

## REPUTATION OF IKEA BRAND DURING THE WAR IN UKRAINE<sup>1</sup>

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*The article considers the essence of such concepts as the price of the brand, the position of IKEA business, positive and negative reputation during the war in Ukraine. The reputation of the IKEA brand, with especially focus in conditions during the war in Ukraine was analyzed. The importance of good reputation for the brand and its properties are highlighted. The position of the brand during the terrible war of Russia in Ukraine, the marketing activities of the brand, which indicate that the IKEA brand does not support the war of Russia in Ukraine, are important, because reputation can change every moment. If brand is not trusted, then it is quite possible that customers will also go over to competitors, who will have a much better reputation. In general, this way how a brand company can lose a very large number of customers and in result this will reduce the profitability of a company business, go bankrupt. The customer consideration about the company only with a good reputation and understanding by the brand how to build a great company reputation with possible ways was taken into account. Brand reputation as a system of consumer expectations and evaluations related to the brand were analysed. Brands penetrate all spheres of everyday life. For consumers, they serve as an indispensable reference point, and for companies - a way to build a reputation and image in the market. Brand attractiveness can affect competitive the advantages of the product are not less than its quality or price. In short, a recognizable brand is one of the most valuable intangible assets a company can have. Brands are an important part of everyday life. Brands help consumers realize their preferences in the market. They have a reputation for quality, functionality, reliability and other features that ultimately allow consumers to make choices when making a purchase decision. Equally important is the image of brands - the image of luxury, style or social responsibility - which is important for buyers and which, consequently, influences what goods and services they buy.*

*Key words: brand, reputation, market image*

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### INTRODUCTION

Companies invest heavily in building a strong reputation and image, but we cannot know how much are their brands worth. In practice, there is little reliable data on the actual value of existing brands. Considering how much many companies are investing in public relations and advertising, and in maintaining their global trademark portfolios, it can be concluded that they recognize the importance of brands. However, companies are slow to announce the value of their brands. IKEA is one of the first companies disclosed the value of brand in early 2012, in a financial transaction between holding company and one of its subsidiaries. Company Interogo Foundation sells IKEA brand to Inter IKEA Systems (to a subsidiary that now owns the trademarks IKEA) for \$11 billion to «consolidate and optimize group structures». Reportedly, this cost estimate was made based on internal data as well as external analysis data.

### ANALYSIS OF RECENT RESEARCH AND PUBLICATIONS

It should be noted that recently there have been many works by both Ukrainian and foreign scientists devoted to the study of theoretical and practical principles of brand formation and development, as well as the IKEA brand itself, namely: Yuzyk, M., & Yuzyk, O, [1] provided marketing research of the IKEA brand in Poland, D Edvardsson, B., Enquist, B. and Hay, M. A[2] created an analyses of four types of “values” in the example of IKEA: economic, social, environmental, and communication-based. Szmigin I. about how IKEA assembled a global reputation[3], Camara N. D. compared brand and reputation: equals or opposites?[4] and others.

### FORMULATION OF THE GOALS OF THE ARTICLE

The purpose of this article is to identify trends and features of the IKEA brand formation, which is not possible without a good reputation, and therefore the purpose of this article is to create an analyze the reputation of the IKEA brand, with especially focus in conditions during the war in Ukraine.

### RESULTS

Ikea's success based on the value: you know what you can buy at Ikea, and it should be affordable. The main focus of IKEA good reputation is importance of price, as the company makes decisions about

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the price of furniture, and then implement the design, it was told from the company. The gift that IKEA has given us is the desire to have more aesthetically pleasing items in our home, all like IKEA (they are colorful and functional). Furniture is as much about fashion as any of the high street fashion stores. The presence of a certain brand in the target market, and how its customers and consumers react to the presence, is the reputation of the brand. This is perhaps the most important factor that keeps a brand alive and enables it to compete in the market. This applies to brands that are just starting their journey, as well as industry leaders. This is why brands spend a lot of money on marketing campaigns that give them the level of reputation they need. Brand reputation is the main reason why a brand is able to sell its products and services, expand its range with new products. It is critical that any entrepreneur understands the value of their brand reputation and how to build and maintain that reputation.

