



## SERVICE LEADERS

# Values-based service brands: narratives from IKEA

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### Abstract

**Purpose** – The purpose of this paper is to present a model for values-based service brands grounded in values-based service management. In undertaking this task, the paper addresses two research questions: “What is the role of values in creating customer value and corporate identity?” and “How can values and corporate identity be communicated to customers and thus contribute to customer-perceived service value?”.

**Design/methodology/approach** – Based on five narratives from a value-driven company, IKEA, the paper proposes a model of values-based service brands in action. The model is based on interpretations of how IKEA manages and communicates values in practising values-based service management.

**Findings** – The study distinguishes four types of “values” in the example of IKEA: economic, social, environmental, and communication-based. These are incorporated into the model.

**Originality/value** – This is the first study of the role of values-based service brands in creating value in use for customers.

**Keywords** Value added, Brands, Customer service management, Corporate identity

**Paper type** Research paper

### 1. Introduction

Brands are among the most fundamental and enduring assets of a firm (Martin *et al.*, 2005). However, in services-management research, little attention has been devoted to the question of how a perception of value-in-use can be communicated to customers through values-based service brands. The importance of communicating values in business is illustrated in the contemporary utilisation of such approaches as “corporate social responsibility” (CSR) (Zadek, 2004; Kotler and Lee, 2005) and “triple bottom-line thinking” (Elkington, 1997, 2001) to create stakeholder value (Post *et al.*, 2002). In accordance with these approaches, companies try to avoid aligning themselves with negative values – for example, environmental pollution or exploitation of cheap labour (especially child labour) – which can result in negative publicity and value being destroyed. Rather, companies strive to be associated with attractive values – for example, high ethical standards in dealing with employees and customers, contributing to society, and applying recycling principles whenever possible.

Vargo and Lusch (2004a, b) stressed value-in-use for the customer. In accordance with a service-centred view, Vargo and Lusch (2004a) argued that value is defined by and co-created with the customers, rather than being embedded in output, in defined products or service attributes. According to this view, value is perceived by the



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customer on the basis of value-in-use, and value creation through service is described in terms of linked activities and interactions provided as solutions to customer problems (Edvardsson *et al.*, 2005a, b).

The present paper argues that corporate values also bring value-in-use to customers. Excellent companies are distinguished from average companies by values, and not merely by logical, value-for-money outcomes and cognitive assessments (Johnston and Clark, 2001).

The aim of the paper is thus to present a framework for values-based service brands grounded in values-based services management. The focus is on how values are communicated and bring value-in-use to customers. The new model is based on a literature review and an interpretation of how one particular values-based firm, IKEA, nurtures and communicates values in its customer relationships. IKEA is the largest furniture retailer in the world (Kotler, 1999), and has a growing global business. IKEA corporate identity is determined by a strong culture based on well-defined company values.

In pursuing the aim described above, the paper addresses two research questions:

- (1) What is the role of values in creating customer value and corporate identity?
- (2) How can values and corporate identity be communicated to customers and thus contribute to customer-perceived service value?

The paper is structured as follows. First, the study presents a literature review and theoretical framework for describing and understanding values-based service brands. Second, the study presents five narratives describing how IKEA communicates company values in creating total customer value. The paper then relates its empirical findings to previous research and suggests a model for values-based service brands, values-based management, and corporate image. Finally, the paper discusses the research contribution, managerial implications, and suggestions for future research.

## 2. Theoretical framework

To attract and retain customers, and thus make a profit, companies are constantly searching for new and better ways of creating value for customers and differentiating their market offerings (Shaw and Ivens, 2002; Bendapudi and Leone, 2003). However, it has been argued that technical and functional qualities are not enough; attractive values also form part of a favourable customer experience (Cronin, 2003; Sherry, 1998). This view is in accordance with Mano and Oliver's (1993) study of utilitarian consumption judgments and hedonic consumption judgments. In a similar vein, the concept of "value-in-use" (Vargo and Lusch, 2004a, b) has been extended from a traditional focus on cognitive evaluations to include evaluations of values and service experiences. Brands are used to communicate these values to the customer.

### *Brands and service brands*

The essential role of brands is to differentiate a product or service from others in satisfying a given customer need. As Kotler and Keller (2005, p. 274) observed:

These differences may be functional, rational, or tangible – related to product performance of the brand. They may also be more symbolic, emotional or intangible –related to what the brand represents.

