

# MARKETING STRATEGY REPORT



International Tourism Marketing  
FS 2018 – Dr. Michael Gibbert

The BEBS Group

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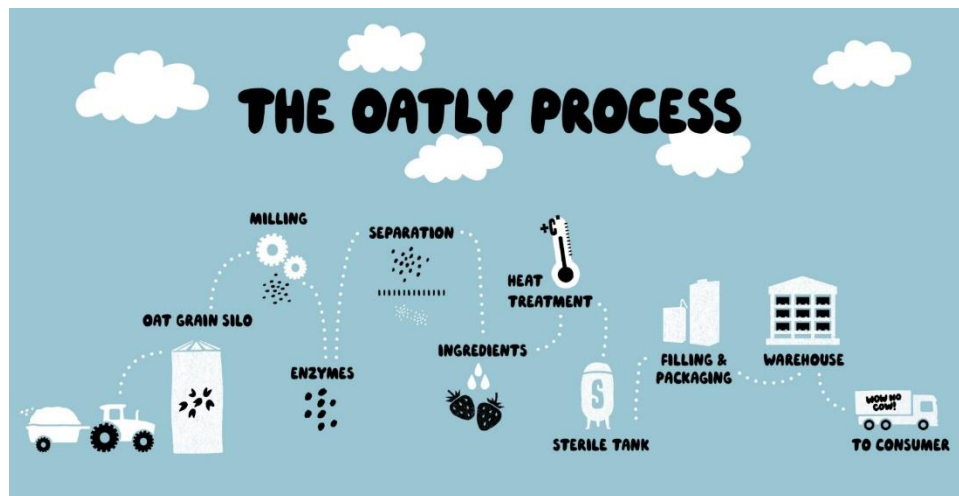
## About OATLY

### Mission

« Deliver products that have maximum nutritional value and minimum environmental impact »

Oatly is a Swedish based company that was founded in 1985. The company was born out of academic research at Lund University about finding a product which would have been both nutritional and sustainable, with the goal of making “delicious, nutritional plant-based milk made out of oats.” *Sweedishness* is part of Oatly’s brand values and personality and it is celebrated as such, to never forget Swedish roots through oats.

Oatly recently shifted from being a food production company to a lifestyle brand with packaging and messaging addressing environmentally conscious and educated stakeholders. The company is now positioning itself as a “value-based brand”, linking its new image with an adoption of a political position based on environmentalism in support of environment protection.



The recent shift from being a food production company to a lifestyle brand is well reflected in the packaging:



