

# **DESIGN & BUSINESS PART EXAM I**

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# Part 1: Research and Company Analysis

## 1.1 Analysis of the Company and its Internal Resources

### COMPANY DESCRIPTION

Fjällräven is an outdoor clothing and equipment company based in Sweden. They develop functional, durable and timeless outdoor gear. Their main focuses are on acting responsibly towards nature, animals and people as well as inspiring others to develop an interest in outdoor life. The company began in 1960 from the idea of a backpack with an aluminium frame that was both light and strong. (Fjällräven, 2019) In 1978, Fjällräven released their Kånken backpack that was originally designed for Swedish school children as back problems were becoming more common. The practicality of this backpack became very popular and the demand for the bag grew to adults as well allowing for more size variations and designs. (Adams, 2017)

### VRIO ANALYSIS

Resources	Valuable	Rare	Imitable	Organized to capture value
Brand Image	Yes	Yes	Yes	Yes
Customer Loyalty	Yes	Yes	No	Yes
Sustainable Products	Yes	Yes	Yes	Yes
Large Selection of Products	Yes	No	No	Yes
Social Media Presence	Yes	No	No	No
History	Yes	Yes	Yes	Yes

Based on the VRIO analysis, (Jurevicius, 2013) it is clear that the strong brand image, use of sustainability when creating products and history of the company that has been established over the years are their competitive advantages. Fjällräven presents the main mission of inspiring others to spend more time in nature. They believe it is extremely important to design products that will last for a lifetime meaning that they do not compromise on quality. (Fjällräven, 2019)

Their missions strongly connect with the resources found in the VRIO analysis. The strong brand image allows for Fjällräven to be recognised throughout the world. This works in conjunction with their mission of inspiring others to spend more time in nature because without a strong brand image they wouldn't be able to successfully reach as many people. The sustainable products they create, connect with their mission of creating life long products as sustainable products are often made with materials that have either had a previous life or are more expensive allowing for a longer lifespan. Without their long

history, it would be difficult to trust that their products will last. These factors work as internal strengths and give Fjällräven their competitive advantage.

## 1.2 Analysis of the Company Culture

### **EDGAR SCHEIN ORGANIZATIONAL CULTURAL MODEL**

Edgar Schein describes his model of organizational culture with three key factors. Schein believes that artefacts, behaviours, values, and assumptions make up a company. (Schein, 1990). Artefacts are elements that people who are not involved in the company can recognize and understand. Some of Fjällräven's key artefacts are their logo, the square shape of their backpacks and their website. The logo and shape of the bag is recognisable worldwide. On their website, they appear as a friendly, yet professional brand. Other artefacts include social media pages, products, stories/articles, and technologies.

In addition to artefacts, organizations also have espoused values. When researching Fjällräven's values it was found that the company is very concerned with the environment and providing timeless, durable products. By using one of the key artefacts, the website, Fjällräven makes it clear and easy to learn about their interest in creating sustainable products and provide a great deal of information concerning the quality of their products. (Fjällräven, 2019)

Finally, organizations have basic assumptions, which are behaviours that are unconscious and taken for granted (Schein, 1990). Fjällräven is a large company with strong environmental values and a long history. Due to this, Fjällräven and its employees may feel that they have a sense responsibility towards the environment. They may feel as though they must incorporate sustainable practices within their everyday lives outside of their work environment, in order for the company to maintain their strong brand image.