IKEA received #52 with 73,8 of reputation score 2022 year according to RepTrak ranking of a brand as **Strong** - Refers to a company that has achieved a reputation score within the 70–79-point range on a 0 – 100 scale. This is the second highest tier in our normative scale and is shown in light green[5]. We can believe RepTrak because its «The 2022 Global RepTrak® 100 is the definitive ranking of corporate reputation for the world's leading companies. The Global RepTrak 100 showcases how people feel, think, and act towards companies globally. For over a decade, The RepTrak Company™ has ranked the top 100 most reputable companies to celebrate global reputation leaders»[6].

Brand is built by several factors, where the most important is a brand reputation:

- Company mission, vision, and values
- What the company offers (products, services, benefits)
- Differentiation (what makes the company different from its competitors)
- Brand messaging (voice, tone, personality)
- Imagery (brand colors, logos, visual style)
- Brand reputation (how others see the company, what others say about the company)[7].

The customer will consider about the company only with a good reputation and brand should understand that and build a great company reputation with possible ways[8]:

- 1) make sure social circles are a positive reflection of your brand;
- 2) set guidelines for conflict management and responding to negative feedback;
- 3) monitor your brand regularly;
- 4) provide a good customer experience;
- 5) collect feedback and make improvements;
- 6) deliver on your promises;
- 7) practice transparency;

Brand reputation is a system of consumer expectations and evaluations related to the brand. What does it consist of:

- 1) emotional appeal of the brand;
- 2) quality of products and service;
- 3) working conditions (salary level, brand attitude to employees, social package) - the company's obligation to take measures to preserve and improve the quality of life of employees;

Social responsibility - charity, helping businesses to individual groups in need or society as a whole.

Well-known brands are always remembered faster. Only a person without the Internet does not know about Coca-Cola, KFC, Adidas and Gucci. The companies have created a powerful story for themselves and received huge support from customers. It is not easy to find a negative review about them. In turn, customers themselves advertise the product. People are six times more likely to recommend companies with a strong and excellent reputation.

Reputation can change in different situations, for example, the most frustrating ones like the Russian war in Ukraine, if the brand speaks like a supporter of Ukraine and is categorically against Russia. Inter IKEA Group has decided to suspend exports to Russia and Belarus and imports from these countries due to aggression against Ukraine. The group stops all IKEA Industry production operations in Russia. All deliveries from all subcontractors to these units are suspended. The parent company of IKEA (Ingka Group) has decided to suspend all IKEA retail operations in Russia. On March 3, the Ingka Foundation announced the immediate donation of € 20 million to IDPs due to the war in Ukraine.

More and more international companies are leaving Russia in opposition to the invasion of Ukraine. The Russians are threatening to nationalize their estates and are increasingly breaking patent laws. According to the "Virtual Media" portal, the Luxorta-Service studio from Saint-Petersburg has applied for

registration of the IDEA logo in the Russian equivalent of the Rospatent patent office. IKEA had 17 stationary stores in Russia, three factories (cooperating with 50 suppliers) and a distribution center. The company has acknowledged that "war has tremendous human consequences as well as serious violations of supply chains and trade conditions."

The confusion between IKEA and IDEA is a recent departure from the Russification of the most popular world brands operating in Russia, without which many locals in this region do not imagine their lives. A few days ago, information circulated that McDonald's from Russia would remain represented by the Russian brand Wujek Wania. Also, this logo was very similar to the original. Even "Peppa's Pig" became an officer. A Russian court has filed a complaint against the owner of copyright in failing to violate copyright. The court ruled that the "unfriendly actions of the United States of America and its affiliates" allowed the courts to decide on copyright infringement on One Entertainment.

