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How IKEA turned a crisis into an opportunity

Abstract: In 2013-2014, the IKEA cuddle toy Lufsig was connoted as a symbol of the Chief Executive (CE) of Hong Kong, prompting stakeholders to make negative associations with the corporation. Our study examines how IKEA mediated communication on traditional media and social media to turn this crisis into an opportunity. This study informs corporate communicators and researchers about the integrated utilization of crisis response strategies in a sophisticated crisis situation.

Keywords: Crisis Response Strategy, Traditional Media, Social Media, IKEA, Political Crisis, Hong Kong

1. Introduction of the problem

The crisis took place in Hong Kong in 2013-2014 when the cuddle toy Lufsig, sold by IKEA, was used and connoted by anti-government activists as a symbol of the Chief Executive (CE) of Hong Kong, leading stakeholders to make negative associations with the organization. Lufsig was first negatively associated with Chun-ying Leung (CY), the CE, in a radio programme. The symbolization of Lufsig as an anti-CY and anti-government sign was further strengthened due to a political dispute at a district forum on 7 December, 2013 when two social democrats hurled Lufsig at CY to insult him since the badly translated Chinese name of Lufsig closely resembled the pronunciation of a Cantonese vulgar word.

Tracking the traditional media reports from 7 December 2013 to 8 July 2014, we found more than 180 media reports published in over 30 printed media locally and worldwide that covered the keyword “Lufsig”. Among them, 123 reports associated Lufsig as an anti-CY or anti-government symbol, and 47 media reports negatively associated Lufsig and CY. Based on

our interview with the Communication Specialist in Group Corporate Communications of IKEA, the negative association of Lufsig with an anti-government sentiment could lead to a “brand crisis” for IKEA.

According to the Situational Crisis Communication Theory (SCCT), the rumor and negative association relating to Lufsig and CY engendered hardly any attributions of crisis responsibility and could be managed via defensive crisis response strategies. However, the poorly translated name of Lufsig as *Lo Mo Sai* (a foul word in Cantonese) could be viewed as a Human Induced Accident that engendered strong attributions of crisis responsibility and had to be managed via corrective action and full apologies (Coombs & Holladay, 2002; Liu, Austin & Jin, 2011).

2. Method

We uncovered the crisis response strategies adopted by corporations in media reports and on Facebook in relation to mixed crisis types (both Rumor and Human Induced Accident) and responsibilities identified. We also focused on the publics’ acceptance of crisis response strategies. The following were our research questions:

- 1.** What were the crisis response strategies adopted by IKEA on traditional media and Facebook?
- 2.** What was the publics’ acceptance of the corporate crisis response strategies employed in relation to the frequency and volume of responses generated on Facebook?
- 3.** What was the level of satisfaction revealed in the publics’ responses gathered from Facebook?

We identified 25 media reports that had reproduced or rendered information from IKEA’s news releases and media inquiry and revealed the corporate response strategies employed by IKEA. We examined all IKEA Facebook posts and responses from December 7, 2013 to February 26, 2014 on Lufsig. In total, six posts presented by IKEA Hong Kong and

274 publics' responses were examined.

To answer RQ 1, content analysis was conducted. All corporate response strategies embedded media reports and corporate posts were coded based on the eight crisis response strategies (1. An attack on the accuser; 2. Denial; 3. Excuse; 4. Victimization; 5. Justification; 6. Ingratiation; 7. Corrective Action; 8. Full Apology) suggested in SCCT on a sentence basis. To cross check the accountability of the content analysis, we conducted a 60-minute in-depth interview with a Communication Specialist on December 17, 2014 at the IKEA headquarters in Sweden. For RQ 2, all corporate mediated media reports, corporate posts and publics' responses on IKEA Hong Kong's Facebook page were scrutinized to reveal the frequency and volume of corporate posts and the publics' responses. For RQ 3, all responses were coded to uncover the level of satisfaction of the publics' responses. The codebook was developed by the authors and employed by a trained coder. One of the authors and the trained coder co-coded over 15 per cent of the corporate media reports, corporate Facebook posts and publics' responses for inter-rater checking with the Cohen Kappa agreement at 0.771.

3. Findings

3.1 The crisis response strategies of IKEA

57 out of 323 sentences relating to Lufsig from the media reports were directly associated with IKEA's responses, and IKEA employed both accommodative and defensive response strategies including Denial, Excuse, Justification, Ingratiation, Corrective action, and Full apology to communicate with its stakeholders.