Keller (2000) identified ten attributes in the world's strongest brands – for example, that the brand excels at delivering the benefits consumers truly desire; that the pricing is based on consumers' perceptions of value; that the brand is consistent; and that the brand is given proper and sustained support.

“Brand equity” is the value added to products and services by a brand, and is reflected in the way that consumers think, feel, and act with respect to the brand. As Kotler and Keller (2005, p. 276) observed:

Brand equity is an important intangible asset that has psychological and financial value to the firm.

According to Aaker (1991), brand identity is particularly important for building brand equity. Ind (2004) stress the importance of “living” the brand – which has to do with “living up to” norms and values in various ways – for example, how employees interact with customers, how internal relationships are conducted, and how relationships with suppliers and partners are maintained. According to this view, the culture forms a basis for the “living brand”.

Brands thus communicate the values of an organisation to customers to create a distinct and favourable image. A service brand can often equate with the whole company, which implies that the service becomes the corporate image (Rindell and Strandvik, 2005).

Hatch and Schultz (2001) have argued that the three essential elements of vision, culture, and image must be aligned in a successful branding strategy. Vision represents senior management's aspirations for the company; culture refers to the values, behaviours, and attitudes that reflect how employees feel about the company they are working for; and image is the outside world's impression of the company – not only the impression of customers, but also that of other stakeholders (including the media and the shareholders).

#### *Values, value-creation, and total customer value*

Ramírez (1999) has noted that the concept of “value” has been studied since at least the time of the ancient Greeks. Moreover, “moral value” and “economic value” were part of the curriculum of moral philosophy until the eighteenth century, when economics became a field of study in its own right. Since then, a division has arisen between the economic aspects of value and the ethical aspects of value. On the economic side, value is usually expressed in terms of utility. On the ethical side, it is essentially about individual judgment. As Ramírez (1999, p. 50) has observed:

Judgments of what is true, beautiful, and/or good, and the values these supposedly express, led to notions like “scale of values” and “values system”, differentiating one culture from another.

The present study argues that it is important for a “value-driven firm” (Gummesson, 1999) to create meanings. These meanings are concerned with collective identity (Castell, 1997). To create meaning among customers, it is also important for firms to co-create, assess, and communicate value in association with their customers (Ramírez, 1999; Prahalad and Ramaswamy, 2004). Ramírez (1999) argued for “value co-production”. He claimed that a value co-production framework provides a helpful

vocabulary for understanding the organisational and inter-organisational systems that can make competitive offerings available.

Gummeson (1999, pp. 99, 104) discussed the concept of a “green relationship” and the fact that firms that subscribe to “green values” can be seen as “value-driven firms”. Gummeson (1999) provided the example of the retailer “Bodyshop”, whose founder in the UK, Anita Roddick, has spoken about societal responsibilities (in which she included environmental improvements).

Berry (1999) studied service companies that had been successful in the long term, and concluded that values and employee commitment provide energy and direction to such organisations. Value and values are co-produced with the customers as well as with the other stakeholders.

The differences between the economic “logic of value” and the ethical “logic of values” can be summarised as shown in Table I – which is based on a case study of IKEA (Edvardsson and Enquist, 2002).

In their case study of IKEA, Edvardsson and Enquist (2002) demonstrated that a strong service culture – based on the “logic of values” – made sense inside the company and created meaning outside it. This culture was a driving force in creating value for customers. The case study showed that an economic logic of value-creation – focused on quality, time, and price – should be supported by an ethical logic of values if corporate strategy and competitive advantage are to be established and maintained. As a former chief executive officer (CEO) of IKEA observed: “IKEA is a commercial company, but there is a social side to our vision and our business idea” (Edvardsson and Enquist, 2002).

The concept of “value” thus has both a moral dimension and an economic dimension.

#### *Values-based management, corporate identity, and service brand*

In the complex contemporary environment, it can be counter-productive to attempt to control a business from a financial perspective alone. For this reason, values-based management (Pruzan, 1998; Elkington, 2001) has been discussed for some years, and Pruzan (1998), in particular, has argued for a move from “management control” to values-based management and values-based accountability.