From Food Production Company



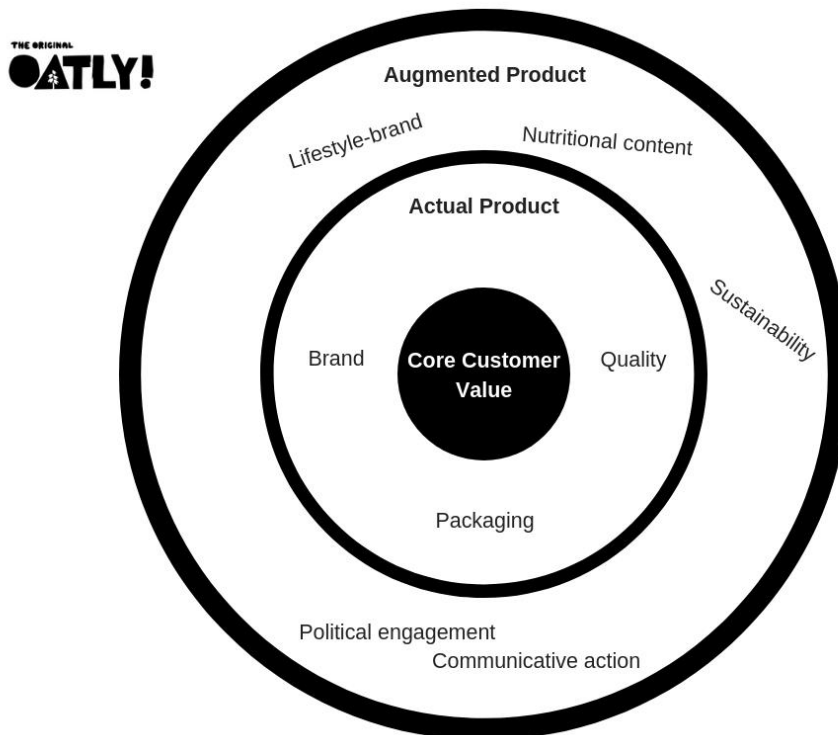
To lifestyle brand

The packaging represents the company's owned media in terms of expressing their values and philosophy and it is creative, expressive and distinguishable. Especially in the food industry, a change in packaging is dramatically affecting the brand. Oatly invests a lot in packaging, since the company wants the customer to pick the product out of curiosity from the shelves.

## OATLY Product

Oatly product is sustainable **oat milk and milk-derived products** (e.g. milk, on the go drinks, ice cream, yogurts (so called “oatgurts”). Oatly is present in Europe, Asia and North America, and according to differences among countries, there are different variations of product. Sweden, which is the company-base, is the country where the variation of products is higher.

## Three levels of the product



**Actual product:** oat milk and derived products (e.g. oatgurts, ice creams) The actual product provides high quality to consumers, the packaging is a relevant characteristic of the product itself and the brand is very recognizable.

**Augmented product:** there is a lifestyle-brand community associated with the fact of drinking this product as an added value. These milk-products are not a solution to a problem and not even just a brand for vegans or for lactose-intolerants but instead a proper lifestyle brand through which people can identify themselves. Associated to the brand and to this lifestyle there is the promoted and shared value of sustainability and nutritional, healthy content you can get out of oat drinks. The related political engagement aspect and the communicative action are an important added value as well: by drinking

Oatly products you can express yourself and your beliefs and also take communicative action expressing yourself (e.g. through Instagram).

#### Core customer value: what is the buyer really buying?

When you buy Oatly products **you feel good**. There is a political engagement for which you do something good for the planet or just an emotional benefit for which you feel good with yourself: “I am a good human” thinking. The fact that the product is very Instagrammable is an important asset generating additional benefit because you can share your good buyer behavior with your friends, so that people can perceive that you are a good person who cares about the environment. Oatly product is for everybody, everybody who drinks it wants to feel good and to take an action. Accessing political values through a consumer product like Oatly can be seen as one such space for communicative action, connecting the micro everyday aspects of food consumption to the macro issues of sustainability, animal rights and veganism.

## Oatly segmentation strategy

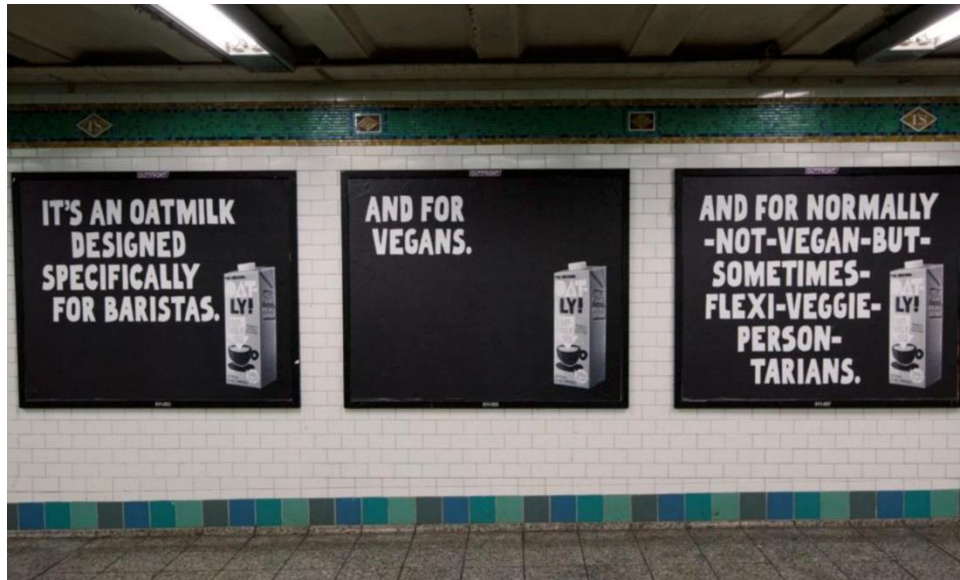
Oatly takes segmentation very seriously but still manages to do it in a way that is appealing to segments which are not part of their primary audience. Depending on the market, Oatly uses very distinctive messages in order to promote their products.

