

## **Teaching Note**

### **Save the Whales? A Public Relations Crisis at Lego**

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#### **Critical Incident Overview**

This decision-based critical incident describes Greenpeace's social media and direct-action campaign targeting Lego for its business relationship with Shell Oil. Greenpeace was opposed to Shell's plan to drill in the Arctic and was concerned that Shell used Lego to greenwash its image in the eyes of children and the public. Greenpeace created a satirical video using Lego that showed the Arctic being polluted by oil. The video went viral and was viewed more than 5 million times on YouTube. Greenpeace also engaged in a number of direct action activities targeting Lego's relationship with Shell that caught the attention of the media. Greenpeace's social media campaign and Lego's response to the public relations crisis are central to the critical incident. Students are asked to decide whether Lego should end its business relationship with Shell Oil.

This decision-based critical incident is designed for use in undergraduate Marketing, Public Relations, Business Ethics, or Introduction to Business courses.

#### **Research Methods**

This critical incident was based on public information and media reports on Greenpeace's campaign pressuring Lego to end its business relationship with Shell Oil. This critical incident has been tested in the classroom.

#### **Learning Outcomes**

In completing this assignment, students should be able to:

1. Describe how advocacy groups use public relations, social media, and direct action when protesting corporations.
2. Analyze a public relations crisis from the perspective of multiple stakeholders.
3. Evaluate how socially responsible firms respond to public relations problems.
4. Judge the effectiveness of ways firms manage a public relations crisis.

## Discussion Questions

1. How would you describe Greenpeace's *LEGO: Everything is NOT Awesome* campaign? Was it effective? Is it fair? (LO 1).
2. Identify the stakeholders in this critical incident and describe why they are stakeholders. (LO 2)
3. What ethical issues, if any, are involved in Lego's relationship with Shell? What responsibility, if any, does Lego have to Shell, Greenpeace, the environment, and its customers? (LO 3)
4. Is this situation a crisis? Why or why not? How would you characterize Lego President and CEO Jørgen Vig Knudstorp's response? From a public relations standpoint, was Lego's response effective? (LO 4).

## Answers to Discussion Questions

1. **How would you describe Greenpeace's *LEGO: Everything is NOT Awesome* campaign? Was it effective? Is it fair? (LO 1)**

### Sample Student Responses

*Greenpeace's campaign was very effective by using The Lego Movie's theme song and Lego bricks in the video. Greenpeace used Lego's own products to campaign against them (or actually against Shell) to effect Shell's business ties, but it would also impact Lego. The campaign was smart and we can easily see how it went viral.*

*The campaign itself is somewhat fair because if Lego is selling these products that promote oil drilling in the Arctic it isn't completely out of the question that Greenpeace or another organization would go after something that promotes an extreme risk to the environment. However, it is also unfair because Lego isn't actually doing the drilling. They can partner with whatever company they want. Shell hasn't created an oil spill yet, so the Youtube video was a bit of exaggeration, but it is showing the possibility of what could happen to the environment.*

*Greenpeace is trying to hurt Shell by pressuring Lego to cut ties with Shell. However, it is also hurting Lego by impacting their brand as well as their business, even though it doesn't look like they are going to get rid of their contract with Shell. This isn't necessarily fair to Lego.*

### Discussion

The United States has a rich history of nonviolent civil disobedience which, over time, has extended to boycotts, protests, direct action, and public relations campaigns against corporations like Shell and Lego. During the Civil Rights movement, Martin Luther King Jr. and other civil rights activists called for boycotts of busses and held sit-ins at lunch counters to protest segregation. Labor activist Cesar Chavez famously called for a boycott of California grapes to protest the working conditions of field workers. These

tactics have been adopted by many activist groups today to draw attention to their causes. For example, PETA (People for the Ethical Treatment of Animals) is well-known for their provocative campaigns targeting corporations for their inhumane treatment of animals.