The value logic	The logic of values
<i>Homo economicus</i>	<i>Homo sociologicus</i>
Economic calculations	Ethical and social calculations
Focus on economic utility	Focus on ethical and social benefits
Commercial and financial focus	Social and human focus
Quality, time, and price	Ideals and trust
Focus on the structural and process aspects of the formal organization	Focus on values and meanings as cultural expressions
Focus on business and service production processes	Focus on cultural processes and sensemaking

**Table I.**  
The value creation logic and the logic of values of IKEA

Values-based management is premised on a stakeholder perspective of leadership, responsibility, and ethics (Pruzan, 1998) incorporating the concept of a “triple bottom line” (Elkington, 1997). The notion of a “triple bottom line” includes three aspects of sustainability: economic, social, and environmental (Zadek, 2001). In this context, Elkington (2001, p. 50) has argued that:

Successful companies tend to: have strong, positive, values-driven cultures; make lasting commitment to learning and self-renewal; continually adapt, using both internal and external feedback; build strategic alliances with internal and external partners, customers and suppliers; be willing to take risks and experiment; and have a balanced, values-based approach to targeting and measuring performance.

Service brands can also benefit from being values-based. Berry (1999) developed a service-branding model, which differed from a goods-branding model in that human performance was seen to play a critical role in building the brand in labour-intensive businesses such as services. In this context, Simones *et al.* (2005) focused on corporate identity and argue that identity forms the basis for brands and that values are a key component of corporate identity. As Simones *et al.* (2005, p. 153) observed:

Creating a strong corporate identity and image is a way for companies to encourage positive attitudes towards their organization.

Such an identity can be viewed as a vehicle by which a company’s character is conveyed to customers and other stakeholders. Brand identity has thus been referred to as the brand’s distinctive “fingerprint” (Upshaw, 1995). Aaker (1996, p. 68) defined brand identity as:

[...] a unique set of brand associations that the brand strategist aspires to create or maintain.

Simones *et al.* (2005, p. 156) emphasised that the core component of brand identity is “[...] its ‘soul’, brand values and underpinning beliefs”. In a similar vein, Ind (2004, p. 13) argued that:

[...] a corporate brand is more than just the outward manifestation of an organization – its name, logo, visual presentation. Rather it is the core of values that defines it.

The same values are also vital when it comes to directing a company’s activities (de Chernatony, 1999). In service organisations, brand can play an important role in making the service tangible. As Berry (2000, p. 18) noted:

Strong brands enable customers to better visualize and understand *intangible products*. They reduce customers’ perceived monetary, social, or safety risk in buying services, which are difficult to evaluate prior to purchase.

Keller (1999) emphasised that the way in which a brand is communicated and explained is critical to the employees’ internalisation of the brand. Corporate communication can be orchestrated by a sustainable corporate story (Van Riel, 2000). Berry and Bendapudi (2003) talked about “clueing-in customers” and demonstrated how the corporate story of the Mayo Clinic in the USA involved sending the right signals through “clues in people”, “clues in collaboration”, and “clues in tangible”. Haeckel *et al.* (2003) also observed that delivering the brand is connected with communicating the core values of the company.

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In summary, three categories of “values” emerge from the literature:

- (1) economic values that are related to quality, price, and cost (that is, “value for money” from the perspective of the customer);
- (2) environmental values that are connected with ecological protection, improvements, and responsibility; and
- (3) social values that are connected with ethical and community responsibilities and benefits.

To analyse value-in-use for the customer, the present paper utilises a dialectic between the logic of value creation and the logic of values (Edvardsson and Enquist, 2002). In what follows, corporate stories are used to illustrate values-based management – which is taken to include the creation of corporate identity and integrated marketing communication.

### 3. Values-based narratives

#### *Research design*

The empirical context for the narratives that follow is the large furniture retailer, IKEA, whose culture, concept, and approach to business are documented elsewhere (Edvardsson and Enquist, 2002; Normann and Ramirez, 1998; Kling and Goteman, 2003; Brown-Humes, 2003).

Five narratives were selected for presentation here:

- (1) “Democratic design” (narrated by Michael Hay, co-author of the present paper);
- (2) “Chuck out the chintz” (narrated by Michael Hay, co-author of the present paper);
- (3) “Outlooking” (narrated by Michael Hay, co-author of the present paper);
- (4) “Code of conduct (IWAY)” (derived from *The IKEA Way – Social and Environmental Responsibility* (IKEA, 2003)); and
- (5) “Boycotts are not the solution” (derived from *The IKEA Way – Social and Environmental Responsibility* (IKEA, 2003)).

Taken together, these narratives reveal how IKEA builds a values-based service brand and maintains values-based service management. The first two narratives describe external marketing activities whereas the other three are directed towards employees and partners forming the basis for the service culture and corporate identity.

