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Oatly – Key factors that drive their success

School of Business
2020

ABSTRACT

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Title	Oatly – Key factors that drive their success
Year	2020
Language	English
Pages	34
Name of Supervisor	Thomas Sabel

The Swedish lifestyle brand Oatly, which has been producing plant-based dairy alternatives since the 1980s, has been growing rapidly during the past decade. The aim of the research is to identify, analyze and discuss the key factors that drive Oatly's consumers to buy their products.

The theoretical framework of this thesis covers the topics of veganism and its economics, marketing strategies for growth with focus on sustainability marketing and corporate social responsibility, as well as the history and marketing strategies of the case company Oatly.

In order to support the aim of the thesis, a qualitative research was conducted and implemented in the empirical research part. The qualitative research consisted of in-depth interviews with eight (8) participants.

The results showed that the key factors to why consumers are purchasing Oatly's products were the taste of their product(s), an increased interest in plant-based alternatives, the price of their product and sustainability aspects.

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1 INTRODUCTION

Veganism has been a phenomenon for centuries, but during the past years the trend of eating a plant-based diet has risen to be more common, and we have seen the vegan food trend grow from being limited to a niched community to becoming a multi-billion-dollar industry. (Acumen, 2019)

Demoskop, one of Sweden's most well-known consultancies within market research and opinion polls, did a study showing that every tenth person in Sweden is either a vegetarian or vegan. The study revealed that the interest in plant-based food is growing and that ethical reasons have a higher impact now than in 2009. However, environmental impact is still the biggest reason for consumers choosing to go plant-based. (Demoskop)

As discussed in an article published on the British news page Independent, the reason for a growing interest in the vegan lifestyle could be that it is part of many social media influencers' brand today, and that by sharing photos on the platform Instagram, it could have contributed to a higher interest in switching to or trying out plant-based food. (Independent, 2018)

With new food trends comes new opportunities for industry. According to an article published on Forbes in January 2019, listing the big food trends in 2019, oat milk is ranked one of the top trends. (Forbes) As seen today in Finland, the supermarkets continue to offer a wider variety of vegan substitutes to dairy and meat products; vegan milk, ice cream, yoghurts, cooking cream and mock meat.

In the literature review I will be investigating various marketing strategies, the impact of corporate social responsibility, as well as a case study on Oatly Ab - a Swedish food company focusing on producing oat-based alternatives such as oat milk and oat based yoghurt that according to them, are a more sustainable option. In addition to this, the literature review will include the case company's marketing and communication strategies.

I, the writer of the thesis, am well familiar with both veganism as a phenomenon, sustainability questions and the case company studied in the literature review. These three interests are where the idea for this thesis began.

1.1 The aim of the Thesis

The purpose of this research is to identify, analyze and discuss the key factors that drive Oatly's consumers to buy their products.

Are the previously mentioned three main reasons behind going plant-based the main factors that drives consumers to purchase vegan substitutes? How do these three factors play a role in consumer behavior? Could there be more factors that play a role in a purchase?

As for limitations, in this thesis, interviews with Oatly's consumers will be held, both with vegans and non-vegans.

1.2 Research Method, Structure and Limitation

This thesis includes two sections; the theoretical framework and the empirical research being data collected through interviews held with Oatly's consumers.

Firstly, the theoretical framework will give an overview of the three main topics of the Thesis, which are (1) veganism and its economics, (2) corporate social responsibility focusing on sustainability marketing and (3) the case company, Oatly.

Secondly, the empirical research will consist of data collected by using a qualitative research method, which in this case means that interviews with open ended questions will be held to help get the most relevant and reliable opinions. The interviews will be held after the theoretical framework is written, for the writer to have gained as much knowledge as possible, to then be able to construct the right questions for the interviews.

In conclusion, the reason behind the chosen method is that the author believes that by doing a qualitative research, the key factors will be more easily identified, since finding those are the purpose of this study.

1.3 Writer's History and Objectivity

I, the writer of this thesis, have a history of practicing veganism as a lifestyle and, in addition, I am well familiar with the case company Oatly. I spent four years, between 2015 to 2019, consuming plant-based food and living a vegan lifestyle. In an early stage of my journey I was introduced to Oatly, which is a Swedish company offering plant-based dairy alternatives. Since 2015, I have been a consumer of their products.

Although I have known about the company for years, both in regard to their product range and their marketing strategies, this thesis is based on other sources to remain reliable and objective. However, my own experiences are brought up in various chapters to help emphasizing some claims and to add a different perspective to the thesis.