In **Europe**, Oatly mainly uses the slogan “**These products are for you, man**”, in which the “you man” works as a pun and sounds exactly like the word “human”. This of course assumes that in Europe most of the audience has an advanced understanding of the English language. Additionally, this slogan also is a direct response to the newest scientific stream of research that believes that cow milk should only be consumed by cows. In that sense, Oatly is presented as a product for humans.

In **America**, Oatly strongly includes that fact into their advertising that they are a **Swedish company**. We can assume that their market research has shown that the perception of Swedish products in the US is rather positive. Their recent success on the American continent supports this assumption.

For **Asia**, Oatly picked up a strategy they cannot use in Europe. Due to changes in the European laws, it is now forbidden to call certain products by a name if they do not fulfil certain requirements. In China, Oatly uses the slogan “**the new milk**”, branding oat milk as a successor to regular milk. In Europe, this would be illegal since oat milk does not come from animals.

Another thing that Oatly does, is that they apply light **demographic** and **sociographic segmentation** to their strategies in the western market. As shown in the example below, they use one advertisement and **apply their segmentation strategy** to it. The ad itself can be enjoyed **as a whole** or in its **individual parts** by the respective segments. Even the first part that says “... **designed specifically for baristas**” does not only have to be seen as a pull strategy that aims to advertise to baristas or others. At the same time, it is also some kind of push strategy that aims to establish oat milk as a regular product that can be found in coffee shops. The second billboard mentioning “**vegans**” applies segmentation but then the third billboard which essentially calls out to any other person **de-segments** the product. The seemingly contradicting way they use to advertise and segment seems to have the effect that their ads reach far more people than they could have with a textbook approach.



## The WOW Factor

### Promotion

The offline promotion: high density cities assailed by huge posters on building, walls, subway stations and nerve centers of the cities. The posters show pieces of text that, all combined, create a storytelling, a strategy that of course creates curiosity and so engagement, WOM and so awareness of the product. For this reason, their marketing strategy is out of the box.

Other features:

- The message of the ads is clear and provocative, make fun of themselves but also joke about the marketing industry in general but at the same time, if we look to the online displayed advertising they are transparent in saying that their oat milk is not good but really sustainable, justifying themselves by telling that buying their product, customers would do it for a good cause.
- The main promotion is that consumer can achieve personal health but still be sustainable toward the environment, they don't address the benefit of the product
- They take political statement: even from the moment that the customers decide to be vegan or anyway to buy their products they are taking a political choice that goes clearly against certain statements and movements.
- **Emotional campaign:** by showing transparency in the procedure of production and distribution they sensitize users to the theme of ecology and sustainability, having so an emotional appeal.
- **Push strategy:** Oatly uses advertisement to reach directly the consumers (B2C), it is a strategy of attraction: in the delivery of the message they succeeded in creating a hilarious and eye-catching campaign, creating interest and awareness of the product. The campaign is so persuasive and attracting that those who see it would hardly forget it.