#### *Narrative 1: “Democratic design”*

*The narrative.* In 1995, outside the Milan Design Fair, which is the most prestigious exhibition fair in the world for elite furniture designers, a sign proclaimed: “Il design democratico” [“Democratic Design”]. The sign pointed to a building that housed the IKEA exhibition outside the fair.

In developing the notion of “democratic design”, Ingvar Kamprad, the founder of IKEA, had asked: “Why must well-designed furniture always be so expensive? Why do the most famous designers always fail to reach the majority of people with their ideas?” In his view, well-designed products were only for the rich and privileged; the multitude

of people with less money, were excluded. Furniture was no exception. Kamprad's idea with IKEA is to offer a wide range of home furnishings of good design and functionality at a price low enough to be affordable to most people. This is a "democratic idea" that had originated from IKEA's roots in the poor farming communities of the County of Småland in Sweden.

The three dimensions of "democratic design" are form, functionality, and low price. No other furniture manufacturer is producing designed home furnishings that featured all three of these elements. With respect to the third dimension – low price – IKEA designers are always asked to use design to decrease prices, not increase them. In effect, the price tag is "designed" first, beginning with a decision on what price the majority of people can afford to pay. A production line is then designed to produce furnishings that satisfied the other two dimensions. To achieve this, designers work on the factory floor with production staff, rather than in a prestigious office in a distant city.

The proclamation of "democratic design" at the Milan Design Fair in 1995 provoked outrage among organisers of the fair, designers, and furniture companies. In contrast, members of the public flocked to the IKEA exhibition, the Italian media provided much publicity, and consumers visited IKEA's stores in unprecedented number to buy "democratically designed" furnishings.

*Interpretation.* This narrative reveals that the notion of "democratic design" was driven by a combination of social values (reaching out to the majority of people); and economic values (low price relative to good functional quality).

The values of IKEA revealed in this narrative are:

- a "down-to-earth" approach: as exemplified by the designer working on the factory floor, rather than being located in a prestigious office in a distant city;
- respect and responsibility: as exemplified in its "democratic approach" to the majority of people; and
- innovative thinking: as exemplified by its integration of form, functionality, and low price.

#### *Narrative 2: "Chuck out the chintz"*

*The narrative.* In 1997, St Luke's was a small (but energetic) advertising agency in London (UK). St Luke's was asked by IKEA to undertake a radical change in IKEA's image in the UK. The agency's marketing analysis revealed that 60 per cent of the market was traditionally minded and disliked anything foreign and new, including IKEA. A smaller proportion (30 per cent) of the market was more innovative, and might like IKEA. The remaining 10 per cent were undecided. St Luke's strategy was to induce the "traditional" 60 per cent of the market to dislike IKEA to an even greater degree, induce the 30 per cent to like IKEA to a greater degree, and induce the 10 per cent of undecided to make a decision.

The main barrier was style. Many people who lived in small terraced homes covered their walls and floors (and even their toilet seats and toilet-paper holders) with flowery-patterned coverings – commonly referred to as "chintz". Many people also filled their already crowded homes with fake antiques – another form of "chintz". St Luke's launched a television advertising campaign with the slogan: "Chuck out the

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chintz". This advocated a more "modern" style that would give people a new identity and change the homes of Britain. Blue-and-yellow waste-disposal "skips" were placed in the streets for people to discard their "chintz".

The campaign had the desired effect. IKEA was transformed from being a strange foreign company to being a fashionable name that reached into the private lives of Britons in their homes. The television commercials ran only once, but for years afterwards people referred to the slogan "chuck out the chintz", and associated it with IKEA.

*Interpretation.* This narrative again reveals that IKEA is driven by social values. The values of IKEA revealed in this narrative are:

- informality: that IKEA represents a modern and casual style; and
- respect: providing people with a new identity and changing the homes of Britain.

It should also be observed that these values were communicated in a particular manner that challenged the established views and habits of the people. There seems to be a distinct set of values behind the way in which the values were communicated.

### *Narrative 3: "Outlooking"*

*The narrative.* As noted above, IKEA "designs" the price tag first. The company decides how much a product should cost to make it affordable to the most consumers. The product is then designed to achieve this low price while maintaining excellent function and good quality. The designer works on the factory floor to find the best solution at the best price.