2 THEORETICAL FRAMEWORK

2.1 What is Veganism? Definition and History

The Vegan Society defines veganism as “a way of living which seeks to exclude, as far as is possible and practicable, all forms of exploitation of, and cruelty to, animals for food, clothing or any other purpose”. The concept of veganism and its definition means that a person who goes under the label vegan, consumes a plant-based diet, excluding all animal foods. This means that a vegan does not consume any meat - including fish, shellfish and insects, not any dairy products, eggs or honey. (Society, 2019)

According to The Vegan Society, there are a number of reasons why people choose a plant-based lifestyle, with environmental, ethical and health reasons as the three most common (Society, 2019). Although veganism has risen to be more common in the mainstream culture of the 21st century, the concept of veganism is nothing new. The lifestyle has reportedly been a phenomenon for over two millennia. “Evidence of people choosing to avoid animal products can be traced back over 2,000 years. As early as 500 BCE, Greek philosopher and mathematician Pythagoras promoted benevolence among all species and followed what could be described as a vegetarian diet.” The Vegan Society reports. They also mention the Buddha and how he was discussing vegetarian diets with his followers around the same time. (Society, 2019)

2.1.1 The Economics of Veganism

For the past five years we have seen a spike in Google search results for plant-based milk alternatives every January. The reason behind this is simple; Veganuary – a campaign motivating people to try a plant-based diet throughout January. On the webpage veganuary.com, anyone interested in trying out a plant-based diet can get more information. (Telegraph, 2019)

According to an article published in The Economist, 2019 is the year of the vegan. All of the different aspects like lifestyle brands, production companies who contribute with documentaries about veganism and influencers contribute to the growth. It should be taken in consideration, that not only people going vegan are contributing to the growth, but also those who are open to trying plant-based alternatives. (Economist, 2018)

In a report titled *Global Industry Analysis, Market Size, Opportunities and Forecast, 2019-2026*, done by global provider of market research studies Acumen Research and Consulting, it was estimated that the global vegan food market value will reach around USD 24.3 billion by 2026 and will grow at compound annual growth rate (CAGR) above 9.1% over the time frame from 2019 to 2026. (Acumen, 2019)

Not only do the vegan industry contribute to financial growth within the food industry, but private companies and sole proprietors do as well. In today's society, social media stars have the power to help spread the message of any ideology – veganism included. One platform that is commonly used is YouTube, where anyone with an account can upload videos of their own. A person working with making YouTube videos are referred to as a YouTuber. Some examples of social media influencers are Sweden's biggest YouTuber Therése Lindgren, Latvian YouTuber Monami Frost and the Australian YouTuber Tess Begg, among many more. What the three of the mentioned YouTube stars have in common is that all of them are promoting and inspiring their followers to try or switch to a plant-based diet. Furthermore, all of them have been able to make profit from veganism with Monami Frost opening up her own vegan burger restaurant, Therése Lindgren having her own vegan skincare line and Tess Begg selling recipe e-books.

Name	Number of Subscribers	Date
Therése Lindgren	1,000,000	November 2019
Monami Frost	775,000	November 2019
Tess Begg	335,000	November 2019

Table 1: Overview of the three mentioned social media influencers' social following

Further examples on who have been able to monetize from the concept of veganism are clothing companies focusing on selling vegan leather totes and other accessories, and marketing themselves as a more sustainable option with both transparency and sustainability as key selling points.

In the writer's own experience, the past five years has shown that the vegan industry has followed the basic concept of the supply having to meet the demand. This can be seen in Finland as well as in other countries across the globe, where the demand for plant-based alternatives have grown. Consequently, the supply has increased as well. For example, grocery stores like Citymarket and Prisma have continuously increased their supply of plant-based products like plant-based meat alternatives and sections with plant-based dairy alternatives. In addition to this, restaurants focusing on providing mainly vegan or vegetarian food have been established, and both fast food restaurants like McDonald's and Hesburger, and local restaurants have started offering vegan options to their customers.

2.2 Marketing Strategies for Growth

In this chapter of the Thesis, the basic concept and ideas of marketing will be defined. In addition, concepts like CSR and Sustainability Marketing strategies for growth will be defined and elaborated in regard to possible criticism, to gain a better understanding of the strategies before comparing them to the case company, Oatly.

