

The War in Ukraine: How Are Brands Responding?

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In times of war, there is a precedent of brands taking actions that are remembered long after peace returns. During World War II, Coca-Cola Company president Robert W. Woodruff declared that 'every man in uniform gets a bottle of Coca-Cola for five cents, wherever he is and whatever it costs the company'. In a mutually beneficial attempt to raise morale, at the request of General Dwight Eisenhower, the US Army sought a ready supply of Coke wherever soldiers went and worked with Coca-Cola Company to establish bottling plants near all its frontlines. Employees were deployed as Technical Observers, affectionately known as 'Coca-Cola Colonels' within army ranks, and Coke became an international symbol of refreshment and solidarity. After the war ended, many employees stayed on, and the temporary bottling plants were converted to permanent production facilities that played a significant role in the brand's eventual global domination.

Increasingly, modern consumers support brands taking a stand on global sociopolitical issues. Some recent examples include Gillette tackling toxic masculinity in a 2019 viral video and Nike selecting Colin Kaepernick, an outcast American football player and civil rights activist, as the face of its 2018 global advertising campaign.

Such activism is an emerging marketing tactic for brands seeking to differentiate themselves in a fragmented marketplace. Vredenburg et al. (p. 6) define brand activism as:

A purpose- and values- driven strategy in which a brand adopts a non-neutral stance on institutionally-contested socio-political issues, to create social change and marketing success.

However, taking a stand can be divisive or risky. Brand activism must be matched authentically with purpose and values to create the potential for social change and gains in brand equity. Conversely, 'woke washing'—inauthentic brand activism that misleads consumers—damages both brand equity and the potential for social change. Gillette and Nike were criticised widely for the campaigns mentioned above, with consumers pointing to some inconsistencies in the organisations' practices. However, as their messaging has been stepped up and such inconsistencies addressed, these brands have regained consumer support.

Uniting in Opposition to the War

As the global community unites in opposition to the war in Ukraine that began on 24 February 2022, companies are formulating short- and long-term responses to the situation. The key issue at hand is how to cut ties with Russia's governing regime, either under government pressure or, as Russia expert and former White House adviser Fiona Hill has observed, arising from their desire to live up to their own stated beliefs of upholding standards of good environmental, social and corporate governance:

Just like people didn't want their money invested in South Africa during apartheid, do you really want to have your money invested in Russia during Russia's brutal invasion and subjugation and carving up of Ukraine?

However, extracting themselves from contributing inadvertently to Russia's war chest may not be straightforward, with Russian Prime Minister Mikhail Mishustin announcing a temporary ban on Western companies exiting Russia. So, how willing are companies to risk sacrificing short-term profits for a long-term gain based on principles, purpose and values? Exactly how are brands responding today, and what more can they do?

The Yale University School of Management's Chief Executive Leadership Institute has created an up-to-date, searchable [database based on analyses of what global companies are doing and not doing to cut ties with Russia](#). Since the invasion of Ukraine began, the responses of over 1,000 companies have been tracked using a letter grade scale (much like a report card) that indicates A–D for the level of completeness of the 'withdrawal' and F for 'remain'.

As of 5 June 2022, almost 1,000 companies have curtailed operations in Russia, including American fast-food giant [MacDonald's](#). After initially suspending operations of its 850 stores while continuing to pay its 62,000 employees, MacDonald's issued a statement on 16 May 2022 that 'after more than 30 years of operation in the country ... it will exit the Russian market and has initiated a process to sell its Russian business'. Similarly, having been active for almost 170 years in Russia, German industrial manufacturing company [Siemens has started proceedings to wind down its industrial operations and all industrial business activities in Russia](#).

However, other companies have chosen to remain. Many of these have cited various legal and moral obligations. For example, in a press release on 14 March 2022, US multinational pharmaceutical and biotechnology corporation [Pfizer announced it will maintain humanitarian supply of medicines to Russians](#) and donate all proceeds to providing direct humanitarian support to the people of Ukraine.

