 % of its revenues outside of Denmark. Moreover, Arla shows high growth rates and had a 19.8% organic growth of revenues 2013 – 2014 (Arla Foods Annual Report 2014). The three major brands of the company are: Lurpark (butter), Castello (cheese), and the Arla brand (Arla website: our brands). Aside from that, Arla has three fully owned subsidiaries: Rynkeby Foods A/S, Cocio Chokolademaek A/S, and Arla Foods Ingredients Group P/S (Arla Foods Annual Report 2014).

The Board of Directors prioritizes strategic risk management as part of Arla's corporate strategy. It is an ongoing challenge to balance risks against opportunities and therefore Arla has incorporated this into the overall strategy (Arla Foods Annual Report 2014).

### **Business activities in Middle East and boycott effects on Arla**

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Arla has a long history in the Middle East and has been exporting to the region for more than 40 years. Arla had a strong position in the region in 2005, before the boycott started. The market accounted for 5.6% of the company's total net turnover (see figure 6) (Arla Foods Annual Report 2005). Arla had approximately 1,000 local employees and sold its products in more than 50,000 stores across the Middle East (Frandsen & Johansen, 2010, p. 438).

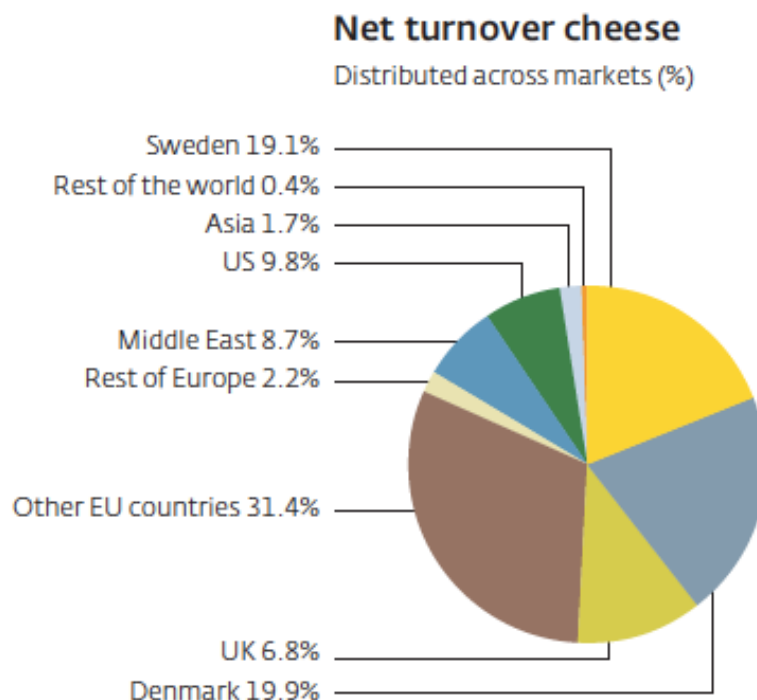


**Figure 6: Aral's total net turnover 2005**

*(Arla Foods Annual Report 2005)*

Arla aimed to improve its position, to increase its presence, and to become market leader within specific product ranges in the Middle East (Arla Foods Annual Report 2005). The region was one of Arla's biggest markets for processed cheese and was therefore chosen as a

focus area. As seen in the figure below (see figure 7), the Middle East accounts for 8.7% of cheese revenues (Arla Foods Annual Report 2005).



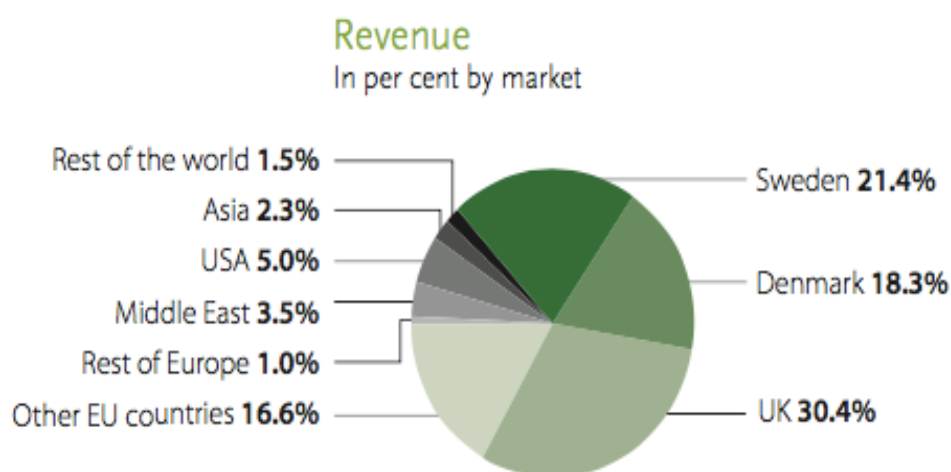
**Figure 7: Arla's net turnover of cheese 2005**

*(Arla Foods Annual Report 2005)*

In the Cartoon Crisis, Arla was the most affected company of all Danish boycott targets (Maamoun & Aggarwal, 2008, p. 37). Arla realized that the boycott could affect the company shortly after religious leaders in Saudi Arabia called for a boycott in January 2006 (Arla website: about us, news and press, archive news, 26 January 2006). Saudi Arabian importers cancelled all orders and the company's sales came to a complete standstill (Arla website: about us, news and press, archive news, 30 January 2006).

Within a few days, the company's products were removed from the majority of stores in the region (Arla Foods Annual Report 2006). Investments in marketing and brand building were thereby undermined in 'the blink of an eye' (Abosag, 2010, p. 368). With an adverse impact on revenues and operating profits, the boycott led to substantial losses for Arla and dominated all business activities of the company in 2006 (Arla Foods Annual Report 2006). In the

beginning of March 2006, Arla estimated a total loss of 53 million Euros (Arla website: about us, news and press, archive news, 2 March 2006; Mercer, 2006a). Consequently, Arla had to close dairies in Denmark and lay off staff (Arla Foods Annual Report 2006). While the Middle East accounted for 5.6% of the company's total net turnover in 2005, it only accounted for 3.5% in 2006 (see figure 8) (Arla Foods Annual Report 2005; Arla Foods Annual Report 2006).



**Figure 8: Arla's revenues 2006**

*(Arla Foods Annual Report 2006)*

The management of Arla knew that the boycott might bring severe long-term impacts on both reputation and brand (Abosag, 2010, p. 368). In the end of March 2006, the boycott was slowing down and supermarkets in the Middle East started to put Arla's products back in the shelves (Arla website: about us, news and press, 29 March 2006). In 2007, Arla had returned to previous sales levels and had re-gained 95% of its market share in the Middle East. However, in 2007 some consumers still refused to buy the company's products and Arla struggles to re-establish its market share in for example Saudi Arabia where only 83% of its pre-boycott sales volume is reached (Arla Foods Annual Report 2007). For a clearer overview of Arla's situation during the crisis, see appendix F.



### Communication strategies

Arla started its crisis communication process directly when the boycott started. On the 25<sup>th</sup> of January 2005, the company sent a fax to the president of the Agricultural Council of Denmark, who was going to have a meeting with the Danish Prime Minister on the same day. Arla urged the president, Peter Gæmelke, to inform the Prime Minister on the severity of the situation. In other words, Arla indirectly approached the Prime Minister and aimed at making the boycott a governmental matter so that it could gain public attention (Frandsen & Johansen, 2010, p. 439). A few days later, on the 30<sup>th</sup> of January, Arla's CEO personally sent a letter to the Danish Prime Minister asking him to take action and to start an open dialogue with the involved parties (Gaweesh, 2012, p. 269). He also made a public statement in Danish media with the same content, thereby pressuring the Prime Minister even more (Frandsen & Johansen, 2010, p. 439).

In the end of 2005, Arla's Media Relations Manager pointed out that: in the case of a macro-boycott, a lot could be done by politicians but Arla as a company should only focus on the production of good products (Klingsey, 2005). In a press release on the 1<sup>st</sup> of February, Arla's CEO states:

Arla is neither a newspaper nor a political party, we don't wish to take part in a political debate. Equally, we're not responsible for solving the conflict, but we would like to contribute to a dialogue between the parties and urge them to find a solution (Arla website: about us, news and press, archive news, 1<sup>st</sup> of February 2006).

Arla's corporate website, including the Arla Forum and press releases, was a highly important communication tool during the whole crisis. In the Arla Forum, an interactive fact and information center for Danish consumers, people could read Arla's weblogs and ask questions. When the crisis occurred, the communication on Arla Forum rapidly increased and individuals participated in discussions about the crisis. Arla representatives answered these questions in an open dialogue (Frandsen & Johansen, 2010, pp. 440-441). Moreover, by frequently publishing press releases in English and Danish (Gaweesh, 2012, pp. 269-279),

Arla provided a variety of stakeholders with a continuous flow of information (Arla website: about us, news and press; Gaweeesh, 2012, p. 269).

On the 26<sup>th</sup> of January 2006, Arla published its first press release related to the boycott. Finn Hansen, the Executive Director of Arla, states:

We respect all religions and wish to express our sympathy and understanding for those who feel wronged by this incident. Obviously, Arla Foods does not support anything that offends people's religions or ethnic background (Arla website: about us, news and press, archive news, 26 January 2006).

The next day, Arla made a press release that informed about the Danish government's public statement. The statement expressed Denmark's respect towards all religions (Arla website: news and press, archive news, 27 January 2006), but did not condemn the publication of the cartoons (Knight, Mitchel & Gao, 2009, p. 13). When the Saudi press did not publish the statement, Arla decided to publish it as an advertisement in leading Saudi Arabian newspapers. The aim was to avoid an escalation of the crisis, but Finn Hansen already anticipated the failure of this action. Hansen states in a press release that 'the only thing that can stop the current boycott of Danish products is a direct dialogue between the parties involved' (Finn Hansen on Arla website: about us, news and press, archive news, 27 January 2006). As suspected by Hansen, the advertisement did not have a positive effect. Hansen states that Arla's sales in the Middle East dropped from around \$500 million per year to zero (Higgings, 2006).

In the next press release on the 1<sup>st</sup> of February, Peder Tuborgh says that Arla does not intent to be part of a political debate but want to engage in dialogue with parties involved in the conflict. Tuborgh avoids giving his opinion about whether the cartoons should have been published. He states:

In Denmark we have two core values: one is that you cannot offend other people because of, for instance, their religion, or ethnic religion. The other is free speech. I believe that both businesses and people have a responsibility for ensuring a

balance between these two values. The one should not exclude the other (Arla website: about us, news and press, archive news, 1 February 2006).

Initially, Arla did not want to get involved in politics. When the boycott intensified, Arla reviewed its stand and discussed whether they should condemn the cartoons or not. Arla knew that this could lead to negative reactions in Denmark. Hansen summarizes the situation and says that 'we are stuck in the middle' (Higgings, 2006).

After the initial phase of keeping silent in the Middle Eastern public (Abosag, 2010, p. 368), Arla introduced a more aggressive communication strategy. Arla decided to have a higher profile with public relations campaigns (Gaweesh, 2012, p. 267; Knight, Mitchell & Gao, 2009, p. 14). The company decided to hire a Middle Eastern public relations firm (Gaweesh, 2012, p. 268) that was going to handle the communication to the Middle Eastern stakeholders.

Since the Danish government failed to establish a dialogue with the Middle Eastern stakeholders, Arla decided to publish a full time advertisement in 25 Arab newspapers on the 19<sup>th</sup> of March 2006 (Holmström, Falkheimer & Nielsen, 2010, p. 4). Arla addressed the consumers in the Middle East and tried to show its innocence. Arla was cautious when formulating the advertisement. To avoid twisted translations, the first version was made in Arabic. After the approval of Arla's crisis team the statement was translated into English and Danish (Gaweesh, 2012, p. 268). In the advertisement Arla states:

Arla Foods distanced itself from the act of Jyllands-Posten in choosing to print caricatures of the Prophet Muhammad and we do not share the newspaper's reasons for doing so.....we understand and respect your reaction, leading to the boycott of our products as a result of the irresponsible and unfortunate incident.....justice and tolerance are fundamental values of Islam.....we only ask you to consider this and hopefully, to reconsider your stance towards our company (Arla Foods, cited in Maamoun & Aggarwal, 2008, p. 38).

The advertisement emphasized that Arla distances itself from the cartoons, understands the anger of Muslims, and acknowledges the legitimacy of boycotting. Furthermore, Arla's long history in the Middle East, its large number of Muslim employees, and its understanding and

respect towards the Muslim culture, are enhanced in the advertisement. It ends with asking consumers to reconsider their attitude towards Arla. Immediately after the publication of the advertisement, 3,000 stores across the Middle East started to sell Arla's products again (Gaweesh, 2012, p. 268). In a press release on the 6<sup>th</sup> of April 2006, Arla states that 31 of its biggest Saudi Arabian customers decided to stop their boycott of Arla's products (Arla website: about us, news and press, archive news, 6 April 2006).

In Denmark, Arla was harshly criticized for what the company expressed in the advertisement. That Arla showed understanding and respect towards the Middle Eastern society was perceived as an illegitimate act by Danish opinion formers and politicians. They argued that the reaction of Arla would endanger modern values (Holmström, Falkheimer & Nielsen, 2010, p. 7). Arla responded to the critics and explained that the advertisement aimed at showing understanding for the immediate reactions and encouraging the Middle Eastern consumers to reconsider the fairness of the boycott. It was also stated that the Arabic language works differently than Danish and that messages have to be formed in a more official and polite way (Frandsen & Johansen, 2010, p. 442).

Nevertheless, the positive effect of the advertisement in the Middle East is not clear. Gaweesh (2012, p. 268) argues that the decrease in boycott participation also could be linked to other events. Astrid Gade Nielsen, who was responsible for the crisis communication of Arla during the Cartoon Crisis, explains that shortly after the advertisement was published, Osama Bin Laden made a publish statement wishing that the illustrators of the cartoons got killed. As a direct reaction, Saudi Arabia stated that they wanted to avoid being associated with that and shortly thereafter the boycott stopped (Gaweesh, 2010, p. 268). The critiques in Denmark as a response to the advertisement were even stronger than the reactions to the advertisement in the Middle East itself (Frandsen & Johansen, 2010, p. 441). According to Gaweesh (2012, p. 268), the protests in Denmark helped Arla's position in the Middle East. Another point is that some supermarkets already had announced that they would put Arla's products back in the shelves because they lacked supplies and could not find alternatives to Arla's famous brands, Lurpark butter or Puck cheese (Mercer, 2006b).

Astrid Gade Nielsen summarizes Arla's communications efforts after the crisis by stating:

Generally we felt that we succeeded with our communication. We managed to keep our owners and employees in the loop, we got some critical press in Danish media but that is now over-come (Gaweesh, 2012, p. 269).

### **Marketing and operations strategies**

As mentioned before, Arla published a full-page advertisement in 25 Arabic newspapers. This was not only part of the communication strategy, but at the same time an active marketing approach as an attempt to return to the store shelves in the Middle East (Arla website: news and press, archive news, 20 March 2006). Arla wanted to be perceived as part of the Arabic community and improve its image and legitimacy (Holmström, Falkheimer & Nielsen, p. 6). Furthermore, Arla put focus on brand communication by referring to its relationship with the Middle East and published phrases such as 'together for generations' and '40 years with you' (Abosag, 2010, p. 369).

Arla invested huge amounts in social activities, charity events, and corporate social responsibility campaigns (Abosag, 2010, p. 369). The company funded several humanitarian projects in the region, for instance projects helping people with cancer. Arla published a press release on its corporate website in which it informs about its social initiatives in the Middle East (Arla website: about us, news and press, archive news, 6 April 2006) with the aim to improve its image in the Middle East (Shebil, Rasheed & Al-Shammari, 2011, p. 390).

On the 6<sup>th</sup> of April 2006, Finn Hansen said that Arla would adjust the marketing of the company because of the skepticism of Middle Eastern consumers (Arla website: about us, news and press, archive news, 6 April 2006). Arla introduced several marketing activities in the Middle East, for example launched spreadable white cheese and made a campaign for Lurpark butter (Arla Foods Annual Report 2007). When most Middle Eastern retailers decided to put Arla's products back in the shelves, Arla mainly focused on promotion. Arla offered discounts and promotions in order to make the remaining boycotters start buying its products again (Abosag, 2010, pp. 368-369).

### **Stakeholder strategies**

Arla was represented at the largest Middle Eastern food exhibition in Dubai on the 19<sup>th</sup> of February 2006. The aim was to meet Middle Eastern customers, suppliers, and media in face-to-face meetings. Arla considered personal meetings with stakeholders as an important part of doing business in the Middle East (Arla website: about us, news and press, archive news, 17 February 2006). Arla says that it did not expect any impacts on the boycott behavior, but still thought it was important to open up to face-to-face discussions with its stakeholder, in particular its business partners in the Middle East (Arla website: about us, news and press, archive news, 17 February 2006). Furthermore, Arla organized a Press and Trade Conference in Riyadh. Big regional retailers attended and the objective was to convince these to collectively sell Arla's products again and to restart the relationships (Abosag, 2010, p. 368).

Arla attended the International Support of the Prophet Conference on the 23<sup>rd</sup> of March 2006, which was part of Arla's stakeholder management during the crisis (Abosag, 2010, p. 368). It allowed for dialogue with religious groups and prominent Muslim scholars (Arabian Business, 2006; Fattah, 2006). During the conference, it was discussed whether Arla could be held responsible for the cartoons. The conclusion was that Arla was not responsible and therefore the company would be exempted from the boycott list (Abosag, 2010, p. 368; Field, 2006). Based on Arla's efforts when publishing the advertisement that was condemning the cartoons (Fattah, 2006), a recommendation was made:

The conference values the attitude of Arla Foods that declared its rejection of the pictures and saw no reason of publication. The conference is of the opinion that it was a good start for opening a dialogue with that company to reach a common understanding (International Committee for the Support of the Final Prophet website: conferences, 4<sup>th</sup> conference: concluding statement, 2015).

Arla published this recommendation, also known as a 'fatwa', as well as thanking the conference for its decision (Abosag, 2010, p. 368). Although the conference published this recommendation, other Muslim scholars were ambivalent about the decision and many retailers continued to boycott Arla's products (Fattah, 2006).

Arla's farmers who own the company, were managed mainly through company e-mails and the Intranet. The aim was to provide them with frequent updates so that they were aware of the development. The company also wanted to inform the farmers about its strategy in the Middle East and therefore personally met with both Swedish and Danish farmer representatives (Gaweesh, 2012, p. 269).

### **Internal strategies**

Arla had a general crisis management plan for times of crises in the Middle East. The plan was originally made for the North European countries, but was adapted to the Middle Eastern characteristics. All employees had received a copy of the crisis management plan, which offers some general guidelines about how to react when situation X or Y occurs. Besides this plan, Arla was highly dependent on information and advice from local consultants (Gaweesh, 2012, pp. 259, 266).

When the boycott started, a crisis team of five top managers was formed. Specific tasks were allocated to each member of the team. They held initial meetings in which they discussed the options Arla had. It was quickly decided that the focus of the crisis management should lie on the Middle Eastern consumers and their willingness to buy Arla's products again (Gaweesh, 2012, p. 267). As the CEO says: 'our challenge is to regain consumer confidence in the Middle East' (Arla website: about us, news and press, archive news, 2 March 2006). During the first 45 days, the company kept a low profile and the crisis team developed a comeback strategy. The strategy consisted of different strategic steps including mainly stakeholder management, marketing and communication (Abosag, 2010, p. 369).