Greenpeace used similar tactics. In their quest to save the Arctic, Greenpeace used social media (e.g. the *Lego: Everything is NOT Awesome* video) and direct action (e.g. dressing up as Lego mini figures in the UK) to call attention to Lego's business relationship with Shell Oil and Shell's Arctic drilling plans. This is consistent with Coombs's (2014) description of activist groups as "those who stand up for a cause and seek to create changes they feel will help society" (p. 99). Similarly, Smith and Ferguson (2001) say activist groups use public relations to communicate positions and gather support for action.

The emergence and use of social media (e.g. Twitter, blogs, YouTube) by individuals and groups like Greenpeace has created challenges for corporate reputation and image management. Parsons (2008) notes "user-generated online communities and material have added a new and only sometimes welcome addition to the communication arsenal of public relations and corporate communication" (p. 96). For example, Nike's use of child and sweatshop labor was originally exposed online by human rights activists (Coombs & Holladay, 2007). The internet "has established itself as one of the channels used to spread the word about an issue and to rally support for a cause" (Coombs & Holladay, 2007, p. 71).

Student opinions on the cleverness and effectiveness of Greenpeace's campaign will differ. Some will argue that Greenpeace was successful in drawing attention to the cause of drilling in the Arctic. For his part, Fink (2013) concludes "the power that social media have to influence opinions and even actions cannot be overstated" (p. 79). After all, more than 5 million people viewed the *Lego: Everything in NOT Awesome* video on YouTube and more than 700,000 people signed Greenpeace's petition calling on Lego to end its relationship with Shell. Others may argue that the campaign was inappropriate. Shell was drilling in the Arctic not Lego. So students (and the public) may not see the connection between Greenpeace's campaign and the popular toy company.

## **2. Identify the stakeholders in this critical incident and describe why they are stakeholders. (LO 2)**

### **Sample Student Responses**

*Lego Company, Shell Oil, Greenpeace, Lego and Shell customers, environmentalists, Lego's owners.*

### **Discussion**

Constituencies impacted by this incident include customers, employees, Lego's retailers, Greenpeace, the community, and Lego's owners- all known as stakeholders. (Note: Lego

is a privately held company). Silbiger (2005) provides a stakeholder analysis framework when considering who is affected by business decisions.

- Get the main cast of characters.
- Determine the harms and benefits to each player.
- Determine their rights and responsibilities.
- Consider the relative power of each.
- Consider the short- and long-term consequences of your decision analysis.
- Formulate contingency plans for alternative scenarios.
- Make a judgment (Silbiger, 2005, p. 65).

**3. What ethical issues, if any, are involved in Lego's relationship with Shell? What responsibility, if any, does Lego have to Shell, Greenpeace, the environment, and its customers? (LO 3)**

Sample Student Responses

*Lego's decision to partner with Shell was not congruent with their commitment to being socially responsible and "protecting children's rights to live in a healthy environment, both now and in the future." However, since they did make a long-term contract with Shell, the responsibility that Lego has with Shell is contractual and nothing more. Lego does not have any direct responsibility with Greenpeace although Lego says it is determined to leave a positive impact on society. Lego has the responsibility to maintain a strong relationship with their customers, continue selling quality products, and making money for its shareholders.*

*Lego's responsibility to the environment is as they stated in their mission statement. Staying partnered with Shell seems inconsistent and makes them seem like a less trustworthy corporation. They are not following through their promise to customers that they will do the right thing and stay true to the mission statement.*

Discussion

The business and mainstream press are littered with stories about ethical issues in business. In response to this crisis in confidence, a number of undergraduate and graduate business programs have added ethics courses to their curriculum.

According to Bruner, et. al. (2003), ethical issues in business are concerned with rights and duties, principles such as fairness, or harms and benefits. In the Lego/Shell controversy, students may be prepared to argue that Lego had a duty to address Greenpeace's concerns and end its relationship with Shell. After all, Lego positioned itself as a socially responsible business committed to the environment.