Despite headlines stating that [companies divesting from Russia are facing big write-downs](#) as [companies size up their losses on Russian operations](#), the Yale Chief Executive Leadership Institute found that, in the two months since Russia invaded Ukraine, [businesses that have refused to leave Russia are experiencing the greatest costs](#). Analysis of the market-capitalisation-weighted returns of approximately 600 publicly traded companies has shown that total shareholder returns corresponded to the letter grades assigned. Companies that curtailed operations in Russia dramatically outperformed companies that did not, indicating that financial markets are rewarding companies that withdraw while punishing those that remain.

Consumers Are Paying Attention

Through tracking consumer sentiment one month into the conflict, Morning Consult Brand Intelligence found that [Americans overwhelmingly wanted companies to take action against Russia over the Ukraine invasion](#) not only by cutting business ties with Russia but also by [donating money to aid Ukrainian people and refugees](#)—but not as *quid pro quo* for remaining in Russia. Europeans also shared this sentiment. Concluding that [remaining companies will struggle to justify their decision to European and US audiences](#), with the only well-received justification being to ensure the wellbeing of ordinary Russians (e.g., by [providing life-saving medications and basic food items](#)), they recommended that the safest option for Western companies is to withdraw.

Two months into the conflict, Morning Consult's consumer sentiment tracking indicates that while consumers state they care, they haven't dramatically changed their perceptions of brands based on whether they have withdrawn from Russia. However, they note that, for companies that have remained in Russia, [the risk of reputational blowback is strong](#) when and where awareness is high, such as among consumers who are closer to the conflict—either emotionally in their daily experience of media coverage or geographically (particularly in Western Europe). As Russia continues its push into Ukraine and renewed risks are faced, Morning Consult continues to recommend that the safest option for brands and companies is to withdraw.

How Should Brands Respond?

So, [how should brands respond to the Ukraine–Russia war](#)? Marketing experts Michelle Giuda, Executive VP of Geopolitical Strategy and Risk at PR agency Weber Shandwick, and Robert Gibbs, Senior Counsel at marketing services agency Bully Pulpit Interactive and a former White House press secretary in the Obama administration, have outlined the following advice for Chief Marketing Officers to consider:

- **Don't be a bystander:** whether your company has operations in Russia, it can still contribute from a humanitarian perspective. Even small businesses can produce creative ideas and rally their social communities to follow suit, such as urging customers to [book Airbnb properties in Ukraine](#) for people in need. In doing this, think of the actual benefits of action, not just brand perceptions.

- **Support your employees:** as a marketer, adopt a leadership role to ensure your organisation is complying with sanctions, affected employees in the Ukraine and Russia are taken care of and everyone understands the company's response. For example, through its Ukraine-based subsidiary Depositphotos, Vista offers '[Say No to War](#)': a free online gallery of images depicting the war in Ukraine, which can be used by others to spread awareness.
- **Be ready to change your marketing:** consider your marketing content and be ready to make changes in both messaging and media mix to avoid the potential for joyful brand images juxtaposing news networks' war coverage.
- **Prepare for what comes next:** if this is just the beginning, consider your actions, messaging and contributions both now and as the war continues. Impact occurs through scale and collaboration with others, so consider how your brand's actions can inspire others.

Many Ways for Brands to Take Action

Since Russia's invasion of Ukraine, many brands have taken action by either ceasing business in Russia or seeking ways to support global humanitarian efforts. Most importantly, consumers are paying attention! How will your brand be remembered when peace returns?



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Diane has over 25 years of experience as a professional marketer contributing to the success of major brands including Bristol-Myers Squibb, Faulding Pharmaceuticals, SOLA Optical and Australia Post. Diane also has entrepreneurial experience building multi-million-dollar businesses and Board experience with not-for-profits. Diane completed her doctoral degree (PhD) in 2007 on the topic of developing a market orientation using an action research approach while working full-time in industry.