## **Summary and lessons learned**

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From the day Arla was aware of the boycott the company took action and used different damage limitation strategies. Arla formed a crisis team that was responsible for developing and implementing strategies for how to cope with the boycott. Regarding the company's communication strategy, a change can be seen during the crisis. In the start, Arla kept a low profile and tried to indirectly engage in a dialogue between the conflicting parties by communicating with the Danish government. When the government's actions were not enough, Arla started a more aggressive communication strategy and engaged in direct communication with stakeholders in the Middle East. Arla achieved a breakthrough in the beginning of April 2006, after the publication of the advertisement in which the company distances itself from the cartoons. This was an important part of both its crisis communication and marketing. Arla invested big amounts in charity in the Middle East with the aim to improve its image. The company did several efforts to personally meet with its stakeholders in the Middle East. These stakeholders did not only include the company's direct stakeholders, but also Muslim scholars and religious leaders. Furthermore, Arla's farmers were continuously updated and informed about its strategic actions to reduce damage during the boycott.



### 4.3.2 Quantum ApS

- Industry: Dairy
- Multinational: Yes
- Type: Privately held
- Headquarters: Denmark
- Company size: 5 employees



#### Company overview

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Quantum is a Danish company located in the Northern part of Denmark. Esben Nielsen, Managing Director and Owner, founded Quantum in 2001. The company produces its own dairy products and works in close contact with other dairy producers in Europe. Quantum's goal is to sell selected dairy products to retail, wholesale, and the food service and industry worldwide. The Middle East has been Quantum's main market since the start, but in recent years Quantum has expanded to other markets. Quantum's vision and mission is as follows:

By our partners we are considered loyal, competent and trustworthy in the field of dairy business. Integrity is important to us and we are honored to work on principles of mutual trust and understanding. Close cooperation and an open exchange of ideas and information is therefore essential to us – good business must be enjoyable to all parties involved (LinkedIn: Quantum ApS, company profile, 2015).

The figure below (see figure 9) shows Quantum's export markets today. Quantum has managed to build an extensive network of business partners during a couple of years (Quantum website: about us) and is today selling its products in over 30 countries (Kongsgaard, 2014). However, the Middle East has always been one of the main markets and is still so.



**Figure 9: Quantum's export markets 2015**

*(Quantum website: about us, company overview).*

Quantum has a strategic alliance with the German dairy producer Rücker GmbH (Rücker) since 2011. Rücker is one of the leading dairy producers in Europe and since the alliance was entered, Quantum is responsible for sales in all overseas markets. Trust, excellence, and high commitment are the three guidelines that have made the cooperation successful so far (Quantum website: about us, history). Quantum has two high technology dairies in Germany that produce a wide range of different cheeses. Additionally, Quantum is working together with other European manufacturers in order to supply quality products in a wider product range (LinkedIn: Quantum ApS, company profile, 2015).

### **Business activities in the Middle East and boycott effects on Quantum**

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Mr. Nielsen lived and worked in the Middle East for several years before founding Quantum. He was stationed for seven years in Saudi Arabia and Dubai. During that time he learned a lot about the Middle Eastern business environment, business ethics, and culture. He established good relationships with clients, which he later used for starting up Quantum's business in the region. As mentioned above, the Middle East was one of Quantum's core markets from day

one due to his experience and relationships in the region. The products that were sold in the start were mainly feta and mozzarella cheese. Big volumes were shipped to the Middle East and bought by importers. The buyers distributed the products to retailers and smaller wholesalers. The business is similar today, but both product line and clientele have been expanded.

Quantum did not realize that a crisis was about to come until the boycott occurred. Mr. Nielsen remembers the morning when he read the newspaper, Jyllands-Posten, and saw the cartoons of Prophet Muhammad. Based on his knowledge about Islam and the Middle East, he reacted and thought that this is going to offend people. However, he could not imagine that a boycott was coming up. It all came as a surprise and he did not expect Quantum's business to be affected. The products that Quantum was selling back then were not products that directly were put on the shelf, most of them got repacked, processed, or sold in the delicacies department. In other words, it was not always clear that the products originated from Denmark. However, Danish feta cheese had a very good reputation in the Middle East and most of the feta cheese sold in the region was Danish and therefore there was a substantial risk of getting affected.

The Cartoon Crisis affected Quantum but most of the potential negative impact was possible to avoid by using a certain set of damage limitation strategies. Mr. Nielsen says that Quantum increased its market share during the crisis because of competitors' withdrawal from the market and because most companies handled the situation differently than Quantum. Quantum's business in the Middle East actually increased during the crisis and relationships with stakeholders in both Denmark and the Middle East strengthened. Mr. Nielsen states that Quantum actually got a stronger position after the crisis, especially with suppliers in Europe and Denmark. Mr. Nielsen thinks that Quantum only lost one client in the Middle East due to the boycott. The majority of clients was willing to cooperate and are still clients today. They have respect for Quantum and its business as well as for Mr. Nielsen himself. Quantum's turnover of Danish products during the Cartoon Crisis can be seen in the table below (see table 2).

**Table 2: Quantum's turnover of Danish products**

<b>Year</b>	<b>2004/2005</b>	<b>2005/2006</b>	<b>2006/2007</b>	<b>2007/2008</b>
<b>Turnover DKK</b>	138,000	632,800	1,299,000	1,930,000

## **Damage limitation strategies**

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### **Communication strategies**

Quantum did not apply any specific communication strategy during the crisis. The strategy used was in fact a strategy that Quantum always applies: simply showing respect towards partners and to their cultures and beliefs. Quantum's overall long-term strategy is built on integrity, loyalty, and honesty. The communication strategy was not new but slightly adapted to the situation.

Quantum tried to distance itself from the conflict as soon as possible. It was important to deliver the message that Quantum was not involved in the conflict and that Quantum respects its clients' beliefs. Quantum tried to distance itself from the controversy, but did not apologize for the triggering event. It was important to show that Quantum did not do anything wrong, as for the majority of Denmark. It was an act of one person, or one newspaper, and it was not right to punish the rest of Denmark for those actions. Mr. Nielsen says that Quantum wanted to send a signal to its contacts that the macro-boycott was not fair.

Quantum chose to increase external communication with stakeholders during the boycott. Quantum wanted to communicate facts and deny circulating false rumors and did this by sending out emails with newsletters to clients. The main objective was to provide clients with correct information and to show that Quantum was aware of new happenings during the boycott.

To show that Quantum was in the front of developments and was willing to solve the situation it was important to communicate continuously and to update clients with news. Mr. Nielsen says that this is a main part of Quantum's DNA. This was specifically important during the Cartoon Crisis since false rumors were circulating and it was important to reach clients before incorrect information did. Mr. Nielsen states that 'we foresee the problem and present a solution before the client even acknowledge that there is a problem'.

Mr. Nielsen believes that it is important to act before action takes you. In other words, it was important for Quantum to react quickly and to show that the company was informed about what was happening in both Denmark and the Middle East. Quantum wanted to show its clients that it was proactive rather than reactive and that it did not wait until 'the house is on fire'. Quantum therefore reacted quickly to show that it took action and wanted to minimize the damages for both the company and its clients. Mr. Nielsen adds that if you leave the problem 'blowing in the wind'; it might blow out of proportions. Everything developed quickly during the Cartoon Crisis in the Middle East and both correct and incorrect information spread like wildfire and was passed on easily through social media. This enhanced the importance of reacting quickly and responding within a certain time.

Quantum communicated with Danish stakeholders such as local producers. The main purpose was to bridge the gap of information that existed between Quantum and its Danish producers, who did not have any contacts in the Middle East. Mr. Nielsen tried to educate and share his knowledge about the Middle East and the cultural differences that exist with the aim to create an understanding of the boycott. He noticed that Quantum's contacts did not fully understand the reasons behind the boycott and why it got so much power and he therefore saw a need of education and explanation.

Quantum did not do any public statements regarding its stand during the boycott. It wanted to keep a low profile and communicate directly with its clients instead of communicating through media channels. Mr. Nielsen admits that he was tempted to publish statements in the newspapers, but refrained from doing so since he concluded that it was better to keep a low profile. There was no communication with media and Quantum was not participating in the public discussion regarding the boycott. Mr. Nielsen adds that generally, he thinks it is better

to avoid communication with the media. The intention might be good but the text that gets published might send other signals and/or get published in the wrong context (or without context). If a company keeps quiet, people soon forget.

### **Marketing and operations strategies**

Quantum and its clients in the Middle East worked closely in cooperation to find a way of continuing their businesses together. After visiting its partners in the Middle East, Mr. Nielsen realized that a change of packaging would be appropriate and suggested that instead of calling the cheese ‘Danish feta cheese’, they could change the name to just ‘feta cheese’. He also presented the idea of labeling the products with ‘made in EU’ instead of ‘made in Denmark’. Quantum’s clients welcomed the suggestions since they also wanted to avoid their business getting affected. Although the products were Danish, Quantum in cooperation with its clients found a way to re-label the products. Within two weeks, the labels were changed. Moreover, Mr. Nielsen traveled to Germany to investigate whether it was practically and legally possible to get the attached health certificate documents in German. It was possible and the language of the health certificate documents got changed. With a new made in label and health certificates in German, the products were more or less disguised from being Danish.

Without making any fuss about it, Quantum and its partners in the Middle East succeeded to change the labels and quietly let the business continue. Mr. Nielsen thinks this was an important part of its strategy and concludes that ‘they were happy and we were happy’. Quantum collaborated with its clients in the Middle East and jointly decided on the next steps to take and how to find a solution that was good for all parties involved.

Another marketing strategy was to change inappropriate brand names. For example, Quantum had a brand called ‘the Danish farm’ which obviously was not that popular during the boycott. While the layout and colors remained the same, the name got changed to ‘the Gulf farm’ instead. It was an appreciated change. Mr. Nielsen says that Quantum, and other companies, in general downscaled the Danish origin and focused on quality and other attributes instead.

Quantum did not change or re-locate its operations during the crisis. However, Mr. Nielsen describes how for example another company tried to find substitutes to products with Danish origin by buying products from other countries and then exporting them to the Middle East. This other company was in such a hurry finding new products so it missed a proper quality check. This resulted in products that did not match customers' expectations, which affected the company's brand name negatively. Since the company abandoned the Danish producers, it also lost valuable connections in Denmark. The company has had a hard time to get back in business ever since.

### **Stakeholder strategies**

The most important stakeholders in the Middle East were the importing companies that Mr. Nielsen had known for 10-15 years. They were the ones communicating with supermarkets and different retail chains that were boycotting Danish products and therefore had a crucial role during the boycott. The figure below (see figure 10) is a simplified model of Quantum's supply chain.



**Figure 10: Quantum's supply chain**

The producers in Denmark played an important role during the crisis and were supplying dairy products that Quantum bought and sold to clients in the Middle East. Quantum did not have direct contact with end-consumers in the Middle East, but they are of course also highly valued stakeholders. It was important for Quantum to find a balance in the treatment of stakeholders from Denmark and from the Middle East. The main approach to reach a balance was to be clear and consistent in Quantum's intentions as well as to be a party that all of them could trust. Mr. Nielsen gives the example of a dairy producer that supplied feta cheese to several companies. When the boycott started the producer did not hear from many of the Danish buyers. Quantum on the other hand wanted to find a solution so that both of their businesses could continue going. This resulted in an increase of Quantum's importance for

the supplier and strengthened their relationship during and after the crisis. Loyalty helped Quantum improving its position and becoming that dairy's leading trading partner.

Mr. Nielsen enhances the importance of trust building with clients. He believes that trust was the main reason why Quantum could continue doing business in the Middle East. Close contact with clients and consistency in beliefs and actions made Quantum to a respectful partner. When Mr. Nielsen tried to explain to clients in the Middle East that neither him nor Quantum could do anything about the situation, people listened and said more or less: 'fair enough'. The clients trusted Mr. Nielsen because of the long trustful relationships they had.

Mr. Nielsen did at some point feel pressured by different stakeholder groups. Clients in the Middle East wrote him and urged him to put pressure on Denmark's Prime Minister to apologize and/or prosecute the persons who published the cartoons. Mr. Nielsen did not agree with the recommended actions and did instead try to educate Quantum's clients that those actions were neither suitable nor legally possible. He explained how freedom of speech is a crucial part of the Danish society and that a person will only get prosecuted if the person does something that is illegal. He showed an understanding for the clients' sentiments and informed them about what could be done and what could not. Mr. Nielsen emphasized that the persons involved in the publications should apologize and not the whole country of Denmark. Mr. Nielsen thinks that there is a cultural difference in how responsibility is perceived and explains that in the Middle East the head of the state is responsible for the citizens' actions, as the head of the family is responsible for the family's action, and should therefore take action in order to correct the situation.

Mr. Nielsen would say that external stakeholder groups did cause the main effect of the crisis. Different groups such as political parties in Denmark and local producers and religious groups in the Middle East were voicing their opinions and caused a lot of outcry in both Denmark and the Middle East. Several groups saw their chances to use the situation in their advantage. Quantum did not communicate with any group that was not a direct stakeholder to Quantum.

Overall, the relationships with clients in the Middle East were essential for Quantum in surviving the boycott. The clients continued doing business with Quantum because they knew



Mr. Nielsen and his sentiments towards Muslims as well as his respect for their culture and traditions. Quantum did not experience any exchange of information or help between boycotted Danish companies. Mr. Nielsen says that companies tried to solve the situation themselves.

### **Internal strategies**

Quantum is a small company and was even smaller during the Cartoon Crisis. Mr. Nielsen was in command of everything related to the boycott and was handling all contacts in the Middle East. He realized that good leadership was needed in the time of a crisis. Mr. Nielsen wanted to set an example so that his employees would get motivated to work during such a challenging time. He took the lead and showed in which direction the company was going in. By acknowledging the crisis and that the situation was difficult, Mr. Nielsen could motivate the employees by saying that hard work will be demanded but together they can make it. He compared it with running a marathon:

It is like if you run a marathon, you start off and everyone says we can make it, no problem, but as you go long you start getting tired and it is hard, but at that moment it is important that you say we will keep on going, we will take another step and continue to do that until we reach the finishing line.

Motivation is important according to Mr. Nielsen. He also says that if everyone is doing his or her best and if we still not succeed, then at least we can say we tried our hardest. By doing things 'the right and fair way' good relationships can be maintained and when better times come, Quantum would be the preferred choice.

Mr. Nielsen says that he was driving the change of country-of-origin labels and language of the health certificate documents. He was also the one travelling and meeting people to make it possible. By doing so and by working really hard, he believes that he motivated his employees to support him and work really hard too. Mr. Nielsen thinks that the team is stronger today because of the close cooperation during the boycott. The tough time they went through together strengthened their connection to each other and to the company. He says that they worked hard and it paid off.

Mr. Nielsen points out that Quantum's employees were confronted by for example family and friends with question about what was going on and why people in the Middle East were upset. Mr. Nielsen aimed to set an example in moral standards and wanted to inform his employees about the Middle Eastern culture and why the boycott was so powerful. He noticed how well it worked and how his employees started to educate people by explaining the reasons behind the boycott and why it got so much attention. They also informed others that Quantum worked with people in the Middle East and that they were trying to find a solution together. These actions strengthened Quantum's team spirit, which made them stronger and united by the same moral standards. Mr. Nielsen contrasts the strategy he used with another CEO's strategy during the crisis. The other CEO publicly stated that due to the boycott, the company would not be able to sell to the Middle East market at least for a year. This resulted in a relaxed attitude among the employees who waited for that year to pass. Mr. Nielsen concludes that this was not a good strategy for increasing motivation among employees.

### **Summary and lessons learned**

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Mr. Nielsen says that it was common sense, his experience in the region, and the relationships Quantum had with the clients in the Middle East that helped the company during the Cartoon Crisis. Thanks to close cooperation with importers and joint discussions about how to proceed, they found a solution to the problem. The collaborations were mainly successful and led to even stronger ties between Quantum and its clients in both Denmark and the Middle East. Openness, loyalty, and integrity seem to have paid off in the end.

Although Quantum dealt with the crisis in a successful way, Mr. Nielsen realized that more changes were needed. Quantum expanded its market areas quite rapidly after the boycott in order to spread risk. Mr. Nielsen says that they might have been lucky this time, but if Quantum wanted to grow and survive during the next crisis to come, a spread of risk was an essential and needed change to their overall strategy. Mr. Nielsen says that he would handle a similar boycott the same way today and concludes that companies should take action and do not be passive. The main lesson Mr. Nielsen learned from the boycott was to address issues right away, not ignore them. Quantum had a set of basic principles that the company was sticking to and this helped in surviving the crisis without almost any damage.

### 4.3.3 Company X

*(Anonymous company)*

- Industry: Dairy
- Multinational: Yes
- Type: Privately held
- Headquarter: Denmark
- Company size: Approximately 200 employees



#### Company overview

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Company X is headquartered in Denmark and is a privately owned Danish dairy company. The company's current Managing Director founded Company X in 1984. The company documents a growing market share and high customer loyalty. In the fiscal year 2015, the company will presumably have a total turnover of approximately 1,3 billion DKK. The company is a producer and exporter of dairy products and trades products from Danish and international suppliers.

The company has sales offices in Denmark (head office), Austria and Germany. From these it supplies its customers with a variety of dairy products. The customers are of three different sectors: retail, catering and the industrial sector. Company X has since its foundation specialized in the production of white cheese. Its dairies in Denmark, Romania, and Austria are offering one of the world's largest white cheese selections. Today, Company X exports 97% of its products. Company X is doing business according to the principle 'the whole world is our market'. The figure below (see figure 11) shows the company's focus areas around the world. The company's two largest markets are the Middle East and Europe, but the other regions are also considered as important. With a network of business partners, importers, and agents, Company X is selling its products to customers around the world.



**Figure 11: Focus areas of Company X**

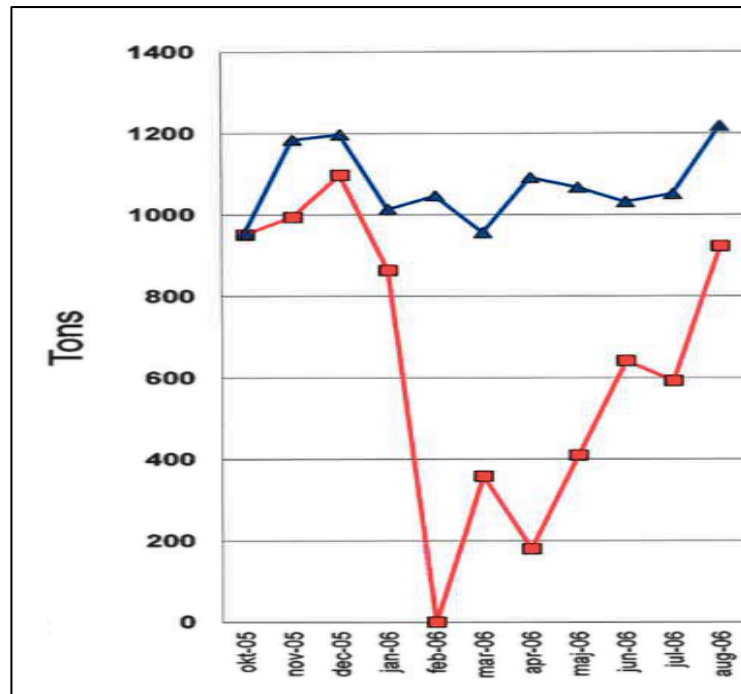
### **Business activities in the Middle East and boycott effects on Company X**

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As just mentioned, the Middle East is one of the company's largest markets and is thereby important for Company X's business. In the starting phase, Company X mainly focused on exports to Middle Eastern countries and within the first years almost 100% of its turnover was generated there. Therefore the Middle East has always been a prioritized region. In addition, the population has a high consumption of white cheese and is thereby particularly lucrative for the company. Company X has built a strong network of stakeholders through its business activities in the Middle East and has several agents with whom its managers have worked with during several years. Some agents date back to its foundation. Company X has a Lebanese Muslim shareholder as a partner in the company.

