



## Three Things Every Manager Should Know about Consumer Boycotts

### LEGO's recent experience shows how powerful boycotts can be.

In October 2014, LEGO caved in to a consumer boycott.

Not that it was a formal boycott. LEGO faced a Greenpeace campaign consisting of a viral video (**plastic polar bears drowning in crude oil**), a few protesters dressed as LEGO figures, and a petition.

Nor was the world's favourite toy company the *real* target. Greenpeace was trying to use LEGO to damage oil giant Shell, with which LEGO had a **marketing tie-in**. Shell — as everyone now knows — is planning to drill for oil in the Arctic.

But let's return to LEGO. It joins a long list of companies that have bowed to activist pressure quickly — in this case, just before the Christmas shopping frenzy. Greenpeace, an experienced protest-organiser, knows that the well-timed *fear* of a boycott is sometimes all that is required.

#### But were the LEGO executives right to be so worried?

Years of research into boycotts helps us answer that question. Consumer boycotts go back centuries and have helped to shape our world. Think, for instance, of:

- The **Montgomery bus boycott's** role in the founding of the US Civil Rights movement

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- **Gandhi's use of the boycott** as part of a nonviolent campaign that led to India's independence.

While these historical boycotts were directed at social change, more recent boycotts primarily target corporate practices — often also bringing social change — and sometimes have considerable success.

Research suggests **every manager should know three things about boycotts. LEGO executives seem to have been unaware of all three.**

#### 1. Boycotts Rarely Hit Short-Term Sales

Boycotts rarely reduce short-term sales, but can achieve their goals in the long-term.

Take the **mass desertion of Barclays Bank's student customers** in the 1980s, when the bank was accused of supporting apartheid in South Africa. No loss, you might think, as students have very little money. But students turn into well-paid professionals with credit cards and mortgages. Barclays eventually pulled out of South Africa. The boycott was one factor in the decision, alongside others for sure. Nonetheless, the legacy of the boycott lives on, with Barclays still today being shunned by many of those former student boycotters.

In the LEGO case, Greenpeace achieved its stated goal — breaking the Shell partnership — in just three months. Yet we suspect sales in an all-out boycott would not have been hugely affected, at least in the short-term.

## 2. Successful Boycotters Go for Easy Targets — The “Low-Hanging Fruit”

History shows that successful boycotts nearly always focus on high-profile products that consumers can easily do without. LEGO was both:

- When Greenpeace launched the campaign in July 2014, the LEGO movie was due for release on DVD.

- A LEGO set is likely an optional purchase. Customers have alternatives — non-construction toys or a cheap Canadian clone called **Mega Bloks**.

In contrast, **it's hard to do without your car**. Greenpeace knew it couldn't ask consumers to boycott all the major oil companies involved in Arctic drilling. Shell is not the only one.

The classic example of low-hanging fruit is another Danish company — largely an innocent bystander to the focal issue. In 2006, dairy multinational Arla Foods found its \$430 million annual sales in the Middle East were wiped out. The company had nothing to do with the Danish newspaper that had **published caricatures of the prophet Muhammad** the previous year. It was simply an easy target for boycotters... and had the misfortune to be Danish.

In other words, LEGO's risk managers should have known they were vulnerable. Maybe they thought about boycott risk each time the marketing team renegotiated the Shell deal. But they didn't seem to have any plan for rapidly regaining the moral high ground.

Perhaps they could have staged a social media counter-campaign starring the *The LEGO Movie's* arch-villain ... who just happens to be the boss of a global oil company

## 3. Successful Boycotts Focus on a Cause that is Central to Your Business

Effective boycotts nearly always focus on a cause that is central to the target company's business. Those without such focus often fail.

In 2011, the CEO of U.S. fast food restaurant Chick-fil-A made controversial statements on same-sex marriage, resulting in a boycott. But a backlash came — a **Chick-fil-A Appreciation Day** movement — and sales briefly rose! Same-sex marriage wasn't central to the company's chicken-focused business.

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So, perhaps LEGO executives shouldn't have worried. **Drilling for Arctic oil isn't central to the toy business — or is it?** Could this be the reason why LEGO gave way?

Greenpeace focused its campaign on the marketing tie-in between LEGO and Shell. But LEGO's links to oil run deeper, as do its environmental responsibilities. LEGO's beloved bricks are actually made out of crude oil. Its bricks aren't made from recycled plastic. And 86 LEGO pieces exist for every human — many of these go into landfills. Today, LEGO is much more than a toy company. It is an entertainment giant, as global as Shell. But its plastic bricks, with their educational overtones, give LEGO its ethical respectability.

Most of LEGO's CSR and philanthropy focuses on children. The environment seems to be LEGO's weak spot — and one at the heart of its business. Had Greenpeace's petition turned into an all-out boycott, it might well have damaged the brand in the long-term.

Ultimately, that is the final key lesson from the research. *Any* boycott, no matter how illogically conceived or badly executed, can wreak long-term havoc on a company's reputation — even if it does not hit short-term sales.

Perhaps LEGO executives understood the risks of boycotts better than we might at first guess.

*N. Craig Smith is The INSEAD Chaired Professor of Ethics and Social Responsibility. He is also the programme director of the **Healthcare Compliance Implementation Leadership Programme**, one of INSEAD's executive.*

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