One of the features of the advertisement is the diversification from the competitors, as a matter of fact, they show and admit that the taste is not good, but it is sustainable. The package, the name of the varieties of milk and the campaign reveal that the product is cool and in a certain way defines a status and a specific life-style (drinking Oatly is for cool people).

Overall the commercial is very appealing: it does not take time to watch it, is clear and direct, it is an emotional campaign that aims to persuade the costumers to try it. The segment of the offline adv is x and y generation, alternatives young people and artists (see the design of the posters and also of the package), synthesis we can say that the aim of Oatly is attracting new, niche segments that are in continuous growing.

The online promotion is displayed through official website and social network and they succeeded in gaining satisfactory engagement with the users (which often post pictures with the product or recipes prepared using Oatmilk and tag the official page). Especially in Instagram they



share pictures with long and detailed description of each product, underlying again the policy of the company of being transparent.

## The So What

### The price

There are different prices according to the type of products selected:

- The barista edition of oat milk, the official website offers 6 packs of 32 for \$25;
- They can sell it in bunch (for coffees, restaurants, big families, etc.)
- Regular milk in **UK** £1/ Oatly milk £1.45 (average price) per liter
- Promotional offers (three for £3 or buy one get one half price)
- Plan price: keep it lower than the main competitor (Alpro)
  - Introductory offers

What we suggest is to spend money on marketing, since they save on packaging (made up of recycled materials).

### The product

They have a variety of oat- based products:

- Oat milk, organic oat milk, chocolate oat milk, oat cream, ice cream, yogurt, crème fraiche;
- Barista collection;
- On-the-go products
- Gluten free

### The place

Oatly products are sold in:

- Supermarkets and chain supermarkets;
- Specialized niche shops;
- Online shops: such as Occado, Amazon and My supermarket, which means that the product is easy to find also for those who live in a city where there are not physical shops where Oatly is available;
- Independent coffee-shops and pop-up stalls;
- Vegan and Vegetarian restaurants;

It might be said that Oatly represents a niche product, but it is something in between since in some countries is easy to find (like Sweden or Germany) and in some other are not.

## Competitors

Since milk products are on decline and substitutions of milk on the rise, the main competitors to Oatly are the non-dairy products, such as the plant-based manufactured by Alpro, PepsiCo, Rude Health and Almond Breeze. Also, other direct competitors are the lactose-free milk on the market and, of course, the main competitor outside the substitution to milk products is the traditional milk.

## The OOMPH

### Product

We would propose to Oatly to expand the mainstream and limited edition of “barista collection”, maybe with new flavors of milk and different levels of foam. Moreover, we would suggest creating more flavors for yogurt and ice-creams, since these products are part of the competitive advantage of our company; the last suggestion is the creation of oat butter. The latter would be an all new category of products for the company and launch them in a new market of milk substitutes.

### Place

We suggest the company to sell the “on-the-go” products in vending machines, something that I they want to reach the Asian countries would be very appreciated, since the culture of using vending machines is utterly elevated, for example in Japan. We would also advise enter the schools and work canteens, since being a nutritional, healthy and sustainable product, it would better the image of the school or company in which it would be integrated. Since Oatly is a Swedish company, we propose to do a partnership with SAS Airline, in a way of reaching people from all over the world with the “Swedish Milk” and probably creating WoM. As a final recommendation, it would be interesting supplying the products to catering agencies.

### Promotion

As for the promotion, Oatly already does a very good job in their promotion, therefore we advise them to further develop the online and offline campaigns, maybe adding a few new markets in Europe, in different cities.

### Sustainability

Oatly being a company founded by scientists takes sustainability very seriously. Last year, they published their first sustainability report which is educational but also entertaining. They want to show how their product is not only better for the consumers but also for the environment and do this with several charts and tables. In general, the report is yet another way in which they advertise their products and company.

## Final reflections

The strategy Oatly implemented for the promotion resulted to be particularly effective in spreading awareness about sustainability and how everyone of us can be part of it with a simple change.