An example of this process was the company's "LACK" range, which was initially a door produced by a manufacturer in Poland. The door was placed horizontally on a trestle to become a table. It was then cut into pieces to produce shelves. These were then subdivided into coffee tables. The pieces were then placed horizontally and vertically to become bookshelves. The resulting "board-on-frame" construction used only 30 per cent of the energy and materials required to produce tables. Moreover, it could be packed flat, was light, and saved space in transport. This combination of qualities was considered environmentally friendly, and the product was placed in IKEA stores.

The price to the consumer of a "LACK" table is now only about 30 per cent of its original price in 1990. The production volume in the past 15 years has increased approximately ten-fold.

*Interpretation.* This narrative again reveals that IKEA is driven by a combination of economic values (low price in relation to quality) and environmental values (saving resources). This narrative also reveals the company's willingness to challenge established views.

The values of IKEA revealed in this narrative are:

- cost consciousness: by emphasising resource saving;
- simplicity: in manufacturing, distribution, and use (which is a driver of low costs);
- innovative thinking: with the low price posing a challenge that provokes smart solutions; and
- responsibility: for the environment.



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*Narrative 4: “Code of conduct (IWAY)”*

*The narrative.* In 2000 IKEA established a code of conduct (known as “IWAY”) for the manufacture of its products. The code of conduct requires its producers to manufacture products under acceptable working conditions utilising suppliers who, themselves, take responsibility for the environment.

The experience of Nicolae Borsos, an IKEA supplier in Romania, demonstrates the way in which the code of conduct operates. In 1999, with IKEA’s help, Borsos bought a run-down furniture factory in the town of Nehoiu. Since then, an investment program has increased profitability and improved conditions for the factory’s 680 employees. All new investments were required to meet IKEA criteria for product quality, working conditions, and care for the external environment. In addition, Borsos was responsible for ensuring that his suppliers also respected the code of conduct. According to Borsos: “The IWAY has led to a general improvement in standards at the factory”.

*Interpretation.* The essence of the code of conduct is about sustainable management. In this regard, Ehrenfeldt (2005) has observed:

Eco-efficiency or delivering more value for less environmental burden, has been touted as the primary instrument for achieving sustainability [. . .] The problem is that none of this exposed benevolence creates true sustainability [. . .] The problem really stems from management’s failure to see “unsustainable” as a deep-seated systems failure and to appreciate the extent to which radical thinking and action are required to embark upon a sustainable trajectory [. . .] The simple word “sustainability”, however, implies no presumption of economic development. It implies that the roots of sustainability may be found outside the realms of economic development and may, in fact, preclude them.

According to Ehrenfeldt (2005), reducing unsustainably is not the same as creating sustainability; however, it is possible to “steer” towards ethical behaviour – as exemplified in the above narrative.

The narrative reveals that IKEA is driven by a combination of economic values (wise investments), social values (acceptable working conditions), and environmental values (responsibility for the environment).

The values of IKEA revealed in this narrative are:

- cost consciousness: all units in the company or value chain have to be cost-effective and have to meet quality standards;
- shared development: a development contract between IKEA and the supplier;
- leadership: Borsos, as an IKEA supplier, assumed a leadership role in the general improvement in the standard of the plant, product quality, working conditions, and the external environment; and
- responsibility: Borsos was accountable for social and environmental conditions in accordance with the IKEA code of conduct.

*Narrative 5: “Boycotts are not the solution”*

The issue of child labour has become so notorious that many international companies are leaving South Asia. Susan Bissell, who is in charge of the child-protection activities of UNICEF (the United Nations Children’s Fund) in South Asia observed:

The risk of falling into disrepute and becoming the victim of consumer boycotts has driven many companies to move production from South Asia to areas which are easier to control.

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Those companies which stay on do everything they can to conceal their presence. I wish more companies had the courage to follow IKEA's example: stay on and actively work on the problems and take genuine social responsibility. IKEA is a sponsor of UNICEF [...] but we regard IKEA as a cooperation partner rather than a contributor [...] By being present in South Asia, IKEA creates jobs and contributes to the economical growth in the region. But the most important effort made by IKEA may be involving its local suppliers in the project and making them sense as well as take on more social responsibility. Some of them are proud to be able to contribute to a positive development of the community [...] IKEA has shown that it actually is possible to make money and do something good for the community at the same time.

*Interpretation.* This narrative illustrates that IKEA is driven by social values (no child labour). The values of IKEA revealed in this narrative are:

- responsibility: social responsibility and environmental responsibility are expressed in managerial and strategic action;
- development: positive development of the community, especially with respect to child labour; and
- leadership: civil leadership.