When the boycott of Danish companies in the Middle East occurred, Company X was completely taken by surprise. Even though it was aware of the controversy, it perceived the discussions as a political game and nothing more. It was not until the boycott was officially called for that Company X realized that it would get affected. This was months after the publication of the cartoons. Approximately 30% of the company's total turnover was generated in the Middle East when the boycott started. Within a few days, the company's

sales in the Middle East went from around 1,000 tons per month down to zero (see figure 12). In the figure, the blue line documents the budget of Company X, while the red line shows the total sales of the company in the Middle East (including both the company's own products and trading products). After sales went down to zero in February 2006, the company started to rebuild its position and sales.



**Figure 12: Total sales of Company X in the Middle East**

Company X estimated that it had around 3,000 tons of products in stock for the Middle Eastern market the day the boycott started. The stock was held in different stores and facilities in Denmark, on ships on its way to the Middle East, and in stores in the Middle East. Thus, the company had thousands of tons of dairy products that it neither could sell nor deliver as planned.

The impact of the boycott differed between the company's three different customer types. It was an advantage that Company X did not only sell its products to the retail sector, but also to the catering and industry sector. Consumers can see which brand they buy in supermarkets, but do usually not get informed about the brand of the product when eating in a restaurant.

This helped Company X in re-establishing its position in the Middle East. The Managing Director of Company X states that it had an advantage over for example pure retail selling competitors, who needed much more time to recover and get back to previous sales levels.

In the beginning of the boycott, Company X had to reduce its workforce and production in Denmark. At the time, Company X owned two dairies, one in Denmark and one in Austria. The Austrian dairy produced only for the European market, while the Danish dairy was responsible for the market in the Middle East. Consequently, the Danish dairy was the one affected by the layoff.

It took four to five years to get back to previous sales levels and market position. Company X lost a couple of partners and customers on the way, but overall the company's relationships in the Middle East were strengthened. Today, Company X is able to maintain its turnover in the region and the boycott seems to be more or less forgotten. Danish white cheese has historically been seen as a quality product and Company X seems to be able to use this as an advantage again.

### **Damage limitation strategies**

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#### **Communication strategies**

When the company's management realized that Company X was going to be affected by the boycott, it started to communicate right away with both internal and external stakeholders. According to the management of Company X, strategic steps within crisis communication are depending on the problem and the specific situation. The company did neither have a specific communication strategy nor a pre-determined crisis team. The management formed a crisis team mostly consisting of management executives that was assigned with the handling of Company X's crisis communication.

Company X communicated in an offensive way on the external level. Rather than waiting to be contacted by stakeholders, Company X wanted to reach out and communicate its message as soon as possible. It started its communication with the company's customers and agents as well as with the shareholder in the Middle East. The aim was to provide them with Company

X's point of view and stand in the situation. The company's stand was that it would under no circumstances apologize for the published cartoons since it cannot be held responsible for the newspaper's actions. According to the interviewee of Company X, the company is doing business, not politics or discussing religious matters. By making this clear, the company tried to distance itself from the controversy. When this message had been communicated, Company X addressed customers and consumers in the Middle East and asked them to support the company by continuing to buy its products. In addition, Company X increased its travel activities in the Middle East to have face-to-face conversations with its Middle Eastern stakeholders about the company's stand in the situation.

According to the interviewee of Company X, the company did not actively contact media. However, media contacted Company X immediately after the boycott was announced. Several journalists from different newspapers identified companies that got affected during the Cartoon Crisis and started to contact them. In other words, media was used in a passive way to communicate the company's point of view but was not explicitly included in Company X's communication strategy.

Company X openly exchanged information about the situation with other Danish companies. Danish companies that were targeted during the boycott were participating and communicating in forums with the aim to help each other in developing strategies to limit potential damage. Companies shared information about the crisis, their own strategies, and whether these were successful or not. Upcoming challenges related to the boycott were also discussed. These forums helped companies to be fully informed about the situation.

Throughout the boycott, Company X was consistent in its stand relative to the boycott trigger. The stand was openly and continuously communicated both internally and externally. Partners, agents, and customers in the Middle East were all informed. According to the interviewee of Company X, the overall communication strategy was successful. The company lost a couple of small customers, but all other stakeholders of the company did accept their stand in the situation and appreciated the open and honest communication.

### **Marketing and operations strategies**

Company X also tried to limit potential damage by using marketing and operations strategies. The company had already started a process of moving production to Romania when the boycott started in early 2006. Since the boycott was a macro-boycott that targeted companies because of their origin, Company X saw an opportunity of changing the products made in labels. When the production facility was ready, production was instantly and officially moved to Romania and Company X started to supply the Middle Eastern agents with Romanian made products. By changing the country-of-origin, the company hoped that customers in the Middle East would start buying its products again. The interviewee of Company X states that this strategy was successful and helped the company to win back parts of its business in the Middle East. Nowadays, the company switched back to 'made in Denmark' since the Danish origin is historically considered to be of good quality. Additionally, Company X changed suppliers of its trading products in order to change the country-of-origin. By using German suppliers instead of Danish, the made in label could be changed on these products as well.

### **Stakeholder strategies**

The stakeholder management played a crucial role for Company X during the Cartoon Crisis. Both stakeholders in Denmark and in the Middle East were considered to be important. The relationships with other Danish companies changed during the boycott. The companies did not act as competitors during the crisis, instead they formed a team to support each other and exchange ideas. The interviewee says that companies shared information that they would not do under other circumstances.

In the Middle East, Company X focused on the Lebanese shareholder as well as on business partners and agents. These were all highly valued and equally prioritized. However, the Lebanese shareholder, who was a Muslim from the Middle East himself, played a special role during the crisis. Company X asked the shareholder for advice about how to communicate and how the company should act towards the Middle Eastern stakeholders. The company believed that this was a good way to build trust towards the customers in the region. In retrospect the management does not know for certain if this had a direct positive effect, but it seemed helpful during the crisis.



The company had strong stakeholder relations in the Middle East due to its history in the region. Company X considers these to be highly important when doing business in the Middle East. During the boycott, the company needed support and cooperation from its long-term local stakeholders due to the overload of products that were in stock. Some parties in the Middle East decided to support the company with the motivation that they had been partners for more than 20 years.

As mentioned before, Company X's relationships with partners strengthened in the Middle East. This was mainly because of Company X's open, honest, and consistent communication. The company was able to maintain its legitimacy in the Middle East by being clear about the company's stand. Company X felt pressured by some stakeholders in the Middle East, who wanted to hear an apology from the company. However, the pressure did not influence its strategy and these stakeholders were lost because of that.

The company intensified its travel activities in the Middle East. Representatives of the company were travelling in the region in order to meet stakeholders. The aim was to show respect towards trade partners and that they had nothing to hide. Face-to-face meetings were taking place where Company X had the chance to explain its position and answer questions. Worth noticing is that the company did not have any meetings with religious groups. According to Company X, religious groups in both Denmark and the Middle East played an important role during the crisis. However, Company X did not want to have direct contact with these groups since it believed that it would have no direct positive impact but possibly negative impact on Danish stakeholders' perceptions of Company X. The interviewee contrasts Company X's reasoning with other Danish companies, which were actively seeking contact with religious groups in the Middle East. The interviewee gives the example of Arla and how the responsible manager travelled around the Middle East to meet with religious groups. The interviewee of Company X adds that these actions might have led to some positive effects in the Middle East, but they definitely led to negative effects in Denmark. Furthermore, the interviewee states that Arla lost its legitimacy in its country-of-origin due to the interaction with religious groups in the Middle East.

## **Internal Strategies**

Company X has a basic strategy for emergency situations, which starts off with immediate meetings about how to handle the situation. The top management and department managers should attend the meetings in order to be fully informed and be able to communicate openly. The remaining strategies have to be decided on during the meetings and adjusted to the specific situation.

As mentioned before, a crisis team of five employees was formed immediately when the boycott was announced. A few days after the boycott was official, the team met to discuss the situation. Decisions were made straightaway on how and what to communicate internally and externally. The team started to implement the strategies decided upon as soon as possible. The crisis team communicated openly and honestly on the internal level. Employees were informed about the severity of the situation and that the boycott could lead to potential job losses. The team also communicated the management's stand relative to the controversy by publishing internal statements.

Company X did not train its employees in how to do business in the Middle East. According to the interviewee, respect towards other cultures is the key. Even though training was not offered, Company X values knowledge about cultural differences and business ethics.

## **Summary and lessons learned**

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Company X used different damage limitation strategies during the boycott. One of the first steps was to form a crisis team that was in charge for strategy development. The communication strategy was mainly to provide information about the company's stand in an open, honest, and consistent way to all relevant stakeholders. Marketing and operations strategies include the change of made in labels both due to the re-located production and the change of suppliers, which has seemed to be helpful according to the interviewee of Company X. Stakeholders were actively managed both in Denmark and the Middle East. Cooperation between Danish boycotted companies helped Company X to be informed about the crisis. In the Middle East, travel activities were increased in order to meet stakeholders face-to-face. Internally, employees were informed about the crisis and its potential negative consequences.

Openness and honesty were guidelines also internally. The interviewee of Company X believes that they handled the crisis in a successful way and concludes that a future similar crisis would be handled in the same way.

The company learned from the boycott and has changed its overall strategy since. Company X has expanded to other markets with the aim to spread risk. By doing this the company will be less vulnerable when a similar happening occurs. The company dropped its initial plans to expand in the Middle East and directed its investments to other regions instead. Today, only 12-13% of Company X's turnover is generated in the Middle East, compared to the 30% that was generated before the boycott.

## 5. Analysis

### 5.1 Within-case analysis

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*In the within-case analysis, each case will be individually analyzed and compared to relevant strategies in the literature review. The section aims to compare damage limitation strategies used by the case companies with the strategies suggested in the literature. Possible results of the analysis are confirmation of existing theory, identification of contradictions, and/or patterns that suggest strategies not mentioned in the literature review.*

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#### 5.1.1 Arla Foods

##### Communication strategies

Arla started both internal and external communication directly when the crisis was initiated. In its first press release the company states that it does not support anything that offends religious beliefs or people's ethnical background. Abosag (2010) confirms this strategy and says that companies should respond immediately to a macro-boycott and explain its position relative to the trigger. Furthermore, Leong et al. (2008) state that a company should distance itself from the triggering act and that it should try to change boycotters' perception. This corresponds to the full-page advertisement Arla published in the Middle East, in which the company distances itself from the cartoons and shows understanding for the boycotters. It further corresponds to Arla's press releases, in which the company frequently explains its point of view, and to the face-to-face meetings with stakeholders in the Middle East.

Abosag and Farah (2014) argue that companies should be careful when formulating messages so that no new animosity arises in other markets. Companies need to consider how stakeholders in other markets perceive the company's messages and try to balance them accordingly. Arla was highly careful with the wording of the full-page advertisement that aimed to reduce animosity in the Middle East, but could not avoid a simultaneous loss of legitimacy in Denmark because of the published advertisement.

Arla started its strategic communication with the Danish Government and Danish consumers (in the Arla Forum), as well as published press releases for a variety of stakeholders, before openly addressing the boycotters in the Middle East. This strategy is partly coherent with Klein, Smith, and John (2004), who argue that the corporate communication should not only target boycotters, but also non-boycotters in order to reduce animosity towards the company and to protect the company's brand. However, the timing of communication with boycotters and non-boycotters could also be considered.

Arla actively and quickly answered questions in the Arla Forum and kept stakeholders updated through frequent press releases in order to respond to false rumors. Abosag (2010) confirms the motivation of this strategy by explaining that false rumors must be countered quickly before they enter the belief systems of customers. Farah and Newman (2010) argue that a company should implement change interventions with the aim to affect the public opinion and turn it from negative to positive. Arla took several actions that can be perceived as change interventions. Arla for example attended local forums, sponsored a variety of local events, and used different media channels with the aim to distance itself from the cartoons and saying that it had a non-political orientation.

Knight, Mitchell, and Gao (2009) state that it is an advantage to use local entities, so-called gatekeepers, to deliver messages made by the boycotted company. Arla applied such a strategy in the sense that it hired a Middle Eastern public relations firm for its communication in the Middle East. Additionally, travel activities in the Middle East were done together with a Muslim employee.

Moreover, Abosag and Farah (2014) suggest that the company should not ignore religious interpretations and try to formulate arguments based on the belief systems of the boycotters. Arla tried to communicate that the company understands the anger caused by the cartoons and that it acknowledges the legitimacy of the boycott. In this way, Arla did the opposite of ignoring. By attending the International Support of the Prophet Conference Arla wanted to distance itself from the cartoons in front of Islamic leaders. Arla was also seeking to receive a 'fatwa', which is a religious statement that is recommended to follow (Abosag, 2010).

### **Marketing and Operations strategies**

Arla intensively tried to communicate that it was a part of the Middle Eastern community due to its long history in the region. Abosag (2010) says that brand relationship and emotion are factors affecting customer loyalty and customer understanding. Arla tried to enhance its relationship with customers in the region and to somehow romanticize the history that Arla had in the Middle East. The aim was to regain loyal customers and to create a feeling of empathy for the company. Abosag and Farah (2014) confirm that it is helpful to emphasize the company's history in the region. The blend-in strategy of Shebil, Rasheed, and Al-Shammari (2011) state that companies with a high brand-country association and that get targeted during an intense boycott, should minimize the brand's country of origin identity and highlight the company's local character.

Furthermore, Arla's involvement in charitable events in the Middle East can be connected to cause-related marketing that is discussed by Leong et al. (2008). The authors suggest that companies should engage in charitable events and contribute to local communities as well as organize public relations activities. Arla both increased public relations activities during the boycott and sponsored local events in the Middle East. Moreover, Abosag (2010) states that companies should not promote charitable actions they have done themselves. If companies want to inform the public about their donations they should do it through media. This contradicts Arla's strategy since the company published a press release on its website about its humanitarian projects and activities in the Middle East.

### **Stakeholder Strategies**

Arla's strategic stakeholder management during the crisis is coherent with 'the neutral party' approach suggested by Schrempf-Stirling, Bosse, and Harrison (2013). The approach is also known as the 'middle of the road' and implies that the company tries to create harmony and avoid bad publicity by positioning itself on both sides of an issue. Arla did not show consistency in its communication and therefore it might have been perceived as not credible. In the beginning, Arla kept a low profile in the Middle East and tried to focus on its stakeholders in Denmark. After a while, Arla changed its strategy and started to distance itself from the cartoons and tried to show its understanding of the boycott behavior. This inconsistency in Arla's behavior created confusion and potential additional damage.

## **Internal Strategies**

Arla's management took action when they noticed that the primary communication strategy did not really pay off. They decided to switch to a higher profile in the Middle East even though the initial intention was to keep a lower profile. Furthermore, the management valued quick decision-making and immediate, open, and frequent updates to the employees. James and Wooten (2005) confirm these strategies as important leadership competencies during a crisis. According to Hunter, Menestrel, and Bettignies (2008), a visible leader should be included in standard crisis management and should be in the front line of the company. Peder Tuborgh fulfilled this role by being visible, publishing statements, and contacting the Danish government by person. Furthermore, he was part of a crisis team with which he discussed the situation and Arla's options.

### **5.1.2 Quantum ApS**

#### **Communication strategies**

Abosag (2010) states that companies that are being targeted during a macro-boycott should respond immediately to the boycotters and explain their positions relative to the boycott trigger. Quantum applied this strategy in the sense that it contacted its clients in the Middle East directly to provide them with information about its position. Leong et al. (2008) argue that the company needs to distance itself from the controversy and that it has to clarify why it cannot affect or control the situation. Quantum explained to its clients that it was not possible for it to affect what was happening, to hinder the offending actions, or to prosecute the triggering party. Mr. Nielsen emphasized the importance of integrity, consistency, and honesty when communicating with the clients. Two studies (Abosag & Farah, 2014; Klein, Ettenson & Morris, 1998) confirm that strategy. Communication needs to be balanced between different stakeholders so that new animosity is not created. By being consistent in communication strategies and in the values communicated, it is less likely that new animosity rise since the values are not changed.

Klein, Smith, and John (2004) say that both boycotters and non-boycotters should be communicated to in order to minimize the amount of boycott participants. Quantum increased external communication with clients in the Middle East (both boycotters and non-boycotters)

and with stakeholders in Denmark. Mr. Nielsen saw the need of continuous communication to all direct stakeholders and therefore facts were provided in the form of newsletters. However, Quantum did not communicate to end-consumers in the Middle East.

Quantum aimed at delivering facts to the clients before rumors reached them. Abosag (2010) agrees with this and suggests that rumors should be quickly and effectively countered before they enter the belief systems of clients. Hunter, Menestrel, and Bettignies (2008) state that communication should be a dialogue and not only deliver a message. This is in line with Mr. Nielsen's reasoning; deliver facts by newsletters but also have a dialogue with clients to find a solution together.

Knight, Mitchell, and Gao (2009) say that local gatekeepers are best in delivering a communicative message. Quantum's strategy regarding this matter can be seen in two ways. First, Mr. Nielsen could have been a gatekeeper himself because of his long experience and valuable contacts in the region. Second, the importing companies could have been gatekeepers for Quantum. Both ways seem possible and perhaps the gatekeeping was a shared assignment. Knight, Mitchell, and Gao (2009) add that the access to local gatekeepers, in combination with communicating a message that the boycotters really would like to hear, is important in a communication strategy. This somehow contradicts Quantum's strategy. Quantum did not design its messages based on what the boycotters and non-boycotters wanted to hear (which would be an apology). The messages were consistent throughout the boycott and were based on Quantum's values and moral standards. Furthermore, Knight, Mitchell, and Gao (2009) argue that if the company neither have access to gatekeepers nor communicate messages that boycotters would like to hear, the best strategy might be to 'batten down the hatches'. This is not aligned with Quantum's strategy since Mr. Nielsen states that the company should always take action and never be passive.

When a macro-boycott is religiously motivated, Abosag and Farah (2014) suggest that the company could find counter arguments that are based on religious interpretations. In this way, messages and arguments are built on the boycotters' beliefs and could therefore be perceived as more legitimate in the eyes of the boycotters. Quantum did not apply this strategy and Mr.



Nielsen has emphasized that it is better to stick to the company's own values and base arguments on them.

### **Marketing and operations strategies**

Abosag and Farah (2014) say that companies should react quickly and distance themselves from the triggering act in order to restore as much brand image as possible that potentially get lost during a macro-boycott. Quantum applied this strategy in combination with reminding its customers of their successful and good relationships, as well as the long history that Quantum had in the Middle East.

Davidson (1995) discusses 'relationship marketing' and how companies can build even stronger ties with clients during a boycott by letting them being part of the solving process. In that way, the solution has been developed in cooperation and a special bond between the two parties could be created. Quantum did let its clients be part of the process of finding a solution. In fact, Quantum and clients in the Middle East jointly decided on possible actions to take and this strengthened their relationships both during and after the boycott. According to Abosag (2010), strong relationships are decreasing boycott participation among clients and increasing the likelihood of regaining them if they chose to participate. Quantum's relationships with clients in the Middle East were strong and highly valued before the boycott and this was one of Quantum's mains strengths during the boycott.