Image is very important. Especially when it comes to a major global brand. Here is the label of the seller of not the highest quality products stuck to IKEA, does not allow the company to develop and occupy new markets. After all, trends are beginning to change and the place of available goods and services in the TOP is gradually taking an individual approach, high quality and exclusivity. It is these characteristics that modern consumers pay the most attention to. Therefore, global brands have to retrain and follow the fashion, otherwise, even a very large business can quickly be "overboard".

IKEA is also trying to follow a common vector. Recently, special attention has been paid to the use of environmentally friendly, renewable, but durable materials. The production pays attention to the processing of waste, and some products even get a second life and are reused in the creation of new products. All improvements promise to be completed by 2030. Then more than 1 billion potential customers around the world will be able to make informed choices and participate in the preservation of our planet.

First, a good reputation can help you get cheap money - loans on more favorable terms. It is interesting for banks to work with borrowers who have a good reputation, because such cooperation carries less risk and at the same time is a good PR. Second, reputation influences the search for employees. The higher the reputation, the more qualified professionals seek to work in the company. That is why companies with a positive reputation will not have to overpay such specialists. The impact of a bad reputation in this case is difficult not to notice: the cost of recruitment, maintenance, motivation and minimization of destructive workers is higher. Dissemination of negative information in the media does not directly affect sales, but can reduce sales, worsen relationships with partners and even increase the number of inspections. In the future, negative customer attitudes towards the company and its products can lead to unfounded complaints, a general negative information background and, as a consequence, to reduced competitiveness.

The best way to gain a good reputation is to strive to be who you want to be (Sokrat). For example, many foreign brands believe that their recognition in the world forms an unconditional loyalty to their products in the Russian market. But this is not always the case: in the last 5 years in Russia there have been several reputational scandals related to incorrect content. This is mainly because reputation management has not been included in the communication agenda of these companies. So, in 2018, IKEA caused a rage among feminist audiences by publishing a post in which a woman was indirectly compared to a dog:

Self-assembly of furniture is a way not only to reduce costs, but also to win customer loyalty. After all, the pleasure of assembling a cabinet increases its value in the eyes of the consumer, which makes a person more attached to the brand. Marketers have called this technique the IKEA effect.

## CONCLUSIONS FROM THE STUDY AND PROSPECTS FOR FURTHER EXPLORATION IN THIS DIRECTION

We researched on the issue of measuring investment in branding, however, accurately assessing all of a company's activities to promote its brand and strengthen its reputation remains a difficult task. The article examines the impact of branding reputation on market competition and innovation. It shows that those companies that invest heavily in branding, are often active in innovation as well. Branding creates demand and willingness to pay, which allows firms to receive profit from investments in technology and design. Thus, branding is an important element of a dynamic innovation ecosystem.

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## РЕПУТАЦІЯ БРЕНДУ ІКЕА ПІД ЧАС ВІЙНИ В УКРАЇНІ

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*У статті розглянуто сутність таких понять як ціну бренду, становище ІКЕА бізнесу, позитивної та негативної репутації під час війни в Україні. Бренди проникають у всі сфери повсякденного життя. Для споживачів, вони служать неодмінним орієнтиром, а для компанії - спосіб створити репутацію та імідж на ринку. Привабливість бренду може впливати на конкурентні переваги товару не менше його якості чи ціни. Коротше кажучи, впізнаваний бренд є одним із найцінніших нематеріальних активів, які може мати компанія. Бренди є важливою частиною повсякденного життя. Бренди допомагають споживачам реалізувати свої переваги на ринку. Вони мають репутацію у якості, функціональності, надійності та інші характеристики, які в кінцевому підсумку дозволяють споживачам робити вибір під час прийняття рішення про покупку. Не менш важливий імідж брендів – імідж розкоші, стилю чи соціальної відповідальності, який замиє вагоме місце для покупців і, отже, впливає на те, які товари та послуги вони купують.*

**Ключові слова:** бренд, репутація, імідж ринку.