Ebert & Griffin (2007) define social responsibility as "the overall way in which a business attempts to balance its commitment to relevant groups and individuals in its social environment" (p. 46). Parsons (2008) suggests that social responsibility "means

operating a business that meets or exceeds both the legal and ethical expectations that society has of that kind of industry” (p. 152). Benefits of being a socially responsible company include customer loyalty, increased sales, and an enhanced reputation and public image (p. 152).

Student opinions will vary on whether Lego’s relationship with Shell and Greenpeace’s subsequent campaign hurt Lego’s reputation. Coombs (2014) defines corporate reputations as “how people perceive the organization” (p. 8). Lego stated that their relationship with Shell was longstanding and that if Greenpeace had concerns with Shell’s Arctic drilling plans, Greenpeace should address Shell directly. Students siding with Greenpeace may argue that Lego’s contract with Shell is a fair target for criticism.

**4. Is this situation a crisis? Why or why not? How would you characterize Lego President and CEO Jørgen Vig Knudstorp’s response? From a public relations standpoint, was Lego’s response effective? (LO 4)**

**Sample Student Responses**

*This situation is a PR crisis for Lego and may also be a crisis for Shell. Although Lego only partnered with Shell, they are not responsible for what Greenpeace is upset about. Shell is planning to drill in the Arctic and even though most people will not blame Lego for that, Lego’s reputation could still be harmed. The good news for Lego is that its target market- children- will not understand the controversy and sales should not suffer.*

*Jørgen Vig Knudstorp's response seemed effective, as it attempted to distance Lego from Shell and its activities in the Arctic. At the same time, however, Knudstorp restated Lego’s commitment to honor the contract with Shell. In other words, he seemed to be able to satisfy all involved parties. The response was certainly the best they could have done. They realize that Shell is a huge help in getting their products out there and refused to cut ties in the existing contract.*

*After the crisis dies down, we suggest that Lego not renew their contract with Shell Oil. Lego took a lot of heat from Greenpeace and there is little chance they will back off. Lego can still sell their products without a partnership with Shell.*

**Discussion**

Public relations is “the management of mutually influential relationships within a web of stakeholder and organizational relationships” (Coombs & Holladay, 2007, p. 26). Silbiger (2005) provides a simpler definition describing PR as “a promotional tool used to communicate to a broader audience” (p. 44). In addition to helping promote a product or service, PR is a crisis management tool used when faced with a crisis.

Fink (2013) defines crisis management as follows:

*Crisis management* deals with the *reality* of the crisis. It is the actual management of the precarious situation that is rapidly unfolding. It is making swift and vigilant decisions, gathering resources, marshalling troops, and so on, sometimes under great stress and enormous time constraints, to resolve a pressing problem. It is (hopefully) gaining the upper hand over an event that could potentially cause great or greater harm to a company, its various publics, its employees, its stakeholders, and its bottom line. It is preventing a situation from escalating. It is, in short, the *reality* of what's going on- the actual management of the drama- often behind the scenes and far from public view. It is the steps taken by the crisis management team that will determine the ultimate outcome of the crisis (p. 8).

The question of whether Greenpeace's ongoing campaign against Lego and its relationship with Shell was a "crisis" is debatable. At the least, the attention was unanticipated and Lego seemed surprised by the criticism of its relationship with Shell. This is consistent with Levine's (2002) description of an external crisis. "The most difficult thing about an external crisis is that they are utterly unpredictable; you get no warning signs, and you can't begin damage control until after the problem has become public" (p. 195). Coombs (2014) says that a crisis is "an example of wrongdoing that would threaten the corporate character-reputation and require defense" (p. 8). Obviously, Lego did not anticipate Greenpeace's campaign and appeared concerned about how the criticism may impact its bottom line and reputation as a socially responsible company committed to the environment.

Fink (2013) suggests protecting brand image during a crisis reminding crisis managers that "you need to defend and protect your brand at all costs" (p. 115). When preparing for a crisis, Levine (2002) recommends designating a spokesperson, reaching out to friendly journalists, talking to employees, and responding to the crisis on your website. Blohowiak (1987) emphasizes the importance of selecting the correct medium when communicating during a crisis. When responding to activists like Greenpeace, Smith and Ferguson (2001) remind crisis managers to plan with "consideration given to the desired outcomes and implications of a confrontation" (p. 297).