Klein, Ettenson, and Morris (1998) suggest that companies should downscale the country-of-origin of products during a macro-boycott. They give examples of changing the company's name and brand names. This is similar to Quantum's strategic actions. Quantum changed for example a brand name, the country-of-origin labels on products, and the health certificate documents that accompanied the products, all to downscale the origin of Denmark. Klein, Ettenson, and Morris (1998) also discuss 'hybrid products' which are supposed to make it less clear from where the products are from. The products can for example get produced in one country while marketing and adjustments are made in another. Quantum did not re-locate operations during the boycott but somehow found a way to create its own hybrid products. In the framework suggested by Shebil, Rasheed, and Al-Shammari (2011), a strategy called 'lower profile' is suggested when boycott intensity is high but brand association is low. This

seems in line with Quantum's damage limitation strategies since Quantum kept a lower profile during an intense boycott.

### **Stakeholder strategies**

Schrempf-Stirling, Bosse, and Harrison (2013) suggest four different approaches for how to balance and respond to stakeholders during a macro-boycott. Quantum had a collaborative approach in finding a way to handle the situation. The framework describes a 'collaborator' as a company that tries to find a solution together with stakeholders, engaging in dialogues, and seeking to understand the underlying issue. The collaborator approach is said to be suitable for powerful companies since expectations and demands of stakeholders generally are higher. However, Quantum is a small company and cannot be seen as a powerful and influential company. According to the framework, the collaborator is also characterized as having a 'moralist stakeholder culture' where the company has a willingness to collaborate with stakeholders and to find a solution together. This is aligned with Mr. Nielsen's description of Quantum's culture.

### **Internal strategies**

Mr. Nielsen seems to have understood the importance of good leadership during a crisis. James and Wooten (2005) suggest some crucial leadership competencies such as: carefully sharing information both internally and externally in an honest way, taking action instead of being risk averse, and learning from the crisis and adapting strategies accordingly. Mr. Nielsen did all those things and tried to include all perspectives during the boycott.

Ettenson and Klein (2005) argue that it is important to outline the arguments behind the boycott to create an understanding of the situation among employees. Since Mr. Nielsen had a lot of knowledge about the Middle Eastern culture and traditions, he tried to educate Quantum's employees to increase their understanding. Ettenson and Klein (2005) also say that employees should know about the damage limitation strategies that the company applies and the strategic arguments behind them since this can improve failing employee morale as well as increase employees' confidence. Mr. Nielsen led the development of damage limitation strategies in close cooperation with his employees. The arguments behind were also internally communicated on an ongoing-basis.

### 5.1.3 Company X

#### **Communication strategies**

Abosag (2010) suggests that companies need to respond to the boycott immediately and explain its position relative to the trigger. Company X applied this strategy by starting its communication process right away and by explaining its stand to both internal and external stakeholders. Company X communicated that it should not be held responsible for someone else's actions and therefore would not apologize. Leong et al. (2008) argue that companies should distance themselves from the boycott trigger as well as try to change boycotters' expectations of what the company can control, affect, and/or achieve.

Company X did neither communicate with for example religious groups nor try to find arguments that were based on religious interpretations. Religion was not considered to be something that Company X was supposed to deal with and therefore religious matters were not included in the strategies. Abosag and Farah (2014) on the other hand argue that the religious interpretations of the situation should not be ignored and suggest that companies try to build arguments that are religiously legitimate.

Furthermore, Klein, Smith, and John (2004) state that communication efforts should target boycotters, but also non-boycotters. This corresponds to Company X's communication with different stakeholders including employees, other Danish companies, and the Lebanese shareholder. This is also in line with Hunter, Menestrel and Bettignies (2008) who argue that a company should communicate with different stakeholder groups in order to protect the company's reputation. Furthermore, they emphasize that communication should not only deliver a message, but also be a dialogue. Company X had dialogues on different forums with other Danish companies and traveled in the Middle East in order to dialogue with different Middle Eastern stakeholders. In line with Abosag's (2010) argumentation of how to counter rumors in an efficient way, Company X was fast to contact its stakeholder in order to provide the correct information.

Seeger (2006) suggests ten best practices of crisis communication and Company X has practiced several of them. First, Company X was open and honest in its communication. Second, it collaborated with credible partners such as other Danish boycott targets. Third,

Company X showed its concerns about the situation by participating in various forums. Fourth, it openly communicated the uncertainty of the situation to its employees. Fifth, Company X encouraged its Middle Eastern stakeholders to take action and support the company throughout the challenging situation.

Knight, Mitchell, and Gao (2009) highlight the importance of local gatekeepers. Company X had a Lebanese shareholder who might have acted as a gatekeeper for the company. Additionally, the company itself had a long history in the region and had created strong relationships with for example its Middle Eastern agents, who also might have contributed to some gatekeeping. Although Company X possibly had access to local gatekeepers; this is not sufficient according to Knight, Mitchell, and Gao (2009). The gatekeepers should in addition deliver messages that local stakeholder would like to hear. Company X did not change its position and did thereby not deliver the demanded message, an apology.

### **Marketing and Operations strategies**

According to Abosag (2010), strong brand relationship and brand emotion make it easier to regain customers during a boycott. Company X had strong relationships with customers in the Middle East before the boycott and these did most likely help the company during the crisis. However, no additional resources were allocated to build stronger brand relationship or brand emotion during the crisis.

Klein, Ettenson, and Morris (1998) suggest that companies should reduce the promotion of country-of-origin during a macro-boycott. Company X applied this strategy when changing its production from Denmark to Romania. In addition, it also switched from Danish suppliers to German. By changing its operations strategy the company could change the made in label to another country-of-origin. The company's strategic actions are aligned with the 'lower profile' strategy that is presented by Shebil, Rasheed, and Al-Shammari (2011).

### **Stakeholder Strategies**

Company X's stakeholder strategy is coherent with the 'collaborator' approach suggested by Schremp-Stirling, Bosse, and Harrison (2013). The company actively collaborated with other

Danish companies and its Lebanese shareholder in order to find a solution. However, by switching suppliers and re-locating production, Company X's strategy also has similarities to the 'egoist' approach. Moreover, it also increased its travel activities to the Middle East in order to have dialogues with the Middle Eastern stakeholders as well as to improve its understanding of the situation. Company X also cooperated with long-term partners in the Middle East and asked them for support when the boycott started.

### **Internal Strategies**

Company X's crisis team, that was responsible for handling the boycott, seems to have shown some competencies that James and Wooten (2005) outline as important leader competencies during a crisis. First, the crisis team immediately called for a meeting when the boycott was a fact in order to make some quick decision-making of how to proceed. Second, leaders should learn from a crisis and change their strategies if needed. Company X learned from the boycott and realized the importance of spreading risks. After the crisis, it changed its overall strategy by expanding to other market areas.

Hunter, Menestrel, and Bettignies (2008) point out that a visible leader is an important part of handling a crisis. The leader should be seen and should share information openly and honestly. Company X seems to have had such a leader.

Furthermore, Leong et al. (2008) suggest the hiring of local talent and placing them in key positions. By doing this, the company can show that it respects different cultures. Company X had a Lebanese shareholder as a partner in the company. The shareholder was directly contacted for advice and played a key role during the boycott.

## 5.2 Cross-case analysis

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*In the cross-case analysis, the damage limitation strategies of the three case companies will be compared to each other. The aim is to identify patterns, similarities, and differences within the categories communication, marketing and operations, stakeholder and internal strategies. By comparing the case companies, successful and/or unsuccessful strategies might be identified.*

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### **Communication strategies**

Both similarities and differences can be observed in the three case companies' crisis communication strategies. All three companies acknowledge the importance of a quick reaction in the situation of a macro-boycott. Quantum followed the principle 'to act before actions take you', Company X started its crisis communication immediately, and Arla took action straightaway. While changes in Arla's communication strategy can be observed, both Quantum and Company X followed more consistent communication strategies.

Arla used its own website in order to communicate with a variety of stakeholders. Through the Arla Forum, it communicated with for example Danish consumers and answered question regarding the boycott. The news section was continuously updated in order to provide information to stakeholders. Press releases on the website were one of the main tools Arla used during the boycott. Neither Quantum nor Company X, which are both much smaller companies, had the online resources for doing that. Moreover, Arla frequently published statements expressing the company's stand, both on its website and in public press. Company X also published both internal and external statements. Quantum did the opposite way and chose to not publish any statements at all.

Furthermore, the use of media differs between all three companies. Arla actively used the Danish and the Middle Eastern press to communicate with its stakeholders. The media was thereby an important communication tool for Arla. In contrast, Company X was not actively seeking contact, but was communicating with media in a passive way. For example, when newspapers contacted Company X, it explained its point of view of the situation. Quantum on the other hand, entirely avoided communication via media channels.

Another strategic aspect of Arla's communication strategy that is differing from the other two companies is the company's public relations strategy. Arla hired a local public relations firm in the Middle East during the boycott that was responsible for communication in the region. Neither Quantum nor Company X did that.

Quantum had a communication strategy that is noticeable educative. Mr. Nielsen emphasized the importance of creating an understanding of the situation and explaining why the situation was how it was. He had a lot of experience working in both the Middle East and Denmark and thereby knowledge about the cultural differences. He strategically shared this knowledge with stakeholders in both Denmark and the Middle East. In contrast, Arla and Company X mainly focused on providing stakeholder with their stand in the situation. Compared to Quantum's educative style in sharing information, Arla's and Company X's styles could be described as more directive.

None of the three companies apologized for the cartoons. However, pressure from different stakeholder groups resulted in slightly different responses. Both Quantum and Company X did not let pressure affect their behavior in handling the crisis. They kept the same stand throughout the boycott and did not give up their opinions regarding the demanded apology. Arla on the other hand changed its strategy when the pressure got too high. When publishing the advertisement in the Middle East, Arla did not apologize, but expressed its empathy for the boycotters. By doing this, legitimacy in Denmark was hurt.

In order to get a full overview of the communication strategies that were applied by the three case companies, a summary is presented in the table below (see table 3).

**Table 3: Overview of communication strategies**

<b>Strategy</b>	<b>Arla</b>	<b>Quantum</b>	<b>Company X</b>
<b>Quick reactions /decision making</b>	Yes	Yes	Yes
<b>Consistency</b>	No (Change of strategy)	Yes	Yes
<b>Website</b>	Yes (Forum and Press & News)	No	No
<b>Publication of statements</b>	Yes	No	Yes
<b>Media / Press</b>	Yes (Actively)	No	Yes (Passively)
<b>PR company</b>	Yes (Hired PR firm in the Middle East)	No	No
<b>External style</b>	Directive	Educative	Directive
<b>Apology for Cartoons</b>	No	No	No

### **Marketing and Operations strategies**

Both Quantum and Company X were downscaling their Danish origin by changing the made in label on the products. They had similar but different strategies in how they changed them. Company X moved its production to Romania and switched from Danish suppliers to German and thereby the origin was officially changed. Quantum on the other hand used a more collaborative and innovative approach. It changed its labels to ‘made in EU’ instead of moving its production facilities to another country. Additionally, Quantum travelled to Germany to explore the possibility to change the language of the product’s health certificate documents. It was both legally and practically possible and thereby the origin of Quantum’s products could be disguised. Quantum also changed brand names and product names in collaboration with clients in the Middle East. Arla is a well-known brand and did therefore not have the same possibility in disguising its origin. However, with size come often



resources. Arla focused on promotions and local advertising campaigns, which informed about its local character, its charity in the region, and former and future investments.

### **Stakeholder strategies**

All three case companies increased their travel activities in the Middle East with the aim to meet important stakeholders. Quantum's CEO travelled in the region during the boycott to educate stakeholders about the situation, but mostly to motivate his clients to find a solution together. Company X travelled more than usual in the Middle East as well. It wanted to meet stakeholders face-to-face in order to show its respect towards Islam and to answer questions. Arla had a slightly different approach. When representatives from Arla, including a Muslim employee, travelled in the region they actively contacted and met with religious groups. This is a key difference between the companies' strategies. Besides meeting religious groups, Arla was participating in The International Support of the Prophet Conference in order to meet prominent Muslim scholars and to receive a 'fatwa', which recommended that Arla should be removed from the boycott list. This strategy is not in line with Quantum's and Company X's strategies. Although Mr. Nielsen had the wish to educate stakeholders both in Denmark and in the Middle East, he only had contact to direct stakeholders of the company. Company X explicitly said that it does not have and does not want to have any contact to religious groups.

Furthermore, Arla organized a press and trade conference where retailers from the Middle East were invited. Neither Quantum nor Company X organized anything similar. As mentioned above, this could be connected to Arla's size and thereby resources and publicity. The smaller companies might not have the possibility to organize a conference where important retailers attend.

Quantum's stakeholder management during the boycott differs from the two other companies. The goal was to find a solution that was good for important parties involved: Quantum, the Danish suppliers, and the importing clients in the Middle East. By engaging in dialogue and by being loyal to its stakeholders, Quantum found a successful way out of the crisis. Arla and Company X mainly focused on finding their solutions to the problem. For example, Company X switched country of production and nationality of suppliers in order to downscale its country-of-origin.

The strategies of Quantum and Company X both resulted in stronger relationships with clients in the Middle East, although both companies lost stakeholder(s) in the region who did not accept the companies' stands in the situation. Both companies achieved this by showing integrity, loyalty, and openness. Due to consistency and dependability in its behavior and values, Quantum did not lose legitimacy among its Danish stakeholders. As mentioned above, Arla was not consistent and thereby lost legitimacy in Denmark. It is not clear whether Company X lost some legitimacy when re-organizing its production and changing its suppliers.

Company X communicated and exchanged information with other Danish companies during the crisis and expresses that this was helpful for the company. Neither Quantum nor Arla were taking part of this exchange and did not share any information about the crisis or their strategies.

The table below (see table 4) clarifies the different stakeholder approaches of the three case companies. Arla had a 'middle of the road' approach where both sides of the issue tried to be addressed and pleased. The approach could create harmony, but is also risky in the sense that the company does not show consistency and therefore could lose credibility. Quantum used a more collaborative style and aimed to find a solution in cooperation with important stakeholders. Company X on the other hand, did collaborate to a certain extent, but did also show egoist tendencies when for example switching suppliers. It collaborated when it suited the company's strategy.

**Table 4: Stakeholder approaches**

<b>Company</b>	<b>Stakeholder approach</b>
<b>Arla</b>	The neutral party (the middle of the road)
<b>Quantum</b>	Collaborator
<b>Company X</b>	Egoist / Collaborator

### **Internal Strategies**

Both Arla and Company X formed crisis teams consisting of top management including the Managing Directors. The teams were responsible for strategy formation and decision-making during the boycott. Quantum did not create a specific crisis team; instead Mr. Nielsen (CEO) was in charge for handling the crisis.

Moreover, Arla and Company X had a basic strategy for emergency situations. Arla's plan was already adapted to crises that occurred in the Middle East, while Company X's was a general crisis plan. Quantum did not have a crisis plan at all and Mr. Nielsen says that decisions and strategies must be developed for every situation.

Quantum and Company X handled their employees in different ways. Quantum acknowledged that it was a difficult situation, but on the same time tried to educate, engage, and motivate its employees in a 'we can do it together' manner. Company X informed and updated its employees, but did not particularly motivate them and thereby had a more informative style. Arla communicating with its employees on the Arla Forum, but did not go much longer than that. What the companies all have in common is that employees were supposed to be informed quickly and continuously about the current situation and new happenings.

## 6. Discussion and Managerial implications

### Discussion

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*This section aims to discuss the case companies' damage limitation strategies and whether these were successful or not. First, a short assessment of the companies' damage limitation will be made. Second, the aspect of size will be discussed. Third, similarities and differences identified in the cross-case analysis and potential explanations why different strategies suit some firms better than others will be discussed. The discussion will lay the ground for the managerial implications that are following this section.*

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To be able to discuss the strategies used by the case companies, an assessment of the companies' damage limitation will be made. Arla was the most affected boycott target during the Cartoon Crisis. Shortly after the boycott was called for, Arla's sales went to a complete standstill and within just a few days, the products were removed from the majority of stores. In March 2006, Arla estimated a total loss of 53 million Euros. Revenues and operating profit were badly affected and the macro-boycott led to remarkable losses for the company. Both staff and dairies had to be laid off. In 2007, Arla had regained most of the market share it had before the crisis as well as returned to previous sales levels. However, some markets were more challenging than others. In for example Saudi Arabia, Arla had only reached 83% of its pre-boycott sales in 2007.

Quantum on the other hand actually increased its turnover of Danish products during the crisis. Close collaboration with its supplier in Denmark and with clients in the Middle East in combination with some creative marketing measures, Quantum went out of the boycott with a more profitable business than it had before. Quantum increased its market share in the Middle East and thereby came out of the crisis with a stronger position. According to the CEO, only one client was lost during the crisis. The relationships with the remaining clients were improved and strengthened.

Company X had a rough start in the crisis and sales went down to zero in February 2006. As for Arla, Company X had to reduce its workforce and production. It had two dairies, one Danish and one Austrian. The Danish dairy was providing the Middle Eastern market and was therefore the one mostly affected. The impact of the boycott differed between its three customer segments and this was an advantage for Company X. By selling to the catering and industry sector in addition to retail, Company X could more easily get away with its country-of-origin. It took approximately four to five years to recover and return to the initial sales levels. Some partners and customers were lost, but on an overall basis sales went back to normal.

One aspect that needs to be considered is the companies' sizes. Arla, Quantum, and Company X all differ significantly in size. The amount of employees could be used as an indicator of size and by comparing the amounts it can be concluded that, relative to each other, Arla is a big company, Company X is a medium-sized company, and Quantum is a small company. This aspect needs to be considered since big companies generally are more associated with their country-of-origin. This is not always the case, but for Arla it was. Arla was a well-known company in the Middle East during the time and the brand was strongly associated with Denmark. This implies that the boycotting consumers knew that this brand should be boycotted since it is Danish. Both Quantum and Company X were relatively unknown for their origins and could therefore relatively smoothly change their made in labels. This measure would have been harder for Arla to use since the brand already was well known for its origin. In addition, Quantum and Company X also sold products that were not directly put in the shelves. By selling bigger quantities to intermediaries, the end-consumers were not as big of a hinder as for Arla.

Another implication of size could be stakeholders' expectations and demands. When the company is of bigger size, it usually also have more power to act and affect. By boycotting bigger companies, the potential impacts get higher and losses in absolute numbers get bigger for the company, but also for the country. This implies that it is more effective to boycott big companies and that the boycott's focus naturally will lie on them. Another aspect of company size is how much publicity the company gets. Whether this is an advantage or a disadvantage for the company is hard to tell, but generally: the bigger the company, the bigger publicity.

The appropriateness of some damage limitation strategies might depend on company size. The company size can both affect which strategies that are chosen and affect the assortment of strategies that actually would limit damage. Some damage limitation strategies could thereby be size-specific in the sense that they might be more efficient if the size is of a certain kind. However, by examining companies of different sizes a broader range of strategies can be identified.

### *Communication strategies*

Since all three case companies reacted quickly after the boycott was announced and since existing literature suggests the same, this seems to be an important start in tackling a macro-boycott successfully. To take action and show stakeholders the company's position in an early stage of the crisis management will therefore be considered as a crucial part of how to cope with a macro-boycott. The size aspect might affect in which order stakeholders should be communicated with, but the quickness in the companies' reactions should apply for all company sizes.

While Arla used its websites to communicate with stakeholders, Quantum and Company X did not. Both companies have rather undeveloped websites with limited information, while Arla had a forum where individuals could discuss the boycott and also get answers from Arla employees. To have a well developed website where information can be published and where questions can be answered could be an important communication tool when handling a boycott.