#### *Summary of the five narratives*

Although the stories are different, a pattern of words, concepts, and language can be discerned in communicating economic, social, and environmental values. The words and themes that are used express values in themselves, rather than merely being a communication tool. The present study refers to this as a fourth set of values – communication values.

The IKEA message is directed towards the majority of people and what they can afford. By challenging established views and market actors, IKEA communicates that its philosophy is to be in partnership with the mass of the people. This is especially expressed in the notion of so-called “democratic design”. The low prices of IKEA and a “down-to-earth” approach are economic values related to this philosophy.

The innovative approach of IKEA is an important theme. This applies not only to design, but also to its attitude to leadership – in which individuals are encouraged to take responsibility for their actions in accordance with the IKEA code of conduct.

#### **4. Discussion and model**

The present study demonstrates that IKEA's values can be categorised as economic, social, and environmental. These values form the basis for and differentiate the IKEA brand – not only in terms of the sentiments expressed, but also in the words and styles that are used to communicate them to customers. The narratives show that IKEA challenges the established order and ways of thinking, and in doing so, communication is more than a tool for transmitting values; rather, the communication is a “value” in itself.

As previously noted, Table I summarises the differences between the economic “logic of value” and the ethical “logic of values” (Edvardsson and Enquist, 2002). The “logic of value” focuses on economic utility for the customer in the form of price, functional quality, and time. The “logic of values” is about a values-based culture

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focusing on ethical, environmental, and social benefits, as well as the communication of ideals and trust.

The “logic of value” is instrumental in nature (Post *et al.*, 2002); it emphasises the mechanics of value-in-use for the customer by focusing on business and service processes. In contrast, the “logic of values” is normative in nature (Post *et al.*, 2002); it is grounded in learning processes, cultural processes, and shared meaning. In the case of values-based brands, this “shared meaning” refers to the sharing of meaning with customers and other stakeholders.

In the five narratives considered in the present paper, value-in-use for customers is mainly of an instrumental nature. However, there is also communication beyond the instrumental level – in that there is evidence of strong bonds between the brand and customers, and between the brand and various other actors/stakeholders (such as co-workers and suppliers of IKEA). The narratives reflect a sustainable corporate story (Van Riel, 2000) incorporating a successful branding strategy (Hatch and Schultz, 2001) in which vision, culture, and image support one another.

In service businesses, it is important to train, empower, and reward employees such that they are able and willing to “live the brand” when interacting with customers, suppliers, other partners, the mass media, and owners (Ind, 2004; Benapudi and Benapudi, 2005). Human performance plays a crucial role in building a service brand, and there must be a good fit between a firm’s internal perspective and its external perspective (Berry, 1999; Grönroos, 2000; Ind, 2004). In this regard, core values are extremely important in sustaining the brand.

The present study therefore argues for the importance of values-based service brands. Figure 1 shows a proposed model for such a values-based service brand. At the centre of the model are the core values of the company. In the case of IKEA, the core values can be categorised as “3Ps” (Elkington, 1997, 2001):

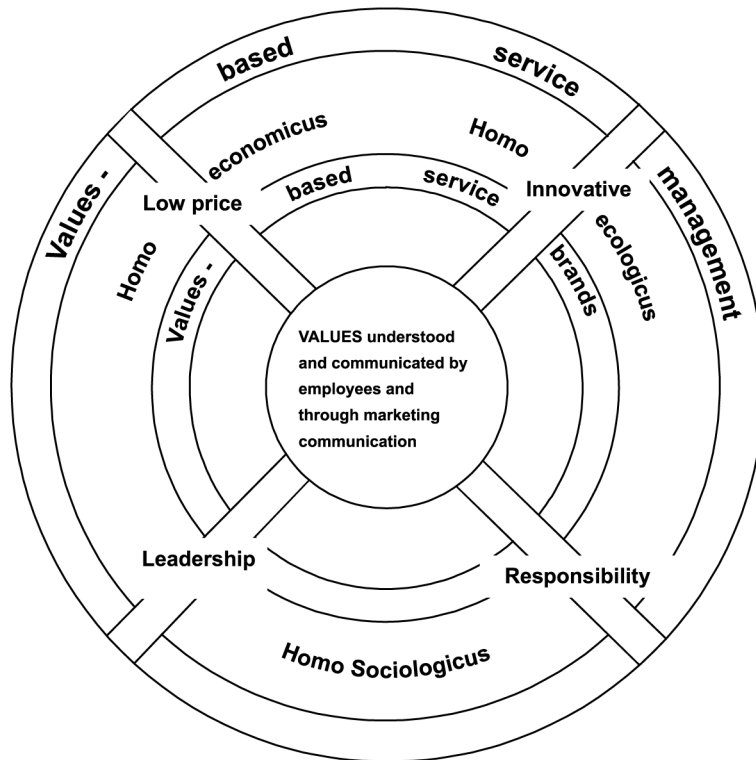
- (1) price (economics);
- (2) planet (environment); and
- (3) people (social perspective).