Some possible methods that can be used to test the assumption of the employees feeling a responsibility towards the environment include interviews and the love letter and the break up letter. An interview is a primary tool for collecting information similar to a questionnaire. It allows for direct contact with the participant allowing facial expression and body language to be recognised. Interviews often allow the participants to feel comfortable as it can feel similar to a normal conversation. The love letter and break up letter method allows participants to share their feelings regarding a product or a service using a pen and paper. They are asked to personify a product and write a message to it. The break up letter is used to provide information about how/when/where the relationship with the product/service began to fall apart. This method can provide deep results regarding the relationship one might have with the product or service. (Martin and Hanington, 2012)

# Part 2: Analysis of the Company's Context

## 2.1 Competitor Analysis using Blue Ocean Strategy

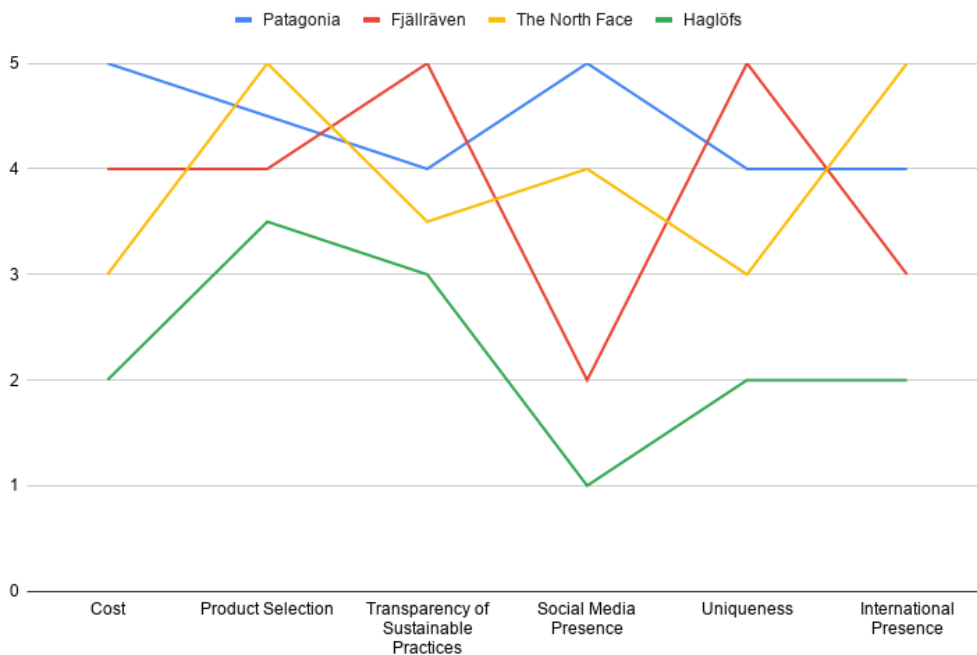
### MARKET DESCRIPTION

Fjällräven is in the market of outdoor clothing and equipment. Companies in this market often create products of high quality that can endure tough conditions. The focus on high quality products means that prices in this market are higher than markets that focus on other things such as fashion trends. (Boutboul, 2019) As a result of this, these types of companies cover many niche product categories.

### COMPETITORS

Fjällräven's top competitors also provide their customers with similar products of outdoor clothing, accessories, equipment and backpacks. The three main competitors of Fjällräven include The North Face, Haglöfs and Patagonia. The North Face is an American brand that sells high-performance climbing equipment and backpacking equipment created in 1966. (The North Face, 2019) Haglöfs is Swedish competitor specialising in hardware, clothing and footwear created in 1914. (Haglöfs, 2019) Patagonia is an American company that sells outdoor clothing and accessories created in 1973. (Patagonia, 2019)

### BLUE OCEAN CANVAS STRATEGY



After conducting the Blue Ocean Canvas Strategy, (Chan Kim and Mauborgne, 2005) there were factors that were stronger than others such as product variety and transparent sustainability. It became clear that there is strong competition amongst these brands in regards to the transparency of sustainability. The three main competitors are also very clear with their sustainable practices and how they plan to progress. Fjällräven has a strong advantage of being a brand with unique and recognisable products. A weakness

discovered was that Fjällräven does not have as strong of a social media presence as its competitors. (Social Blade, 2019) Although competing brand Haglöfs has an even lower following, (Social Blade, 2019) it is still a factor that should be improved as it can help them to reach an even larger audience.