The use of the media differed between the case companies. While Arla had an active interaction with the press, the other two did not. Company X had a passive attitude and responded only when it was contacted. Quantum did not interact with the media at all. This difference could be rooted in the different company sizes. There might be an expectation that a big company should respond to the public by using the media. The existing literature is dissentient whether a boycotted company should use the media. The other perspective of this is of course what the media wants to write about. Commonly, the media aims to report stories about companies that the readers know about, which implies bigger companies. It is unclear

whether the use of the media is an effective strategy when trying to limit damage caused by a macro-boycott, but it is likely that the effectiveness is varying with company size.

Hiring a local public relations firm in the Middle East is probably also a strategy that is connected to company size. To hire people that know the region and culture will be considered as a good strategy when tackling a boycott. The hiring of the firm does not only give greater knowledge about the Middle Eastern stakeholders, but could also show trust and loyalty towards the region. However, this is obviously a matter of resources. To outsource the crisis communication is expensive and would more likely be a big company's strategy. Although it might be effective in several ways, it might not be the best way to go for all companies. Quantum for example already had good knowledge about the Middle East due to the CEO's own experience in the region, and strong relationships with its clients. To hire an external public relations firm could therefore be a questionable strategy to apply for some companies.

The case companies had different communication styles during the boycott. Both Arla and Company X were more direct in their communication and mainly aimed at delivering a message to stakeholders. Quantum on the other hand tried to educate all relevant stakeholders about the boycott. Even though the CEO stresses the importance of expressing Quantum's stand, the focus was mainly on how to solve the situation together. Again, this might be dependable on company size. The bigger companies might need to be more direct because of the amount of stakeholders and to avoid confusion, while the smaller companies have the possibility to reach out and have a more collaborative and educative style.

None of the three companies apologized for the publication of the cartoons, but Arla was the only company that got close to an apology. The advertisement in the Middle East expressed Arla's sympathy towards the Muslim society and its understanding of the reasons to boycott. This was quite a bold move since many of the Danish stakeholders did not sympathize with the boycotters. Arla's legitimacy in Denmark was therefore questioned and hurt. The existing literature points out several disadvantages with this approach and states that it is risky to be in the 'middle of the road'. Even though Danish stakeholders did not like the message that the advertisement expressed, it was eventually quite a successful strategy for Arla. Without the

advertisement, no ‘fatwa’ would probably have been received. Both Quantum and Company X were consistent in their values and behaviors, which also helped them in their damage limitation. To stick to the company’s moral standards shows loyalty and consistency, and could result in respect from the boycotting party.

#### *Marketing and operation strategies*

As mentioned above, both Quantum and Company X were able to change their made in labels relatively unnoticed. While this strategy would be harder for a company that is well known for its country-of-origin, it worked well for both Quantum and Company X. Their actions are in line with the existing literature, which says that if the boycott intensity is high and the brand-country association is low, a lower profile is preferable. Arla had a high brand-country association during a high intensity boycott and should therefore apply a blend in strategy according to the literature. The blend in strategy suggests measures such as advertising campaigns, public relations activities, and charity. This is in line with Arla’s strategic actions during the boycott. Worth noticing is that both the smaller companies applied a lower profile strategy because their brand-country associations were lower, but another reason could be that the blend in strategy is more costly and resource-demanding. The case companies’ chosen strategies regarding marketing and operations seem overall in line with the literature. The size aspect is present since a strong brand-country association is more likely if the company is big.

#### *Stakeholder strategies*

All three case companies increased their travel activities in the Middle East during the boycott. The main motivation was to have face-to-face meetings with stakeholders that were considered important during the boycott. Arla was the only company that interacted with religious groups. The literature suggests that the use of arguments that are based on religious interpretations could be an efficient strategy in order to reach out to the boycotters. It is unclear whether the strategy was efficient or not for Arla. Both Quantum and Company X based their arguments on their own beliefs and could therefore be perceived as standing on a more stable ground.

The stakeholder management differed between the companies: Quantum had a collaborative approach and wanted to find a solution that was good for all parties, Company X collaborated



but prioritized its strategic plans, and Arla wanted to please stakeholders on both sides of the issue. The stakeholder management by Quantum and Company X was similar but yet different. In the process of changing the made in labels, Quantum was creative and found a way around the problem without letting any relevant stakeholder down. Company X chose a different path when downscaling the country-of-origin and switched from Danish to German suppliers. This might have hurt the Danish suppliers extensively (depending on the relative importance among suppliers' clients) and the move of production to Romania might have resulted in negative effects for the Danish workforce. This could have led to a loss of respect and therefore be one reason why the company needed more time for its full comeback. Since smaller companies do not possess the same power as bigger ones, it might be risky to go in the direction of the wind just because it is the easy way out in the short term. Showing loyalty towards stakeholders could be an important damage limitation strategy, at least for the longer term.

### *Internal strategies*

Both Arla and Company X formed crisis teams responsible for the crisis management and the development of damage limitation strategies, while Quantum's CEO was the only person in charge for handling the boycott. The difference in management can again be connected to the different sizes of the three companies. However, it could also be connected to Mr. Nielsen's expertise within the area.

The three case companies' employees were informed on a regular basis with news about the boycott. However, from the data the researchers of this study have had access to, it can be seen that the motivation level was different. Quantum realized that employees need to be motivated in such a hard time and that good leadership was crucial to keep up the spirit. Company X did not explicitly say that it did not motivate its employees, but gave the impression that the crisis management was a task for the crisis team and that employees could continue as usual. When it comes to Arla, employees were frequently informed about news but regarding motivation it is unclear. However, the limitation of not having access to primary data in the case of Arla hinders drawing conclusions in that matter.

Both Quantum and Company X changed their overall strategies shortly after the boycott. They realized the importance of risk spreading and that the companies were too vulnerable during the boycott. Even though both companies handled the boycott without any major losses, there was no guarantee that a future boycott would result in the same outcome. Both Quantum and Company X thereby started to expand their businesses to other parts of the world after the Cartoon Crisis. Arla had in contrast incorporated risk spreading into its risk management before the crisis and was therefore already protected to some extent.

## **Managerial implications**

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*The researchers of this study have by reviewing relevant literature and examining three case companies, identified successful damage limitation strategies that could be applied by companies of various sizes. The managerial implications are recommendations to macro-boycotted companies about how potential damage can be limited.*

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### **React and respond quickly**

It is important that the boycotted company takes action before actions take the company. The company should be perceived as proactive in the sense that it should acknowledge the situation and show a willingness to solve relevant issues. By taking action and expressing the company's stand, the company can show stakeholders that it aims and is willing to find a way around the problem.

### **Be consistent in values and behaviors**

To be consistent in the company's values, behaviors, and moral standards shows credibility. Even though all stakeholders do not agree with the actual values, it shows them that the company is dependable and predictable in its actions. To know what to expect serves as insurance for stakeholders, even though it might not match their own values.

**Provide stakeholders with a continuous flow of information**

Stakeholders should be informed about upcoming news regarding the situation and how the company positions itself in relation to them. Communicating information to stakeholders is an important part in the damage limitation since it allows the company to influence stakeholders' perceptions. Since false rumors most likely will circulate, it is important to provide stakeholders with correct information before the rumors enter their belief systems.

**Show loyalty towards stakeholders**

To show loyalty towards the company's direct stakeholders, such as suppliers and clients, is important in the long term. During a macro-boycott, many companies are facing challenges and to find a way out of the crisis together might be an advantage in several ways. First, the relationships could strengthen and lead to future possibilities. Second, when the boycott is over and the business heads back to normal, the pre-boycott business partners might not be willing to cooperate if loyalty was missing during the crisis.

**Be open for collaboration**

Collaboration with partners in both countries can help the boycotted company and its stakeholders to limit damage. The company can together with its partners and without breaking its consistency in values find a way around the problem. The effectiveness and the type of collaboration can however depend on the level of brand-country association.

**Show respect**

Even though the company does not agree with the boycotters' motivation and reason to boycott, it could be beneficial to show respect towards their beliefs and behaviors. This could signalize that there is an understanding that the triggering act was offensive to the boycotters and thereby improve the company's position in the eyes of the boycotters. However, respect towards boycotters does not mean that the company should apologize for something it has not done. Companies must carefully consider how for example home country stakeholders perceive such actions.

**Downscale country-of-origin**

No matter company size, this could help the company in its damage limitation process. While bigger companies could promote its local character in the boycotting region, smaller companies could keep a lower profile and try to disguise its origin. Although the strategic actions might differ, the aim of downscaling the companies' origin is the same.

**Make sure that knowledge about boycotters and their region is accessible**

If it is by hiring a local public relations firm or through management's own experiences, it does not really matter, but the company should make sure that it has access to knowledge about local business ethics, culture, and traditions.

**Increase travel activities in the boycotting region**

By being present and by having face-to-face meetings, the company gets a chance to explain its position and have dialogues with different stakeholders.

**Appoint a specific person or team that is responsible**

It should be clear which person or group that is responsible for developing and implementing damage limitation strategies during the boycott. In this way, confusion about responsibilities can be avoided and better strategies might be applied.

**Let employees be part of the solving process**

By including employees in the solving process, a better team spirit might be achieved. Even though the strategies are not collaboratively developed, employees might feel more motivated to work hard and help the company out of the crisis if they feel included in the process of finding a solution. By informing employees about the strategies applied and the motivations behind them might therefore help the company in its damage limitation.

## 7. Conclusion

The purpose of this research was to investigate how multinational companies can respond in order to limit damage caused by a macro-boycott. Relevant literature was reviewed and three case companies' strategies were examined. The Cartoon Crisis served as an illustrative example of a macro-boycott. By conducting both a within-case and cross-case analysis of the cases, similarities and differences were identified. In the within-case analysis, the case companies were compared to the literature, while in the cross-case analysis the cases were compared to each other. The discussion led the reader to the managerial implications, which are presented as recommendations of how multinationals of various sizes can respond in order to limit damage. The recommended damage limitation strategies include quick responses, consistency in values and behaviors, and loyalty towards stakeholders. The findings also show that macro-boycotted companies should downscale its country-of-origin, increase travel activities in the boycotting region, and include employees in the damage limitation process.

The researchers of this study believe that the research question has been answered in the sense that recommendations of how multinational companies can respond have been developed. However, the research is limited due to various reasons. The use of the Cartoon Crisis as an illustrative example and the multiple case study of Danish companies operating in the dairy industry can skew the outcome to a certain extent. In addition, no primary data could get accessed for one of the companies.

Future research could consider examining other illustrative examples including other boycott triggers, case companies with other country-of-origins, and companies operating in other industries. Another research path could be to conduct more in-depth analyses of the different categories of damage limitation strategies. Since the implications of this study have been developed on the basis of a specific illustrative example, additional research could strengthen the recommendations and their generalizability. The researchers of this study suggest further research within the field of the increasing phenomenon of macro-boycotts. Multinationals operate in a globalized world where clashes of values are an unavoidable challenge. Macro-boycotts are a powerful tool to express dissatisfaction since it can have huge impact on the targeted country and companies. Future research is needed since the existing literature is scarce and the phenomenon is increasing in both frequency and effect.

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# Appendix

## Appendix A: Interview questions for Quantum

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### Telephone Interview with Quantum

12th of May 2015

Interviewers: Frederike Grundmann and Ebba Nilsson (CBS Master students)

Interviewee: Esben Nielsen (Founder and Managing Director)

Dear Mr. Nielsen,

Boycotts have become an unavoidable aspect of the international business environment. Macro-boycotts triggered by religious or ideological reasons are increasing in number and intensity. In recent years, many Western countries have become targets of macro-boycotts from the Middle East. For instance, Danish companies were openly boycotted in the Middle East when the Danish newspaper Jyllands-Posten in 2005 published 12 cartoons depicting Prophet Muhammad. Research within this area is limited and we therefore would like to investigate how companies and managers can respond to boycotts and what kind of strategies they can develop and use.

Quantum is a Danish company located in Støvring and founded 2001. Quantum both produces dairy products and acts as an intermediary. Quantum experienced the Danish Cartoon crisis and the boycott of Danish firms. Since the Middle East is one of Quantum's main export areas and since Quantum has strong relationships in the region, we would like to know how Quantum was affected by the crisis and how Quantum responded to the boycott. Furthermore, we would like to know if you had a strategy for handling boycotts, if it was successful, and if you have changed/improved the strategy since.

We are grateful that you would like to participate in an interview with us. You will find the interview questions below. Please contact us if you have any questions.

#### General

1. Name
2. Company
3. Work position
4. Company information

- a. Activities in the Middle East
- b. Short history recapitulation about your business in the Middle East
- c. Relationships in the Middle East

### **Before the Cartoon Crisis**

#### **5. Realization**

- a. When did you realize that Danish companies were going to be boycotted?
  - b. When the cartoons were published, could you foresee any potential boycott threat? If yes/no, why?
  - c. Did you expect your company to be affected? If yes, when did you realize and what did you do about it?
  - d. Did you start any process of crisis communication before you were affected? If yes, please describe.
6. Macro-boycotts are an increasing challenge for international companies. Similar boycotts happened before in other countries and to other boycott targets. Did you already have a strategy for how to cope with boycotts?
- a. If yes, what kind of strategy? What are the crucial parts?
  - b. If no, why?

### **During the Cartoon Crisis**

#### **7. Strategic action**

- a. Did Quantum take action to minimize potential damage caused by the boycott?
  - i. If yes, when and what kind of strategic actions were taken?
  - ii. Please describe the most important steps of Quantum's strategy in order to minimize the damage caused by the boycott
- b. Did Quantum build (or already have) a special team for managing the boycott?
  - i. If yes, how many were in the team?
  - ii. Which management level?
  - iii. Internal or external employees?
- c. Some scholars say it is important for companies to react quickly to boycotts. Do you think the time dimension plays an important role? If yes/no, why?

#### **8. Communication strategy**

- a. Did Quantum increase corporate communication (internally and/or externally)?
- b. Did Quantum have a specific corporate communication strategy and/or style?
- c. Does Quantum have specific public relations strategies?
  - i. Does Quantum have a public relations team? If yes, do they get training?

- d. Did Quantum try to distance itself from the controversy?
  - i. If yes, how?
  - ii. If no, why?
- e. Did Quantum publish any statements with the aim to improve the situation?
  - i. If yes, what kind of statements?
- f. Did Quantum provide customers and/or other stakeholders in the Middle East with information about its stand in the controversy?
  - i. If yes, was it successful? Why?
  - ii. If no, why?
- g. What did you communicate to your strategic partners in Middle East?

## **9. Stakeholders**

- a. Who were the most important stakeholders in Quantum's home and host country?
- b. How did Quantum prioritize its stakeholders?
- c. When managing corporate legitimacy:
  - i. Did you experience conflicting opinions by your stakeholders in the Middle East and in Denmark?
  - ii. How can you maintain and sustain corporate legitimacy to stakeholders in two different countries with conflicting opinions?
  - iii. Did you find a balance? If yes, how?
- d. Did you feel pressure by different stakeholder groups?
  - i. If yes, which one(s) and how?
  - ii. How did this influence your strategy?
- e. Does Quantum have a corporate responsibility towards society in both home and host country?
- f. Was there an exchange of information/help/advice between Danish companies?
- g. Did you try to get in contact with Danish media/government/institutions for information and/or support?
- h. Non market stakeholders can have impact in a boycott situation. What role did they play during the Cartoon Crisis?

## **10. Relationships in the Middle East**

- a. Do you think it mattered/made a difference that you already had established strong and long-term relationships in the Middle East?
  - i. If yes, how and why?
  - ii. If no, why?
- b. Did Quantum's relationship with partners in the Middle East change? If yes, how?

## **11. Media**

- a. What role did the media play?
- b. Did you communicate with the media? If yes, how?
- c. Could and should companies use the media for crisis response strategies in a boycott situation? If yes, how and why?
- d. Which actor did you rely on the most (information wise): the media or your local partners in the Middle East?
- e. Did Quantum use the media to improve its position during the crisis?
  - i. If yes, how?
  - ii. If no, why?

## **After the Cartoon Crisis**

## **12. In which sense and to what extent did the Danish Cartoon Crisis affect Quantum?**

- a. Sales?
- b. Relationships with partners in Middle East?
- c. End consumers?

## **13. What measures did you take after the crisis?**

- a. Did you introduce changes in your strategy (both short and/or long term)?
- b. Today, do you have any specific person/team observing the business environment in order to detect potential boycotts?

## **14. Do you think it is important for a single company to respond to a boycott or do you think it doesn't really make a difference?**

## **15. Country-of-origin**

- a. The boycott was a country-of-origin-boycott and Quantum was affected because of its origin. Did you change your marketing strategy in any way (e.g. make it less clear that your products are Danish in order to reduce the risk of getting macro-boycotted in the future)?
- b. Did you name products differently?
- c. Did you change packaging?
- d. Did you advertize differently (in Denmark and/or in the Middle East)?

## **16. Lessons learned**

- a. What lessons did you learn?
- b. Would you handle a similar crisis the same way today?
- c. What recommendations would you give another company that is currently subject to a religiously motivated macro-boycott?
- d. Can you give some general recommendations for how to act when being boycotted or would you say that it is totally context specific?

- e. Did you observe a strategy of another Danish company which you think was successful? Or, unsuccessful?
- f. Do you feel better prepared today? If yes, how?

### **Your professional experience**

17. You have lived in the Middle East for several years, what role do you think knowledge about cultural differences and business ethics plays in such a crisis?
  - a. Does Quantum offer training (in cultural awareness, religion, social norms etc.) for employees doing business in the Middle East?
    - i. If yes, how?
    - ii. If no, do you think it would be useful?
  - b. Do you think it is important to have local representatives when a boycott situation occurs?
  - c. Do you think it would be an advantage to have employees originating from the the Middle East at Quantum in this specific situation?
  - d. Do you take any specific measures when doing business in the Middle East?
18. What do you think are the main pillars/competencies in good leadership before, during, and after a boycott crisis?
19. Is trust-building with stakeholders important? If yes, why and how can you build trust?
20. Scholars suggest a consistency in crisis management. Do you agree with this or do you think it is better to adapt the crisis management to a changing business environment (change opinions and strategies according to new happenings/situations/reactions)?
21. Do you think that external specialized consultants could ease the process when being boycotted?
22. What role do you think religious animosity will play for doing business in the future?

Thank you for your participation

## Appendix B: Interview questions for Company X

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### Telephone Interview with Company X

25th of May 2015

Interviewers: Frederike Grundmann and Ebba Nilsson (CBS Master students)

Interviewee: Anonymous person from Company X

#### General

1. Work position within Company X
2. Company information
  - a. General information
  - b. Activities in the Middle East
  - c. Short history recapitulation about your business in the Middle East
  - d. Relationships in the Middle East

#### Before the Cartoon Crisis

3. Realization
  - a. When did you realize that Danish companies were going to be boycotted?
  - b. Did you expect your company to be affected? If yes, when did you realize and what did you do about it?
  - c. Did you start any process of crisis communication before you were affected? If yes, please describe.

#### During the Cartoon Crisis

4. Strategic action
  - a. Macro-boycotts are an increasing challenge for international companies. Similar boycotts happened before in other countries and to other boycott targets. Did you already have a strategy for how to cope with boycotts? If yes, what kind of strategy? What are the crucial parts?
  - b. What actions did your company take to minimize potential damage caused by the boycott?
    - i. When and what kind of strategic actions were taken?
    - ii. Please describe the most important steps of your company's strategy in order to minimize the damage caused by the boycott
  - c. Did your company build (or already have) a special team for managing the boycott?



- i. If yes, how many were in the team?
  - ii. Which management level?
  - iii. Internal or external employees?
- d. Some scholars say it is important for companies to react quickly to boycotts. Do you think the time dimension plays an important role? If yes/no, why?