These core values interact and provide direction for brand meaning during the co-producing and co-creating learning process with customers and other stakeholders. As shown in the model in Figure 1, the core values lead to “low price”, “innovation”, responsibility’, and leadership’. This process is referred to here as “values-based service brands in action”.

For a values-based company, “values-based management” (Pruzan, 1998) is built on a stakeholder perspective on leadership, responsibility, and ethics. As Pruzan (1998) observed:

It is only when stakeholder values and ethical responsibility become more than instruments and when legitimacy becomes more than compliance that we can seriously begin to speak about a new perspective on corporate, social, and ethical responsibility and accountability.

In this regard, value is created and co-invented (Normann and Ramirez, 1998) through IKEA’s distinctive corporate and service culture to strengthen IKEA’s service brand identity around the world. The present study of IKEA has demonstrated that the values communicated to customers and other stakeholders are deeply rooted in IKEA’s



**Figure 1.**  
A model of values-based  
service brands in action

organisational culture. Moreover, the values are understood and communicated by employees and through marketing communication. The values thus form the basis for the brand, and also guide management and strategy in action.

The model presented here has four pillars – economic values, social values; environmental values; and communication of these values to stakeholders. Without low and competitive prices, it is impossible to sell solutions to real-life domestic problems to the majority of people. Consequently, the price tag comes first. At the same time, solutions must be designed, produced, and delivered in accordance with environmental responsibilities, and must live up to high ethical standards and corporate social responsibilities. If these values are not communicated to customers, co-workers, and other stakeholders, the values will not exist and will not contribute to perceived customer value. Thus, it is important to communicate the right message in the right way. Provocation is often used by IKEA to reach out to customers, to challenge them, and to encourage them to respond.

Words and expressions that are loaded with values are often used (for example, “co-workers”, “democratic design”, and “trade with responsibility”). The values expressed during communication play an important role in forming the corporate identity and the service brand. The values are communicated through advertising,

publicity, the internet, an IKEA “customer club”, and directly in the IKEA stores with customer placement and by co-workers interact with customers (Edvardsson *et al.*, 2005a).

## **5. Research contribution, managerial implications, and suggestions for future research**

### *Research contribution*

The main contribution of the present paper is the model of Figure 1 which describes four categories of values constituting the basis for a values-based service brand and corporate identity. In addition to the established values (economic, social, and environmental), the present study adds communication-based values that build the service brand and form part of developing values-based service management. These communication-based values require employees (co-workers) to “live the values” when interacting with the customers.

The second contribution is connected with how values contribute to “value-in-use” for customers. Values cannot easily be linked to individual products, services, or customer solutions; rather, they are reliant on service, corporate identity, and customers’ broader perceptions of the company. The values function as a compass for the customers, helping them to make decisions and reduce risks. The brand contains and expresses values which add value when customers use “the solutions to real life problems at home”.

A third contribution is connected with the notion of “value destroyers”. If companies are linked to negative values (such as child labour, pollution, and unethical conduct), this will reduce value-in-use for the customers. Customers have expectations when it comes to values and they take many values for granted. Not meeting these expectations will result in a negative impact on customers’ perceptions of total value, having implications for loyalty and profitability.

### *Managerial implications*

The managerial implications are:

- avoid value destroyers;
- understand and manage customers, employees, and other stakeholders’ values and expectations;
- develop values-based service management in which economic, environmental, social, and communication-based values are used in building and living strong brands; and
- develop a clear company identity.

### *Suggestions for future research*

Future research in this field could study other companies in different service industries to develop this tentative framework. In particular, research could focus on issues linked to “living the brand” the financial implications of values and value destroyers. Further study could be undertaken of the interaction between the “logic of values” and the “logic of value”.

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