## **2.2 Target Group Analysis**

### **TARGET GROUP ANALYSIS**

According to Fjällräven's website, the brand produces products for children, men and women who are physically active, in both a professional and relaxed manner. They offer a variety of products from jackets, tops, trousers/shorts, and accessories for all ages and genders as well as a large selection of equipment such as backpacks, tents, sleeping bags and more. (Fjällräven, 2019)

In order to further analyse the target audience, a market segmentation (see appendix A) was conducted. During these analyses, the focus will be placed on the highly popular Kånken backpacks as they are unique to the market. (Hochman, 2018) The target audience segmentation helped divide the large target market into categories based on age, occupation, usage, and environmental consciousness.

As a result of the target audience segmentation, this study will focus on students between the ages of 18-29 who are looking to improve their sustainable efforts and use sportswear and equipment few times per year.

### **TARGET GROUP NEEDS AND CULTURE**

To further understand the target audience, interviews were conducted with three representatives of the target group. (see appendix B) The participants were university students living in the Copenhagen area between the ages of 18-29. This qualitative research method was used to gain data on the customer journey and their usage of the purchased products.

One of the key findings was that the participants reported feeling that they were interested in improving their sustainable efforts, although are lost with where they can begin. Another interesting and beneficial insight was that participants were open to spending more money on a backpack of greater quality. The sustainability factor is a plus but as many of the participants are unsure how to become more sustainable, it is not always their top priority when shopping. They also shared that if the price of a sustainable backpack is similar to a non-sustainable backpack, they will go for the sustainable choice because it will make them feel like they are doing a good thing. They are also willing to spend more based on the practicality and how the product looks.

## Part 3: Idea Development

By using the SCAMPER model (Michalko, 1998) (see appendix C) as an ideation tool, several ideas were developed. Based on previous research and through this ideation process, the idea of a collaboration with a sustainability focused brand would be beneficial for Fjällräven. Fjällräven has in the past collaborated only once when they joined together with Acne Studios to celebrate their Swedish identities. They featured the blue and yellow flag throughout the collection. (Johnson, 2018)

This collaboration will be in partnership with the World Wildlife Fund (WWF). The WWF works to conserve nature and protect biodiversity. The WWF already has a program where individuals can 'adopt' an animal. The WWF takes a donation and in return, customers can receive clothing, stuffed animals, household items and more. (WWF, 2019) Fjällräven and the WWF will use the iconic Kånken backpack and create a collection of three backpacks. They will have designs based on the colours of animals that are close to or are endangered to raise awareness. Based on the animal the backpack is designed from, the logo will include a combination of Fjällräven's well known fox mixed with the sponsored animal. (see appendix D) When customers purchase a backpack from this collection, a part of their money is donated towards conserving the environment.

Fjällräven would be interested in this collaboration because of its strong concerns with the environment. They would appreciate working with the WWF because their mission is to stop the degradation of the planet's natural environment, (WWF, 2018) which connects well with Fjällräven's values. With the competitive advantages Fjällräven presents of a strong brand image, sustainable products and a long history, they have the ability to influence a large number of people that are not familiar with the WWF. They will be able to educate people on issues that the WWF is working on and directly how they can help.

The goal of increasing Fjällräven's social media presence will be achieved through the use of influencer marketing, specifically influencers in the environmental niche. The target group responds well to social media advertising, such as instagram posts and youtube videos. (Shaoolian, 2018) It became evident from the Blue Ocean Canvas Strategy, that Fjällräven had a lower social media following and overall social media presence in comparison to their close competitors. Working with the WWF will help Fjällräven to increase their brand recognition worldwide as the WWF is working in 100 countries and already has a strong social media presence. Although Fjällräven is already well known around the world, having a larger social media presence gives Fjällräven the ability to reach a larger and/or new target audience.

In conclusion, a collaboration with the WWF would be beneficial to both parties. The collaboration works with both company's strengths of creating sustainable products. It will help to spread an important message about key values that both companies have of conserving the environment.

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