## **5. Communication strategy**

- a. Did your company increase corporate communication (internally and/or externally)? How?
- b. Did you have a specific crisis communication/public relations strategy?
- c. Does your company have a public relations or crisis communication team? If yes, do they get training?
- d. Did your company try to distance itself from the controversy?
  - i. If yes, how?
  - ii. If no, why?
- e. Did your company publish any statements with the aim to improve the situation?
  - i. If yes, what kind of statements? Were they successful?
- f. Did your company provide stakeholders (e.g. end-consumers, intermediaries, and strategic partners) in the Middle East with information about its stand in the controversy? What did you communicate to them?
  - i. If yes, was it successful? Why?
  - ii. If no, why?

## **6. Stakeholders**

- a. Who were the most important stakeholders for your company?
  - i. Globally
  - ii. In Denmark
  - iii. In the Middle East
- b. How did your company prioritize its stakeholders and in what order were they prioritized?
- c. When managing corporate legitimacy:
  - i. Did you experience conflicting opinions by your stakeholders in the Middle East and in Denmark? How did you handle that?
  - ii. How can you maintain and sustain corporate legitimacy to stakeholders in two different countries with conflicting opinions? Who should you prioritize? Did you find a balance? If yes, how?
- d. Did you feel pressure by different stakeholder groups?
  - i. If yes, which one(s) and how?
  - ii. How did this influence your strategy?
- e. Does your company have a corporate responsibility towards society in both home and host country?

- f. Was there an exchange of information/help/advice between Danish companies?
- g. Did you somehow seek support and/or information on how to handle the situation?
- h. Non-market stakeholders can have impact in a boycott situation. What role did they play during the Cartoon Crisis? Did you have any contact with them?

#### **7. Relationships in the Middle East**

- a. How strong were your relationships with your contacts/clients in The Middle East?
  - i. If strong, do you think it mattered/made a difference for how you could handle the crisis? If yes, how and why? If no, why?
- b. Did the relationships in the Middle East change during/ after the crisis? If yes, how?

#### **8. Media**

- a. What role did the media play?
- b. Could and should companies use the media for crisis response strategies in a boycott situation? If yes, how and why?
- c. Did your company use/communicate with the media to improve its position during the crisis?
  - i. If yes, how and was it successful?
  - ii. If no, why?

#### **After the Cartoon Crisis**

- 9. In which sense and to what extent did the Danish Cartoon Crisis affect your company?
  - a. Sales?
  - b. Relationships with partners in Middle East?
  - c. End consumers?
- 10. What measures did you take after the crisis?
  - a. Did you introduce changes in your strategy (both short and/or long term)?
  - b. Today, do you have any specific person/team observing the business environment in order to detect potential boycotts? Do you observe more carefully today than before?
  - c. Did you diversify your market areas more after the crisis?
- 11. Do you think it is important for a single company to respond to a boycott or do you think it doesn't really make a difference?

## **12. Country-of-origin**

- a. The boycott was a country-of-origin-boycott and your company was affected because of its origin. Did you change your marketing strategy in any way (e.g. make it less clear that your products are Danish in order to reduce the risk of getting macro-boycotted in the future, named products differently, change packaging, change advertising)?

## **13. Lessons learned**

- a. What lessons did you learn?
- b. If you could go back in time, is there anything you would have done differently strategy-wise? If yes, what and why?
- c. Would you handle a similar crisis the same way today? If no, how would you handle it?
- d. What recommendations would you give another company that is currently subject to a religiously motivated macro-boycott?
- e. Can you give some general recommendations for how to act when being boycotted or would you say that it is totally context specific?
- f. Did you observe a strategy of another Danish company which you think was successful? Or, unsuccessful?

## **Additional questions**

### **14. What role do you think knowledge about cultural differences and business ethics plays in a boycott crisis?**

- a. Does your company offer training (in cultural awareness, religion, social norms etc.) for employees doing/involved in the business in the Middle East?
  - i. If yes, how?
  - ii. If no, do you think it would be useful?
- b. Did you have anyone from your company present in The Middle East during the crisis? Do you think that would be helpful or not?
- c. Do you think it is/would be an advantage to have employees originating from the Middle East at your company (either in The Middle East or in Denmark)?
- d. Do you take any specific measures when doing business in the Middle East?

### **15. What do you think are the main pillars/competencies in good leadership before, during, and after a boycott crisis?**

### **16. Is trust-building with stakeholders important? If yes, why and how can you build trust?**

- 17.** Scholars suggest a consistency in crisis management. Do you agree with this or do you think it is better to adapt the crisis management to a changing business environment (change opinions and strategies according to new happenings/situations/reactions)?
- 18.** Do you think that external specialized consultants could ease the process when being boycotted?
- 19.** What role do you think religious animosity will play for doing business in the future?
- Thank you for your participation

## Appendix C: Interview answers Quantum

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### Transliteration of the Interview with Quantum 12<sup>th</sup> of May 2015

Interviewers: Frederike Grundmann and Ebba Nilsson, CBS Master students

Interviewee: Esben Nielsen, Quantum

The telephone interview starts with greetings. We agree that we are allowed to record the interview as long as it is only used for easing the process of writing our thesis.

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**Q1: Briefly explain Quantum's activities in the Middle East, when you entered the market, and how important the market is for you?**

**A1:** Quantum's activities in the Middle East (TME) are based on my experience in TME. I was stationed in TME for seven years in the 90's in Saudi Arabia and in Dubai. In those days, working for a Danish trading company, and later for an English trading company but still based in TME, I got a good basic knowledge of the market, the culture, and a lot of good contacts with good clients in TME. So based on those contacts and experience I founded my own company in 2001, and from day one TME was one of the core markets, basically the only market until 2006 where I was doing business. The products that we sell in TME are dairy products, in the beginning it consisted of mainly feta cheese in different packages, and mozzarella cheese, very basic types of cheese, which are consumed in huge volumes, so we ship container loads of cheese to importers in the different markets and they are then distributing to the retail segments and smaller wholesalers. It's high volumes and small margins, but we manage to make a good living out of that.

**Q2: When did you realize that Danish companies were going to be boycotted?**

**A2:** I only realized in February in 2006 I believe it was, when the boycott actually occurred. I remember seeing the cartoons in the newspaper because I was subscribing, or I am subscribing to this newspaper, and thinking based on my knowledge about Islam, TME, the culture and so on I was thinking at that time that this is wrong, or this is going to offend people. But I didn't imagine that a boycott would be coming.

**Q3: So you could not foresee any potential threats already then?**

**A3:** No. It came as a surprise to me I have to admit, that it all suddenly exploded.

**Q4: So you did not expect your company to be affected?**

**A4:** No, not at all. Also because the products we were selling back then were not retail items that were on the shelves in the supermarkets, it were products that were mainly sold for

repacking or for processing, or it was sold in retail where it would go in the delicatessen department, so it would not be really clearly labeled as “this brand” or “that brand”.

**Q5: So, you cannot see that some of the products are Danish since some of them have another package from another company?**

**A5:** Yea, but I mean, having said that, the feta cheese in particular, most of the feta cheese you saw in TME in that time was Danish, and Danish feta cheese had a very good name in the market and was appreciated by people as being the leading quality and the leading product in the market.

**Q6: Macro-boycotts are an increasing challenge for international companies and similar boycotts have happened before, did you already have a strategy of how to handle a situation like this?**

**A6:** No, I did not. Also because my experience from TME was being a Dane and coming from Denmark meant that people were very positive towards both Danes and Denmark as a nation because we have not made any significant things in history, we have never participated in wars or conflicts, so basically Denmark had a very good reputation in those markets, so I could never imagine where we would come to a point where that position would be lost.

**Q7: Did you take any actions to minimize potential damage?**

**A7:** Yes, I kept in close contact with my clients in TME and kept them informed about the facts in this regard, because there was a lot of rumors, misinterpretations, and confusions, so I wanted to keep them informed of this is what has happened and it is one newspaper, one guy making the drawing and so on, just sort of take the fuss out of the whole issue if I could. Also, because my clients in TME, most of them are good friends of mine that I have known for a lot of years and I have a lot of respect towards them and Arabs in general and their culture and their religion based on my experience from when I lived in TME. So I wanted to keep them informed and I also wanted to underline that whatever actions were taken by the newspaper or this cartoonist were not necessarily the actions of five million Danes. That it was one guy, or one newspaper, choosing to have the drawings made and to publish them. So therefore trying to send a signal to my contacts that maybe it was not fair to take five million people as hostages in a conflict like this, in fact it was only a few guys directly involved, and also because I found that, which I also tried to explain to my contacts, that the purpose of making the drawings were maybe not to offend Muslims, but some kind of domestic policy agenda that was being dealt with. The printing of the drawing probably was out of ignorance of the sentiments of Muslims and the culture of Arabs. So I tried to sort of distance myself from the conflict but without making any apologize or anything like that but just trying to present the facts.

**Q8: If you have to describe of your strategy, would it be the relationships and trust with your clients?**

**A8:** Yes. The reason why I was able to continue my business and the reasons why they chose to continue doing business with me, was because of our relationship and because they knew me well. They knew my sentiments towards Arabs and Muslims and my respect for them as human beings and as Muslims.

**Q9: Did Quantum build or have a special team for managing this?**

**A9:** No, Quantum is a small organization and at that time even smaller. So we did not set up a special team but we took certain measures to handle the situation.

**Q10: And it was the management of Quantum handling the situation?**

**A10:** Yes, it was mainly myself handling the communication with contacts in TME.

**Q11: Some scholars say it is important to react quickly to boycotts, do you think the time dimension plays an important role here?**

**A11:** Yes I do, because it is important that you show your contacts that you are informed about what is going on both here and in their markets and also to show them that you are proactive and that you do not sit and wait until the house is on fire. You actually try to take action in order to minimize the damage. If you leave an issue like this just blowing in the wind I think you risk that things will get blown out of proportions and that is what I was trying to avoid. I remember at that time especially that things developed very fast in TME because people were starting sending sms (short message service) to each other, there were stories of a Koran getting burned in town halls here in Copenhagen, and this spread as wildfire because it was so easy to pass on the sms to all the guys they knew. And issues like these, when I spoke to people they said that just got a sms saying this or that, it was impossible to stop that development because I would tell the guy that it is not correct and I can assure you there will be no burning of Korans but I could only reach one guy whereas maybe million of people already had got that sms. It was frustrating at times and you felt like you were trying to stop a tidal wave.

**Q12: Did you increase your communication internally or externally? Did you make any statements?**

**A12:** Not like public statements, but we did increase the external communication in the sense that we send out news emails to our clients trying to present the facts and trying to deny some of the rumors we had heard going on and so on. So, there were a lot of general emails being sent to our contacts trying to keep them informed.

**Q13: So, it was mainly you contacting your partners/customers/contacts?**

**A13:** Yes.

**Q14: Did you implement a special communication strategy?**

**A14:** We did not implement a special communication strategy. We did what we always do, trying to show respect towards our partners and their beliefs and their cultural background and also showing that we know what is happening and that we are in the forefront in developments. That's is something that is a basic part of our DNA in Quantum that we foresee the problem, and we present a solution before the client even acknowledge that there is a problem. In this case it meant that we tried to, before the clients would even hear about a certain issue, we tried to present the facts so they would have that information before hearing rumors from other sources.

**Q15: You have already stated that you tried to distance yourself from the cartoons?**

**A15:** Yes, exactly.

**Q16: And, you did not publish any statements?**

**A16:** No

**Q17: And yes you did provide your customers in TME with information about your stand and how you were thinking about this?**

**A17:** Yes, I mean just lining up the facts in newsletter, that were the types of statements we made. But we did not go out and apologize or anything because we had not done anything wrong. As for the maturity of people in Denmark, so that was basically the information that we tried to forward.

**Q18: Who are the most important stakeholders (every potential contact that you have and external stakeholders) for Quantum, both in TME, Denmark and in all countries you are active in?**

**A18:** Well the stakeholders in TME were different companies and importers of foodstuff, and they in return were communicating with the supermarkets and with different chains that were boycotting Danish products in the market. Our most important stakeholders in TME were the importing companies, which I had known for around 10-15 years (at that time), and done business with them, so that was not a big issue. The stakeholders in Denmark were different producers of dairies producing cheese, which we were selling in TME. In that connection I also tried to communicate with them and some how bridge the gap and tell them: look, this a big issue in TME and explaining why they are reacting as they are, why is it offensive to Muslims that some cartoonist has made a drawing of Prophet Muhammad, and things like that. Because they were also quite ignorant in this regard and just thought it was an issue of hot Arabic temper and that things easily get out of hand.

**Q19: We have an example of how Arla acted; they published statements aiming to reach some kind of peace in TME. But then, Danish stakeholders reacted because Arla somehow apologized for something they did not do. Did you experience anything like this?**



**Q19:** No, I mean we were never really, I think that my Danish contacts when I faced them, met them, or talked on the phone, I tried to explain to them. Most of them sort of listened and understood what I was saying. I did not say that the cartoons should be banned. I tried to say what our former foreign minister, Holger K. Nielsen, used to say: freedom of speech is not the same as duty to speak, if you do not have anything interesting to say or if you know what you are saying is going to offend somebody else or your opponent unnecessarily, then you do not need to say it. That was basically the message that I was putting forward. I was never in the firing line like Arla was, Arla was taking the brunt of the beating because Arla was very well established in TME, they had done a big job in promoting their own products of course but also Denmark as a dairy country and they were the ones that got the most badly affected by this whole issue so actually I felt sorry for Arla. I agreed with their actions and understood why they tried to make statements and they tried to say “look, we are Arla, we run factories in TME, we have employees in TME, we do not agree with any religion or any cultural group or people being ridiculed. So basically I agreed with that and understood it.

I also found that Danish politicians trying to win votes or promote their own positions by attacking Arla for such actions was really idiotic and I found that there were different agendas here. There was an agenda about freedom of speech and once the whole thing exploded, many politicians were very busy to promote themselves and show themselves as the last defender of freedom of speech and Danish values and all these things. So living in a global world, all of a sudden everything became very muddy, and it was difficult to see why people would make the statements that they did. But I find that Arla did some very sensible things in this connection.

**Q20: Did you feel any pressure by different stakeholder groups? The ones in TME for example, were the relationships as they used to be or did you feel any difference?**

**A20:** Well, there were a few incidents where some of my contact in TME would write emails or call me that I had to put pressure on our prime minister to make statements or apologize or prosecute the cartoonist and so on. But I mean, at the end of the day I am a small guy and secondly, on those occasions I tried to explain to them about the Danish system and about the laws and freedom of speech that is a crucial part of the Danish society. But, also saying that nobody can be prosecuted that you do not like to hear. But if you do something illegal they will be prosecuted. In those cases I tried to educate people by saying: look, I understand your feelings but tell them about the situation and what can be done and what can not be done. And also towards people in TME I said to them: look, those who have done something wrong they should apologize, but the rest of us who have done nothing we cannot be held responsible for the actions of a few.

**Q21: TME blamed the whole Denmark for what happened, do you think it could be a cultural difference that we are more individualistic here and that TME has more of a collectivistic view?**

**A21:** I think that why they blamed our whole country for this and why they did not understand that our prime minister could not throw the cartoonists in prison or close the newspaper or something like that, they did not understand that because that is the world where they live. Their society is a patriarchal society where the head of the family or the head of the country is in charge, regardless. So, if you are the head and if one of your sons or daughters does something bad, then you as the head of the family are responsible and it is your family name that is being stained, so you got to do something to clean it. It is a cultural difference and a difference in background that made them say that it is our country to blame and whoever is the strong guy in the country has to correct the situation.

**Q22: Even though you do not have facilities in TME, do you think that you have a corporate responsibility towards the society in TME?**

**A22:** Yes and no. I have a responsibility in regards of providing products of good quality and price wise also, that it is affordable for the people. Otherwise I should not ship products there if I realize this is no use for the clients in TME and they cannot afford it. But look, if you talk about a social responsibility I do not feel that type of responsibility but I feel loyalty to my contacts and towards Muslims as a whole and the people in the countries where I lived in TME because I had some very nice years there, that could have been the best years in my life, when I lived in Saudi Arabia for example. So I feel a great deal of responsibility towards Saudi Arabia even if there are a lot of things to be criticized and proved, still I see that developments are happening in the right direction and I feel strongly that I would like to support those developments as much as I can and the development of the countries.

**Q23: During the crisis, was there any exchange of information, help, or advice, between the Danish companies about how to handle the situation?**

**A23:** Not really. I think that most of the companies were trying to deal with it themselves, some more successful than others. Arla was the one with most at stake, because they had a huge turnover in TME that went from full speed to zero over night. So, it was their name being the main target in the boycott of Danish products. They even got trucks burned in TME, or the agents got it, with advertisement for Arla on the trucks. So, they were really badly hit and were trying to deal with it in a professional way, they are a big organization. Nordex Food, another dairy exporter in Denmark, did in a completely different way. They sort of immediately abandoned all activities in TME, were afraid of travelling and participating in exhibition in TME, and even the owner and CEO publicly said in Danish newspaper that the boycott was very effective and it would take them minimum a year to start doing business in TME again. So he sort of took a very defensive position and sent the wrong signal to his employees, partners in Denmark and to any of his clients in TME, if they got the information as well.

Whereas what we did, very quietly without any fuss at all, but with full cooperation with our partners in TME, we found a way of continuing our business with exporting Danish products to TME. And we continued the communication with our clients and said look if we before

called this Danish feta cheese, lets call it only feta cheese and then call it “product of EU”, would that work? Our clients were happy because it was badly affecting their business as well, so they were as eager as us because the products were needed in the market and they wanted to continue their business of course. So they cooperated with us and said that would work and we found a way to even get German health certificates on the products even if it was of Danish origin. So we found a way around it and this way we basically managed to continue our business almost unaffected. Of course we did not make a big fuss about it, no statements etc., we just quietly kept our business going and much to the approval of our clients in TME because they were happy and we were happy.

**Q24: Did you try to contact the Danish media, government, institution or anyone else for information and/or support for how to act? Or was it mostly common sense?**

**A24:** It was more common sense and more based on my experience and knowledge about TME, but also based on the discussions with our partners in TME how we decided which steps to take.

**Q25: Non-market stakeholders can have an impact in a boycott situation, e.g. religious groups and stakeholders that are not directly yours but can be indirectly? What role did they play during the crisis?**

**A25:** Well, I would not call them stakeholders because they were people that we were not dealing with or whom we would not deal with. But there were a lot of groups that suddenly voiced their opinion about this and those were people who had nothing at stake and who were not in any way involved in TME and Denmark, but everybody had an opinion about the Cartoons and in today’s society everyone has an opinion if it is okay or not and whether the Muslims are overacting and things like that. Are they allowed to wear this kind of garment etc.? So everybody is allowed to voice his or her opinion and this had a huge effect because it made the whole thing escalate. Same in TME as well, people that were uneducated and had heard rumors were easily excited as well.

**Q26: But would you say that they caused the main effect (the ones actually not involved)?**

**A26:** I would say so. Grading the situation they were the ones that were keeping it going. I mean what should not be mistaken, because there were also people in TME that were interested in having this situation keeping on going and blowing it out of proportion, for different reasons. There were even competitors in TME, local producers, that had an interest in that Danish products were boycotted and that the boycott lasted. So they also played an important role in spreading rumors or disinformation or making sure that people were offended or excited. So there are a lot of hidden agendas and a lot of stupidity.

**Q27: Do you think your contacts mattered a lot during the crisis?**

**A27:** Yes, absolutely. They were essential for us surviving the crisis.

**Q28: Did your relationship change? Did it get stronger or weaker?**

**A28:** I think with some partners, it got even stronger. Because we addressed the issue openly and also in this regard we showed a high degree of integrity. I think it paid off in the end. Basically during this whole conflict or boycott, I think we as a company only lost one client in Saudi Arabia. It was a supermarket where the purchase manager for some reason would not accept my arguments and basically said Danes are bad and they do bad things and that was it. So one client was lost but the 99,9% of our clients cooperated with us so even to this day has a lot of respect for us as a company, for me as a person, and for what we do.