In Table 1 (below), Coombs (2014) describes denial, diminishment, rebuilding, and bolstering as situational crisis communication response strategies.

Table 1  
Crisis Response Strategies

<b>Denial Posture</b>
<i>Attack the accuser:</i> the crisis manager confronts the person or group claiming that a crisis exists. The response may include a threat to use force (e.g., a lawsuit) against the accuser.
<i>Denial:</i> The crisis manager states that no crisis exists. The response may include explaining why there is no crisis.
<i>Scapegoating:</i> Some other person or group outside of the organization is blamed for the

crisis.

### **Diminishment Posture**

*Excusing:* The crisis manager tries to minimize the organization's responsibility for the crisis. The response can include denying any intention to do harm or claiming that the organization had no control of the events that led to the crisis.

*Justification:* The crisis manager tries to minimize the perceived damage associated with the crisis. The response can include stating that there were no serious damages or injuries or claiming that the victim deserved what they received.

### **Rebuilding Posture**

*Compensation:* The organization provides money or other gifts to victims.

*Apology:* The crisis manager publicly states that the organization takes full responsibility for the crisis and asks forgiveness.

### **Bolstering Posture**

*Reminding:* The organization tells stakeholders about its past good works.

*Ingratiation:* The organization praises stakeholders.

*Victimage:* The organization explains how it too is a victim of the crisis.

Source: Coombs, W.T. (2014). *Applied crisis communication and crisis management: cases and exercises*, p. 16-17.

Lego's President and CEO Jørgen Vig Knudstorp used a press release and social media to address Greenpeace's campaign. By deflecting attention to Shell, he took a diminishment posture. He also bolstered Lego's reputation by reminding the public about Lego's motto and commitment to "leave a positive impact on society and the planet." Knudstorp also denied that Lego had anything to do with the controversy and expressed regret ("we are saddened") that Lego was drawn into Greenpeace's campaign. Finally, Knudstorp praised Lego's stakeholders noting that "we welcome and are inspired by all relevant input we receive from fans, children, parents, NGOs, and other stakeholders."

### **General Discussion**

As many students have experience with Lego, are familiar with Shell gas stations, and may be sympathetic to Greenpeace's concern for the environment, no prior assignments are required for this critical incident. The incident is brief and could be reproduced and distributed in class as the basis of a discussion of public relations, crisis management, marketing, business ethics, or management. Alternatively, it could serve as a homework assignment with students writing a response paper addressing Greenpeace's campaign and the issues faced by Lego Group President and CEO Jørgen Vig Knudstorp.

Prior to discussing the critical incident questions, the instructor should show, or encourage students to view, Greenpeace's 2-minute *LEGO: Everything is NOT Awesome* video ([http://www.youtube.com/watch?v=qhbliUq0\\_r4](http://www.youtube.com/watch?v=qhbliUq0_r4)).

Author's note: the CI title is based on Greenpeace's 1975 anti-whaling campaign which led to the global "Save the Whales" movement. This reference may be lost on undergraduate students.

## Epilogue

In October 2014 Lego announced it would not renew its contract with Shell. In making the announcement, Lego President and CEO Jørgen Vig Knudstorp referenced Greenpeace's campaign. "Our stakeholders have high expectations of the way we operate. So do we," he said. "We do not agree with the tactics used by Greenpeace that may have created misunderstandings among our stakeholders about the way we operate, and we want to ensure our attention is not diverted from our commitment to delivering creative and inspiring play experiences."

Greenpeace activists lauded Lego's decision. "It did touch a bit of a raw nerve about the partnership between the two companies that people thought was completely inappropriate – for a toy company like Lego to partner with an oil corporation – which is a sign of changes that are happening," John Sauven, executive director of Greenpeace UK, said.

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