The use of accommodative response strategies (i.e. 68%, n=39) surpassed that of defensive strategies. Of these, Corrective Action was the most dominant strategy (32%, n=18) followed by the Full Apology strategy (30%, n=17). These responses focused on the renaming of Lufsig and made an apology for the mistranslation to correct the "wrong-do" of the corporation. The adoption of Corrective Action and Full Apology resulted from the strong

attributions of IKEA's crisis responsibility for the mistranslation of Lufsig's Chinese name. Our findings also reveal IKEA's use of defensive strategies including Denial and Excuse, which focused on the clarification of its corporate policy to reinforce the weak attributions between the political crisis and the corporation. As corroborated by the Communication Specialist, IKEA would adapt to the laws in the countries where it operates.

As for the crisis response strategies adopted by IKEA on Facebook, ingratiation strategy was primarily employed by IKEA to enhance its communication with its stakeholders regarding the introduction of Lufsig and the 2014 IKEA's Toys for Education, which is a campaign that has been operating since 2003 to raise money for children's education. IKEA employed the social media platform to draw the publics' attention to its contribution to the community while reducing its negative association with Lufsig.

3.2 Publics' acceptance of the corporate crisis response strategies

The publics' responses were regulated by corporate crisis strategies employed by IKEA through media reports and Facebook posts. For instance, the media reports complemented by the corporate posts released on December 9 and 10 mediated the volume of the publics' responses on Facebook on December 11, 2013. The data suggest that effective corporate mediation on traditional and social media platforms prevented crisis escalation (van der Meer & Verhoeven, 2013) in post-crisis communication.

3.3 The level of satisfaction in publics' responses

Of the 274 publics' responses coded, 104 (38%) responses were found to be Neutral, followed by 80 (29.2%) N/A responses and 57 (20.8%) responses expressing Some Level of Dissatisfaction. There were also 16 (5.8%) responses which indicated a Good level of Satisfaction and 13 (4.7%) Unsatisfied responses. Only 4 (1.5%) responses indicated a High Level of Satisfaction.

The high percentage of Neutral and N/A responses suggests that the publics were well

aware of the weak political crisis attribution of the corporation and they did not intend to take advantage of the rapid mass self-communication characteristics of social media to aggravate the crisis. Some Level of Satisfaction in responses and Unsatisfied responses was observed in the publics' responses, suggesting that the publics were anxious to learn about the refill of Lufsig whereas some of them were sceptical about the delay of stock refill owing to the political symbolization of Lufsig respectively. The Good to High Level of Satisfaction comments were supportive of IKEA's response strategies.

4. Analysis and conclusion

In line with Taylor and Perry (2005), our study suggests that for a crisis situation with a political dimension, and where two crisis types engender different levels of responsibility, the integrated use of the accommodative and defensive strategy could help reduce the impact of the crisis.

The use of both traditional and social media platforms in a complementary manner enabled the chosen crisis strategies to be effectively communicated with the publics. The employment of Corrective Action and Full Apology regarding the mistranslation of Lufsig in printed media reports demonstrates IKEA's determination to take positive steps to resolve the situation. Media reports have facilitated IKEA's one-way communication with its stakeholders and provided a platform for image repair as the publics often find newspaper information more trustworthy.(Flanagin & Metzger, 2000) In addition, social media offer new possibilities for organizations' use of a proactive approach during a crisis, and exemplify the paradigm shift from one-way communication to two-way interaction where the publics is given the opportunity to respond (Ngai & Ng, 2103). IKEA has fully explored the characteristics of social media by involving the publics in its fundraising campaign where Lufsig was one of the key characters for sale in 2013. Our study indicates that IKEA employed the traditional and social media platforms with the traditional media platform being adopted for releasing crisis related

information and responses to the general public, while the social media platform serving as a means for ingratiating the publics on Facebook with the fundraising campaign.

In conclusion, our study suggests an integrated use of crisis response strategies on various media platforms in a complementary approach to manage a crisis of different causes and level of attributions for the corporation. The findings shed light on how crisis managers should connect with the publics to resolve an impending situation through the use of both traditional and social media. Our study also highlights that an array of factors such as crisis types, corporate responsibility and engagement, and cultural values of the publics should be considered when the corporation formulates its crisis response strategies.

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**The complete study can be requested from the corresponding author.*