**Q29: Around how many clients do you have in TME?**

**A29:** It has narrowed down over the years because now we have a few selected partners where we do more business. But in those days our business was slightly different, so we had probably around 45-50 clients spread out over TME, with the most of the clients in Saudi Arabia and Yemen, but also a lot of clients in Kuwait, Huawei, Jordan as well.

**Q30: What role did the media play during the crisis?**

**A30:** They played the main character. They were the ones benefiting from the issue and the ones dignifying the issue, and the ones who to a large extent make sure that it continued and to continue to support polarization, that people distance themselves from each other and start shouting at each other instead of communicating and try to learn from each other.

**Q31: Did you communicate with the media?**

**A31:** No, not really. There were a lot of times when I was tempted to write letters to the editor or something like that and have it printed in the newspaper. But I refrained from doing so because again, I wanted to keep a low profile and I wanted to, I mean there were other people saying very wise words and I sent emails to some people who expressed their opinions. But I did not enter the discussion myself.

**Q32: Do you think other companies can benefit to actually communicate with the media or do you think it is better to not do it?**

**A32:** I think in most cases, it is probably better not to do it. Because you may say the right thing but what is published or presented in the TV might be completely different. So I think in recent years also whenever a company is in a crisis or having a problem, I think that the companies that have coming out of such a crisis are the companies that have put a lid on the case and do not go out public or making announcements or anything like that. Then people soon forget whereas I think we have seen quite a lot of examples where people have been presented and the things they said have been taken out of context or it is has being narrowed down to an opinion that was not intended.

**Q33: Which actor did you rely on the most: the media or your local partners in TME?**

**A33:** Both I would say. Because my partners in TME, the information they had was basically from the local media and the rumors they had heard in the market, so they were not fully

informed. And also I think probably even if I find that the media was to blame, at least in Europe you have different types of media with different background, so if you try to keep yourself informed by reading different newspaper and watching different TV stations, then you probably get a better picture than what they had in TME. So I did actually follow the different medias in Europe and trying to get the full picture of pros and cons.

**Q34: To what extent did the boycott affect Quantum?**

**A34:** We probably increased our market share quite significantly during and after the crisis because companies were maybe pulling down the market, or focusing on other areas, and also because all companies were handling the situation differently. So our business increased during that time, with partners in TME, but also with our partners in Europe strengthened. I will give you an example, one of the dairies with whom I was working with (a small dairy producing feta cheese that supplies different companies). When the boycott started, their phones went completely dead, they did not hear from Uhrenholt or any of the other traders, the only ones who sort of tried to say to them: look, we have to find a solution we have to keep the business going that was Quantum. So for that dairy our importance increased because we sort of helped their business as well. By helping ourselves we helped their business as well, therefore after the crisis our position with that dairy, from being only a small partner to being the leading trading partner of that dairy. So I would say, over all our position in the market and with suppliers in Europe or in Denmark specifically, increased during the crisis and gave us a stronger position afterwards. It is the result of integrity and sticking to what you do rather than trying to change strategy in the middle of a crisis. It was probably a bit risky but it paid off. I think it is a long-term strategy and a strategy that we have maintained since I started my own company that a long term strategy and high degree of integrity and loyalty and honesty.

**Q35: You said that you changed from “made in Denmark” to “made in EU”, how long time did it take to go through with that change?**

**A35:** It was very fast, around a few days or maximum one or two weeks. When the boycott started we were on an exhibition in TME, and the situation was a bit unclear, but we had some good discussions and meeting with our partners during that time and after the exhibition I travelled in TME as well and met our partners. But we soon found out that this would be the right way and step to change the packing and also we went to Germany to see if we could make German documents without breaking any laws and rules.

**Q36: But this was before your partnership with Rucker?**

**A36:** Yes, it was. My partnership with Rucker started in January in 2011 so it was way before.

**Q37: What measures did you take after the crisis? Did you introduce any changes in your strategy?**

**A37:** We would do the same today.

**Q38: Did you hire any new people handling this or are you the same team today?**

**A38:** There are some new people involved but if an issue like this came up again I probably would be in charge again and handling it in a very similar way by being open and being informative towards our partners. But I mean our strategy during the boycott changed in the way that we saw what happened to other companies and we saw that we were quite vulnerably. We were lucky that our strategy worked, and we gained momentum during the crisis probably, but we also saw that as a company if we want to grow and survive we have to expand to other areas as well, so that was quite a change to our strategy. But based on our experience we actively pursued business in other markets like Australia, New Zealand, South Africa, and North America. We developed our business and recently in the two couples of years we have penetrated Asia. So we learned the hard way that we have to spread our activities to be less vulnerable to such things. Whether it is a boycott to Danish products or if it is a market closing, these issues are coming up from time to time so a better spread of activities is sound I think.

**Q39: When you are observing the business environment today, reading the news for example, are you more observant and careful?**

**A39:** No, not really. I do not really know. With experience I see more things and almost ten years have passed. During that time you have of course learnt thing and seen issues and discussions in politics. Maybe I am a bit more careful, also the fact that we spread our business in more markets now are a way of being more careful. For the same reason, we always avoid rushing into a market, because in the past I have seen big disasters, for examples companies that have rushed into Russia. So, Russia for example is a market I have always said this is to unstable better to stay away. But of course, in recent years you have seen markets like Libya, where everyone expected to be a huge market opening up after Gaddafi was overturned but today it is even more a mess than when Gaddafi was there. So we never rush into a market because we know that all of a sudden things can change, unless it is more consolidated and more stable. I think it is a mixture of experience, and maybe being more cautious and more skeptical to a certain extent than I was in 2006.

**Q40: Do you think it is important to respond to a boycott, or do you think it does not really make a difference?**

**A40:** For Arla it was important to respond, but for a small player like us, or any small or medium sized companies, I do not think it makes a big difference. At least the way you should respond is towards you partners and not publically. I still think communicating with you partners is the only reasonably way of doing it than taking part in public discussions.

**Q41: The boycott was a country-of-origin boycott; did you change your marketing strategy in any way to make it less clear that you were in Danish company? We already know that you changed the country of origin label to “made in EU” instead of “made in Denmark” and that you changed the language in some documents to German. Did you do anything else?**

**A41:** Yes, we changed some brands as well. We had a brand called the Danish farm that was all of a sudden not really well seen in the market so we changed the name to the Gulf farm instead, but with the same layout and colors and people appreciated that. I think even Arla, rather than focusing in their advertising on the Danish origin and traditions and know-how in producing food stuffs, everybody was more cautious and downscaling, and were focusing more on quality rather than Danish traditions and history in producing food.

**Q42: Do you think people in TME still have the same perception of Denmark as they had during the crisis? Or do you think it is washed away?**

**A42:** I think it is still there. I think Denmark's reputation was damaged and even to this date is affected. When I travel in TME, I do not feel any animosity towards me as a person. I think you may have an idea of that Iraqis are like this or that, but when you are in front of a person and he or she is smiling, you think that this person is a nice person, it is just all the other ones who are making trouble. I think it is still the same perception that people in TME are having about Danes today. If you speak to someone in the street they still have this image, it is still there. It is not really hampering our business because most people have left the boycott and say "maybe they are Danish products, but still it is a quality that we like and they have learned their lesson, so we buy the products regardless", but deep inside I think their perception of Denmark and Danes changed and not for the better. Which is really a shame, because when I lived there, if somebody was a bit hostile it would probably be because they thought you were American, British or French or something like that. But the minute you told them you were Danish they would say "ahaa" and then you were friends. It is sad and it also changed how I feel about being Danish, before I felt proud but now I am not the one running around waving the flag. I am probably proud of being Scandinavian but not particularly proud of being Danish, when I am here in Denmark. In the media there are a lot of stupidity and a lot of statements without people knowing what they are talking about or having studied the issue and that is what makes me sad. I have a funny story, one time after the boycott in Saudi Arabia I was sitting in my room at the hotel and was having dinner alone. They are all very friendly and like to talk so the waiter came to my table and said how are you tonight and where are you from, the normal question when you are down there, should I say I am from Denmark or what should I say. So I said from Sweden, but then I found out that he was from Tunisia where a lot of Swedes are going on vacation so he actually knew some Swedish, so I had to try to speak Swedish with him. So from that way I am just saying I am from Scandinavia or I am from Denmark and then I give a smile and then there is no problem anyway.

**Q43: What were the main lessons you learned from this?**

**A43:** To be honest I think the main lesson was to address issues head on rather than trying to ignore or hide things because it will pop up at some point anyway. You may as well go out and confront and find a solution.

**Q44: So, take action and do not be passive?**

**A44:** Yes, and that basically goes for all issues in life I guess.

**Q45: Would you handle a crisis in a similar way today?**

**A45:** Yes I would.

**Q46: Would you give the same recommendations for another company (to act like you did)?**

**A46:** Yes, and having said that, we adjusted our strategy slightly when new things occurred or when new issues came up. But we had our main strategy; to be open and communicative towards our partners rather than trying to hide anything. But of course there were minor adjustments as we went a long. But I would stick to the basic principles, namely: being open, honest, and trying to keep everybody informed.

**Q47: Did you observe any other strategy or strategic move of another company that you still think was a good/successful way to handle it? Or the other way around, something you thought were really bad to do?**

**A47:** As I mentioned before, another company that used to be a big exporter of Danish products, Uhrenholt, they said from day one: no, lets find alternatives (to Danish products, in other words substitutes from other origins) from other countries like Belgium and the Netherlands that we can export to TME. They were not successful in that so what happened was that they never really got into the market because the products that they found in a hurry did not have the same quality as they should and thereby affected their name badly and secondly they lost good connections with the Danish producers because they showed lack of loyalty. So they really lost during this crisis and have been having a hard time to get back into the market ever since.

**Q48: Would you say that you feel better prepared today and to meet a crisis like this again since you have more experience? Or would you say that a new situation would be different and that it is always context-specific?**

**A48:** With experience you are better equipped and to handle a situation, but I do not think that two situation would be similar. It would be a different situation and therefore it would probably have to be addressed slightly different but it would be centered around the same strategy and about openness, honesty, and information. But I do not think it is a copy and paste strategy that you could use. Of course with experience you are better equipped to handle it.

**Q49: You have lived in TME for several years, what role do you think knowledge about cultural differences and business ethics plays in such a crisis?**

**A49:** I think it plays a very important role because you know the background of the people and you know the mentality, you know how they think, what upsets them and what they would like to hear, and most importantly you know how to communicate with them and what to say and what not to say, and in which way to present things to them because that also plays an important role when you are dealing with Middle Eastern people or Arabs. That was the main advantage of ours, what you say may be positively meant but can be perceived as



something very offensive if the wording is not correct or if you say it too directly (or not), there is a lot of ways of making mistakes when dealing with Arabs and Muslims and it was my advantage that I knew how to present things.

**Q50: Do you talk about how to do business in TME internally and do you spread your knowledge?**

**A50:** Absolutely. That is a very important part of training anybody in Quantum that they, if they are connected with TME market, are introduced to TME and the culture and some basic knowledge about what to do and what not to do. So that is basically a daily thing going on, what we talk about clients, what they responded to, or how we communicated by phone or email, it quite often comes up, and then I say but it is because they do like this or this is their habit and so on. It is a part of our DNA that we know a lot about their cultural background when we are dealing with the market.

**Q51: Do you think it is important to have local representatives when a boycott situation occurs?**

**A51:** No, to a certain extent it could be a disadvantage. If we were larger and we had an office and people employed there. They would be put in a situation where they would have a conflict of loyalty. Should they go out and argue for us or should they condemn what happened in Denmark? You would put them in an awkward and vulnerable position as well. To a large extent I think it was an advantage to be situated in Denmark, but be travelling in the region and to be able to say: look I am Danish and I do not deny that, this is what happened in Denmark, and I understand your sentiments and your background and so on, it made a lot of things easier I think.

**Q52: Today, do you take any specific measures when doing business in TME that are different than the ones before the boycott?**

**A52:** No. not really. We conduct our business the same way as we did before and it is the same basic principles that our business is founded on so I mean some of the brands that we used in those days died in 2006 and have not been revived since. But, we are selling Danish products again and we are also openly saying that it is with Danish origin. Because the markets in TME and the authorities in TME soon found out that there was a loophole, so they said if you declare that your products are of EU origin then you also have to declare from which country. So when they introduced that rule we were forced to write products of Denmark and country of origin but it was not highlighted as before, so we tried to downscale it but we had to mention it. But by then the biggest problems of the boycotts were over so we could still continue our business and our partners knew all along anyway. Probably some local producers became aware of all these EU products and probably also knew that they were Danish, so it was them who put pressure on the authorities. But again, it did not really affect our business.

**Q53: What do you think are the main leader competencies needed before, during, and after a boycott crisis? How should you act as a leader (both in small and big companies)?**

**A53:** I saw a few examples of how not to act, as I mentioned before, the CEO who said publicly that we cannot sell to this market for at least a year, that made everybody in the organization well in that case lets just relax and wait for time to pass. That was not the right way of doing it. As a leader before a crisis you have to take the lead and show your employees the direction and you have to set an example in moral standards and integrity and in a situation with such a crisis it becomes even more important that you take the lead and you say yes we do have a crisis and yes it is tricky and hard work but we will work our way through it. It is like if your run a marathon you start of and everyone says we can make it, no problem, but as you go long you start getting tired and it is hard, but at that moment it is important that you say we will keep on going, we will take another step and continue to do that until we reach the finishing line. So that you try to motivate your employees and say yes we can make it and we can do things the right way. If we do not succeed, then at least we have done things the right way and we have kept our partners informed so whenever we can do business again we would be the preferred choice and it will come back to us and offer us a chance to revive the business. I think that was what I was trying to do at the time and certainly taking the lead because I was the one involved in discussions about changing the information on the packages and when going to Germany I was the one looking into if we could have German documents issued and so on, so I definitely took a lead. And I think by doing so I think I was an example for my colleagues as well and made them say well we will support what he is trying to achieve and we want to help as well. For the team, I think we came out of the situation stronger connected because we had gone through that together and being successful. Also to set an example et least for the employees, because they were also confronted with for example “what is going on with the Muslims, they are being oversensitive and so on”. But, at least your employees sort of get the courage to go out, well I do not fully agree with that, we actually work with really good people in TME and we are trying to solve this situation together so in that way I also think it strengthened our team and the moral standards that we hold amongst us.

**Q54: How can you build trust with your customers in TME?**

**A54:** Again, by showing integrity and by sticking to what I belief and not trying to prostitute myself by saying: I agree, those guys should be put in jail and so on. By saying: well I do not think it was a smart move and I do not necessarily agree with what they have done, but at the end of the day we have freedom of speech and we cannot prosecute them, we have a democracy, the prime minister basically ahev no more power than I do to come after those guys. And I think that pays off and that people listen to you and say okay, he is a man of his word. By being the same person and sticking to my line I gained respect.

**Q55: Some scholars suggest a consistency in crisis managements, do you agree with that or do you think it is better to adapt crisis management to a changing business environment?**

**A55:** I will probably agree with the scholars and say that you have to have a strong base from which you are working from rather than trying to adapt to the business environment, because then you are blowing in the wind and then you do not know where you are going to end up. I think some basic principles that you stick to and then you try to adapt your actions to the business environment but you maintain some very strong principles and stick to those during the crisis.

**Q56: Do you think that external specialized consultant could ease the process when being boycotted?**

**A56:** Well, yes if somebody who is less experienced and knows less about TME. Say for the arguments sake that you are someone that has just started your business in TME and a significant business that you had there but that you basically did not no anything about the culture, the business there, or the ways of doing things and communicating, it might pay off to say lets get a consultant that know this things and how to behave and he or she could they guide us in how to do and what not to do. The tricky part is to find a good consultant, and you will not know until it would be too late if it were not a good consultant. That is always the problem, it is risky because you might out your business in the hands of someone with no clue and then you would be even worse off. If you knew somebody who said this person is sensible and he or she knows what is going on in the world, and you said lets put the person on board and guide us, then I think it would be a good idea for somebody less experienced.

**Q57: What role do you think religious animosity will play in the future when doing business in TME?**

**A57:** I do not think it will play a large role because animosity has always been there I mean, for arguments sake, the people in TME hated Americans because they supported Israel and the Jews and so on, so by definition they hate Americans. But, they still copy the American life style and did so since 1989 when I came to Saudi Arabia. I was amazed to see how many Americans cars that were there, the telephone system was American, the products in the shops were mainly American, there were some large American chains, McDonalds was big, Burger King, Kentucky Fried chicken and so on. So they have this ambiguous relationship with the Americans, they hate them but at the same time they are a big trade partner. But I think the same thing would be with religious issues, there will always be something you can disagree with, or you can always say I do not like people from this country or that country, but I do not think it affect business that much because people are making the decision whether to market a product or not, they are business men making a sound prospect of a certain product, and only if the consumers are boycotting e.g. American or Danish products, then it affects the business. But religious animosity I do not think we will see a boycott like that again, because I also think people in TME learnt from this experience and that it probably got blown out of proportions and that it ended up not benefiting anybody really. They also suffered because all of a sudden the products that they liked were gone and after a while they started to buy them again. So, I do not think it will be a permanent thing. It will always be some conflict where one part or another will create a bad name for themselves in certain markets but I think that

when you are in the supermarkets, and you see some lovely grapes for example, and if the price is good, then it goes into the shopping baskets anyway. We may have high moral standards, but at the end of the day price is the determining factor and people easily forget.

**Q58: Do you think that there are any essential parts that we have missed to cover in our questions?**

**A58:** No, I think actually that your questions and the issues are quite extensive so I think you really tried to show the issue from a lot of different angles and things that are involved in such a boycott. So I think you have done a pretty good job in putting all these questions together. It will hopefully form a strong base for your thesis.

**Q59: Do you know other companies that you think we should contact that could have interesting insights for us?**

**A59:** Nordex Food and Uhrenholt. Novo Nordisk might also have good insights, but might have a different experience with the boycott because even if they did not like Danish products, insulin is still an essential product so they perhaps had to buy it. So I think their business was probably not as affected as our business was. They might have an interesting story to tell. And of course Arla Foods could probably share some interesting stories.

## Appendix D: Interview answers Company X

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### Email from Company X

24<sup>th</sup> of May 2015

*(Original e-mail version, only the company name is changed to Company X)*

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### I'm following your points from "telephone interview with Company X"

1. Sales Director

2a. Company X is a producer and exporter of dairy products. In 2015 we will have a turnover of approx. 1.3 billion DKK. We have specialised in White cheese (feta)

2b. We are actively selling in all countries in the Middle East area.

2c. Company X was founded in 1984 based on exports to the Middle East, and for the first years turnover generated was coming almost 100% from the Middle East. At the time of the boycott approx. 30% of the turnover was generated in the Middle East.

2d. We have a Lebanese shareholder in the company. We have a net of agents with whom we have been working for many years, some of them from the start of the company.

3a. We realized over a weekend.

3b. Over the weekend we knew immediately that we would be seriously affected.

3c. No, we were taken by surprise.

4a. We have and had a strategy for emergency situations (not necessarily boycotts, could also be f.eks. food scandals)

4bi. Immediately a Group of relevant persons in the company was formed. Internal and external communication on the specific problem is increased.

4bii. communication as above. Production was reduced and Work force was also reduced. Supply was shifted to other origins, where possible.

4ci. A Group of 5 people formed the team (can vary depending on problem)

4cii. Top management and head of the department in questions

4ciii. Internal employees only.

4d. The time dimension is crucial.

5a. As well internally as externally corporate communication was increased. Internally on the company's point of view on the problem and possible effects to the organization. Externally on the company's point of view.

5b. No, it depends on the problem and the effects on the business.

5c. No

5di. Yes, making clear that the company does business, not politics or specific religious attitudes.

5e. Yes, Both internally as externally (to partners/agents) 4di was communicated. It was successful in the sense that it was accepted/acknowledged by almost everybody.

5f. Already replied above.

- 6ai. No global stakeholders
- 6a.ii. The employees
- 6a.ii. Our Lebanese shareholder, and our business partners.
- 6b. All the above are important.
- 6ci. We lost a couple of small customers who wanted us to "apologize" for the cartoons.
- 6cii. Corporate legitimacy is maintained by being very clear with the same stand/point of view at both ends.
- 6di. There was pressure from some business partners in the Middle East.
- 6dii. It had no influence on our strategy. The strategy that was laid Down, was followed all the way through the crisis.
- 6e. Of course there is a social responsibility towards everybody at both ends
- 6f. Yes we exchanged information with other Danish Companies.
- 6g. We did not specifically seek support, but we were actively participating in various forums, where the crisis was addressed.
- 6h. Religious Groups in Denmark and the Middle East played a big role. We did not, and did not want, to, have any contact with them.
- 7a. We had very strong relations in the Middle East due to the history of our company, and of course that mattered in the specific crisis.
- 7b. Our relations became even stronger afterwards.
- 8a. The media played a big role. After all the crisis was started by a newspaper which wanted a discussion on "freedom of speech".
- 8b. You cannot avoid to use the media. At the end the media will come to you!
- 8c. Yes, we used the media, primarily to make our point of view clear.
- 9a. Over the weekend sales went Down from 8000 tons per year to 0!, and it has been a long way back.
- 9b. We lost a couple of small customers, but generally relations to partners were strengthened.
- 9c. A few end consumers never came back as customers, but generally speaking the crisis is forgotten.
- 10a. Yes, our strategies for the area were changed. We had been planning to invest in the markets and start local productions - These plans were dropped. It was also decided to divert investments in general to other markets.
- 10b. No.
- 10c. Yes, see 10a. Today our business in the Middle East generates only 12-13% of our total business, and our risk today is much better spread on a number of market areas.
- 11. You cannot avoid to respond, if you have business in the area and you are affected.
- 12. Yes, in some ways we changed our marketing strategy. At the time of the boycott we were already planning to start production in Romania, and we used this dairy/origin to some segments, and it has helped us win back some of our business.
- 13a. Spread of risk is crucial. Every now and then a crisis will come up, no matter how well you prepare yourself - Make sure that your risk is spread, so that no crisis can mean the end of your company.
- 13b. No, looking back we handled the crisis OK

13c. Yes

13d. Be very clear and open on your points of view/stand, so that stakeholders at both ends know exactly what to expect from you as company, both in the present situation and long-term.

13e. See 13d. But going further Down through details, I don't think two boycotts will ever be exactly the same.

13f. Yes, some Danish Companies were actively seeking contact to religious Groups in the Middle East. To our knowledge it had no effect on their business in the Middle East, but it had a bad effect on their image in Denmark.

14. Knowledge of cultural differences and business ethics is important. The key word to overcome the differences is "respect".

14a. No

14b. We were frequently travelling in the area - Also more than normal.

14c. In most cases it is an advantage, but it is not a must.

14d. ????

15. Be open and clear at all times. Have your company values known and accepted by all parties

16. Yes, of course it is important. At all times be open, serious, and fulfil your Word/promises.

17. The overall strategies should be firm and clear. But Again, when you get Down into details of a boycott of food scandal or any crisis, there will be differences that you may have to adress differently from case to case.

18. It depends. In some cases it might be helpful, or even necessary to take in consultants.

19. I hope none, but fear that religious matters will affect business more in the future.

### **Transliteration of the Interview with Company X**

**25<sup>th</sup> of May 2015**

Interviewers: Frederike Grundmann and Ebba Nilsson, CBS Master Students

Interviewee: Anonymous person, Company X

The telephone interview start with greetings and that we are referring to the interview answers the interviewee already sent in advance via e-mail.

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**Referring to question 3a: You said you realized it over the weekend. Does it mean it was a couple of days after the cartoons were published? And did you realize it yourself or was it something in the public you read or saw?**

**Answer:** No, the cartoons were published in September 2005 and there was a political game with some of the embassies and the Prime Minister that they didn't meet. But we had not at all expected that it would come to this. And then suddenly on a Friday – you know for the Muslims the Friday is off, they go to Mosques and so on – and they made all the Imams on this Friday they took it up in the press and over the weekend it spread out all over the Middle East. And until then we hadn't realized that this could really be an issue. So we were taken by surprise and it was actually almost half a year after the cartoons were published.

**Referring to question 4: You said that you have a strategy for emergency situations. And then when the crisis was here could you actually apply that strategy for the cartoon crisis and was it helpful to have thought about a crisis strategy like that before?**

**Answer:** I would say we have a strategy about openness and who will get together and so on – the top management and the head of the department. For example it could also be a food scandal of one of our dairies. Immediately we form such a group and it is in the strategy that we put everything in the open which we also did here. That's the basic of the strategy. Then the rest I would say could really be adjusted according to what is the case actually.

**Question: Okay, so you have some main strategies – some basics – and then you apply to this to each situation.**

**Answer:** Yes.

**Question: And could you please specify a bit more what strategic steps you took to respond to the boycott?**

**Answer:** Immediately, when this came, we met that group, we were gathered Monday morning and took that decision of how to communicate internally/externally and again with openness. We were doing that Monday. We were in contact with each and everyone of our agents and customers all over the Middle East. And our Middle East Shareholder. And we started to communicate internally as well. That this could mean loss of jobs. We were quiet open about this from the beginning. So that was a very, very busy Monday you can imagine. And stressful. But we started to communicate right away – both externally and internally.

**Question: And externally means mainly with your partners?**

**Answer:** Mainly with customers and agents and our Middle East Shareholder. And we took some of his advice as well. He was a Muslim himself, a Lebanese.

**Question: So he gave advice about how to communicate now and how to act in front of your Middle Eastern stakeholders?**

**Answer:** Yes, he did.

**Question: So it was actually very helpful to have somebody who knows the culture more and who knows the religion?**



**Answer:** Yes. I don't know if it was nice afterwards, I don't really know the effect. Was it an advantage? It is hard to say. We didn't reach any conclusions that specifically taken with the Muslim back now. So I can't really tell if this was a big advantage or not.

**Referring to question 4bii: About the reduction of workforce and production. Was it mainly in Denmark or also in other countries?**

**Answer:** Denmark only. At that time we had two dairies. And it was only the dairy in Denmark producing in Middle East. The dairy we had in Austria was only producing for the European market.

**Referring to question 5a: It is about the company's point of view. What actually was the company's point of view? You said you communicated it, and what stand did you take there?**

**Answer:** That we would under no circumstances apologize and we actually took the same stand as the Danish government and Danish Prime Minister. Our point of view is that we cannot be responsible what is printed in our Newspaper because we have a free press. And we would under no circumstances apologize to anybody. We are doing business and we are not into political or religious matters. So that was the point of view. We do business; we don't do politics and religion. That was clearly told also all the Muslim partners we have, and agents and customers.

**Question: And do you think they understood?**

**Answer:** Yes, we lost a couple of small customers for it but only the small ones. Everybody else accepted and agreed. And that's always later I say: Afterwards we feel that we were strengthened together with our partners. We did not give in to any pressure. We had our point of view, we stood for it and actually we felt that strengthened us later on.

**Question: So that was good and it actually even improved your situation then.**

**Answer:** Yes it was. And that's also something about keeping your integrity. Personally and as a company.

**Referring to question 5di: It's about distancing yourself. How did you make that clear? How did you communicate it? Was it mainly through the press or was it media? Or did you just have a face-to-face communication with your stakeholders in Middle East?**

**Answer:** Both externally and internally you have to split it into two. The press we didn't have to contact, they contacted us immediately. You can imagine, journalists from all the newspapers, when this came up they immediately spotted who would be affected by this and started calling. So we would do that defensively and just asked questions and put our point of views. Externally to all our partners, shareholders and so on we did it offensively. We started communication instead of just sitting and waiting for them to come and ask questions. And so we did it offensively and said: This is our point of view, this is our stand, we hope you will support us and so on. Obviously during this process we needed a lot of support from our partners we had already. At the time of the boycott and when sales from one day to the other

practically went down to zero – we estimated in our stores here in Denmark, on the water on its way to Middle East and in stores in the middle east we had around 3000 tons of products. So we also needed our partners to cooperate and help us out. So we did that offensively.

**Question: Okay. And it was actually very helpful that you had strong relationships there and built up through many years?**

**Answer:** That was very helpful. Had we been new in the Middle East we would have had a serious problem. Now we managed. At that time we had partners that we already had for more than 20 years, they knew as well and they were helping us out.

**Referring to question 6: The next question is about communication.**

**6f: About the other companies. How did you actually help each other? What kind of communication was communicated and was it useful to see what the other companies do?**

**Answer:** It was basically to get all the updates. A lot of these gatherings they were done by the foreign ministry and all the brands organizations we have. So we arranged clips actually around in Middle East to the Chamber of Commerce and other things. And of course just to exchange information. What is actually going on? What can we expect from here? So we helped each other to be 100% updated. Of course we would get some information from our agents. One of our competitors would get different information from his partners and so on. So it was basically to keep us all updated of what was going on. If anybody had had a success with something he would openly tell about it and so on. So these meetings were actually quiet open.

**Question: So you could actually also exchange strategic information about the companies, what would be successful?**

**Answer:** Yes! It was quiet good. Everybody in these groups realized that we all have this problem.

**Question: So you acted more like a team in this situation?**

**Answer:** Yes. That is interesting. Normally competitors would never tell each other small secrets and they would try to take advantage of the information they would get. But in this situation we all helped each other quiet good.

I think it was such a serious problem to all of us that we were more or less forced to be open and help each other out.

I don't thin it would ever happen in smaller affairs. This would never happen.

**Referring to question 7a: In which sense were the relationships stronger in Middle East after the crisis? You said it was because you were open and honest and your strategy was still there and that you stood for your point of view. So they liked it I guess your partners?**

**Answer:** I don't know whether they liked it or not, but they accepted it. I would say that is a better word.

**Question: You said you switched production. Was it from Denmark to Romania?**

**Answer:** Yes. At the time the boycott came up we already invested some money in a Romanian dairy and we were investing some money to make it run with the production we needed. And immediately we had it ready, we started supplying some of our agents in the Middle East with products out of Romania. We switched from Danish origin to Romanian origin.

**Question: So the main purpose was to change also the label from “Made in Denmark” to “Made in Romania”?**

**Answer:** Yes.

**Question: And Did you have any suppliers in other countries?**

**Answer:** Yes, besides having our own production we are also trading. We bring in and sell products from some other suppliers. And in a couple of cases we switched from Danish origin to German (with a couple of products).

**Question: And that was successful?**

**Answer:** Yes it was. And really I think an important thing here is that it was a consumer boycott – it was done by consumers. So everything what we call retail, everything what goes into supermarket shelves, it had an impact whether it was Danish, or German or Romanian or whatever. But when you get into industrial purposes for example we were supplying to quite a lot of industries in Middle East. They didn't really care whether this raw material – our product is just a raw material in something else – they didn't really care that much. So you have to think of different segments. Retail where it reaches the consumer with a label; catering and with restaurants it is different. When you go into a restaurant you can't really see if it's a Danish white cheese or a German one. Difficult to see. And again in industry, when it becomes a raw material, you can't tell either as a consumer. So the impact of the boycott was different in different segments.

And it was also this 3000tons we had in stock in various places, most of it was consumed in catering and in industry.

**Referring to question 13d: What is a good point of view when doing business in Middle East? Which stand should you generally take in Middle East?**

**Answer:** I would say openness is an important part. Building of relations is extremely important as well. If you take for example Europe: When a Danish supplier meets German retailer, the basic trust is already there. You can be lucky as a sales person to sell something to this German guy already in the first meeting. In the Middle East you build relations over a long time. You would never ever sell anything the first or second time you meet. You build relations over a long time, that's important to understand.

**Question: And I guess there your Lebanese shareholder was very helpful as well?**

**Answer:** He was. Of course towards other partners it was important for them to understand and know that we had a Muslim partner in our company already. That is also a way of building trust toward Arabs. To build trust and relationships over a long time. And at the time those who had a Middle East employee working as a sales force was also good.

**Referring to question 13f: You said that some companies are actively seeking contact to religious groups in Middle East. We also researched it and saw that Arla for example did that, right?**

**Answer:** I am specifically referring to Arla. Their general manager for Middle East was travelling around two months together with a Muslim employee they had meeting all these religious groups and trying to explain the background of Denmark and coming with small gifts and so on.

**Question: And do you think this was helpful for them.**

**Answer:** No.

**Question: That is also the reason why you said you don't want to have direct contact to religious groups?**

**Answer:** Yes. That's not part of our business and we made that very clear. And actually it was hurtful a couple of times to Arla because it was in the Media here in Denmark. Maybe they won some advantages in the Middle East. Not that I know of but I can't really tell, but here in Denmark it wasn't good to the image. They were sort of giving into pressure from the religious groups.

**Question: And they lost some legitimacy here in Denmark then for that?!**

**Answer:** Yes. Definitely.

**Question: 14. You said that you travelled there? What do you do when you travelled there? And how did/does it help you. Is it mainly to meet your suppliers and your shareholder in Middle East?**

**Answer:** Shareholders, our agents, our agent's customer. We were going with our customers to their customers, simply following them. But also our shareholder. We stepped up with travelling. We had nothing to hide and we wanted to show that. We wanted to show our face, show that we respected everybody in the trade and we were ready to do any business and reply any question. So we stepped up our travelling or intensified our travelling.

**Question: So also to strengthen your relationship and communicate and to be open?**

**Answer:** Yes, exactly.

**Referring to question 14d: So if you are a new company and you start a business in Middle East. What other things you should think about? Are there specific things you should do others than when doing business in Europe?**

**Answer:** You build relationships over long time and you have to be aware of that before you enter.

**Question: And is there any advice you could give when starting a business in Middle East?**

**Answer:** Make production yourself or what do you mean?

**Question: Or exporting your products to Middle East. How can you reach stakeholders in Middle East?**

**Answer:** You identify possible partners and it is hard, hard work over time to establish relations. If you are sitting in Denmark and you want to start export to USA you start to identify who could be interested in our product. Wherever you go you start to identify possible partners. And you may to start out with ten possible partners and you end up with one. And when you start in Middle East you have to expect that it takes a longer time like for example going to Germany or going to the US. The time frame is just longer.

**Question: And now you think the cartoon crisis is more or less forgotten. So it's not a difference from now to let's say the beginning of 2000 to make business in Middle East as a Danish company?**

**Answer:** Definitely. And it is a bit funny, for a few years it was an advantage to shift for example to Romania or German product. Now we are back. Danish is still considered as quality. We have some of our costumers, we shifted for a period of time to Romanian, they shifted back to Danish origin because that is what the costumers want!

**Quesiton: So then it seems really forgotten.**

**Answer:** Yes it is really forgotten. Only very, very few people, hard core Muslims maybe, they still remember. But generally speaking it is forgotten.

Danish is again considered as quality.

**Question: So you are still in business there and it is going well again?**

**Answer:** It took us four to five years to get back to the same turnover as we had before. And we have maintained it at that level. We don't invest in the Middle East any longer. I said something about spreading your risk. And we have done that and we are happy with the Middle East generating only 12-13% of our turnover. So for a long time we invested our money in other market areas.

**Question: It seems a good solution to spread the risk. And it is still possible that there will be some tensions in Middle East.**

**Answer:** In the Middle East or somewhere else. But today I don't think - this was tough for us back in 2006 having 30% of the turnover out of the Middle East. Today if it would happen again in any market it would be much easier for us as a company to overcome because we spread our risk that much.

**Mail from Company X (Company X, e-mail 17<sup>th</sup> June 2015)**

*(Original Version; only the company name is changed to Company X)*

Here are our sales figures to the Middle East from October 2005 onwards.

A little explanation:

The blue line is irrelevant – It is budget

The red line is total sales (own production + trading products)

The pink line is sales out of our dairy in Romania

You will see that our sales went from +/- 1000 tons per month to 0, and afterwards we started rebuilding. As I explained in one of my previous mails strategically we do not want to grow the business further – Instead we invest in other market areas.

For Company X it was relatively “easy” to reestablish sales, as we are stronger in industry/catering than in retail. For companies who were more dependent on retail sales (supermarkets), f.ex. Arla, it has taken a much longer time to get back to “normal”

## Appendix E: Letter from ambassadors

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12 October 2005

His Excellency  
Mr. Anders Fogh Rasmussen,  
Prime Minister  
Kingdom of Denmark

Excellency,

The undersigned Ambassadors, Cd'a.i. and Head of Palestinian General Delegation accredited to Denmark take this opportunity to draw your attention to an urgent matter.

This pertains to on-going smearing campaign in Danish public circles and media against Islam and Muslims. Radio Holger's remarks for which it was indicted, DF MP and Mayoral candidate Louise Frevert's derogatory remarks, Culture Minister Brian Mikkelsen's statement on war against Muslims and Daily Jyllands-Posten's cultural page inviting people to draw sketches of Holy Prophet Mohammad (PBUH) are some recent examples.


We strongly feel that casting aspersions on Islam as a religion and publishing demeaning caricatures of Holy Prophet Mohammad (PBUH) goes against the spirit of Danish values of tolerance and civil society. This is on the whole a very discriminatory tendency and does not bode well with the high human rights standards of Denmark. We may underline that it can also cause reactions in Muslim countries and among Muslim communities in Europe.

In your speech at the opening of Danish Parliament, Your Excellency rightly underlined that terrorists should not be allowed to abuse Islam for their crimes. In the same token, Danish press and public representatives should not be allowed to abuse Islam in the name of democracy, freedom of expression and human rights, the values that we all share.

We deplore these statements and publications and urge Your Excellency's government to take all those responsible to task under law of the land in the interest of inter-faith harmony, better integration and Denmark's overall relations with Muslim world. We rest assured that you will take all steps necessary.

Given the sensitive nature of the matter, we request an urgent meeting at your convenience. An early response would be greatly appreciated.

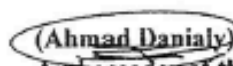
Please accept, Excellency, best wishes and assurances of our highest consideration.



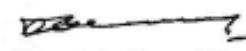
(Fugen Ok)  
Ambassador of Turkey.




(Mohammad Ibrahim Al-Hejailan)  
Ambassador of Saudi Arabia.




(Ahmad Danialy)  
Ambassador of the  
Islamic Republic of Iran




(Javed A. Qureshi)  
Ambassador of Pakistan.



(Mona Omar Attia)  
Ambassador of Egypt.




(Perwitorini Wijono)  
Ambassador of Indonesia.



(Latifa Benazza)  
Ambassador of Algeria.



(Sead Maslo)  
Ambassador of Bosnia and Herzegovina.



(Mohammad E.R. Rimali)  
Libyan Embassy.



(El Houssaine Oustitane)  
Charge d'Affaires a.i. of Morocco.



(Maic F.B. Sarraf)  
Head of Palestinian General Delegation.

CC: H.E. Mr. Per Stig Møller, Foreign Minister, Royal Danish Ministry of Foreign Affairs,  
Copenhagen, Denmark.



## Appendix F: Arla timeline

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