According to Sustainability Marketing, the earliest stages of the concept marketing are documented at least 400 years back. The emphasis then is summarized as "how to sell more stuff to people". (Belz & Peattie, 2010)

In the modern world, we use core components that were completed in the end of the 1970s. Marketing theory and practice today is mainly relying on the core components; marketing philosophy, environment, research, marketing mix, planning and management process, market segmentation and targeting and competitive advantage. In the following two chapters, two strategies; (1) corporate social responsibility and (2) sustainability marketing will be considered and elaborated. (Belz & Peattie, 2010)

2.2.1 Corporate Social Responsibility

CSR is an acronym for Corporate Social Responsibility, and according to The European Commission, CSR is defined as the responsibility of enterprises for their impact on society. Furthermore, The Commission suggests how companies can implement CSR by (1) integrating social, environmental, ethical, consumer, and human rights concerns into their business strategy and operations and (2) following the law. (Commission, 2019)

The webpage Reputation Management suggest that other common ways for companies to implement a CSR strategy in their operations, are (1) by reducing carbon footprint, hence mitigating climate change, (2) changing corporate policies to help benefitting the environment, (3) engaging in charity, (4) making socially and environmentally conscious investments and (5) improving labor policies. (Sickler, 2017)

CSR is not a new concept – in the publication Sustainability Marketing, the authors claim that the concept of CSR can be tracked back thousands of years, and that businesses have, to some extent, shown both responsibility towards society, and political concerns about the social and environmental impact of economic activities. (Belz & Peattie, 2010)

There are multiple reasons to support the argument of companies choosing to implement a CSR strategy, among which are financial and or, both the internal and external stakeholders' best interest. (Belz & Peattie, 2010)

Sustainability reports are a way of showcasing a company's annual results in regard to sustainability measures, improvements and goals. The sustainability reports help the companies be more transparent with both opportunities and possible risks. (GlobalReporting, 2019)

In my, the writer's own experience of reading and studying sustainability reports, I have found that the case company Oatly, which will be discussed more in depth in a later chapter, is inarguably transparent when it comes to showcasing its numbers in regard to carbon footprint and suggested areas of improvement. With the case company, Oatly's argument behind their sustainability reporting could be transparency towards stakeholders, and financial.

Although implementing CSR in a company is often seen as something positive, there are a few problems that should be taken into consideration as well. Within CSR, there is a phenomenon called *greenwashing*. Cambridge Dictionary defines *greenwashing* as “making people believe that your company is doing more to protect the environment than it really is”.

TerraChoice is an environmental marketing agency based in Canada and currently under Underwriters Laboratories (UL), a global independent safety science company. In 2007, TerraChoice defined “*the Seven Sins of Greenwashing*” as: The Sin of (1) Hidden Trade-

off, (2) No Proof, (3) Vagueness, (4) Worshipping False Labels, (5) Irrelevance, (6) Lesser of Two-Evils and (7) Fibbing. These seven sins are the most commonly used ways to portray a company as “green” and “sympathetic” in order to make profit. (GreenInitiatives, 2019)

To summarize, implementing CSR in a company could be used as a marketing strategy, but should not be used single-handedly for greenwashing a company’s unethical actions or operations.

2.2.2 Sustainability Marketing

Sustainability marketing is when a company implement both social and environmental contributions to their marketing strategy. This can also be referred to as green marketing. Companies can benefit from sustainability marketing, since it enhances relationships with their consumers by letting the consumers know that the company values its consumers and future generations. (Loy, 2019)

Sustainability Marketing put emphasis on values, which set the base for trustworthy and responsible sustainability marketing management. The dimensions of sustainability marketing can be divided in normative sustainability marketing and strategic sustainability marketing. The normative sustainability marketing focuses on the broad *What?* and *Why?* questions, whereas the strategic sustainability marketing goes more in depth, answering the *How?*, *Where?* and *When?* questions. The three latter questions are fundamental questions to be defined in order to translate sustainability marketing values into a commercially applicable marketing strategy. (Belz & Peattie, 2010)

Companies commonly seek to generate competitive advantage. Cambridge Dictionary defines competitive advantage as the conditions that make a business more successful than the businesses it is competing with. Within sustainability marketing, competitive advantage can be achieved by using various strategies or conditions like; social or environmental performance, or in other words, CSR as a selling point, being the organic, local or low-emission substitute to a product, being the cheaper alternative, or by covering a distinct market niche. (Belz & Peattie, 2010)

As for problems or obstacles within the concept of sustainability marketing, in the publication *The Sustainable Business Case Book*, the authors elaborate the business risks of

sustainability marketing. In the book, the three (3) risks are categorized as (1) market risks, (2) operating risks and (3) corporate image risks. (Gittell, et al., 2013)

Firstly, since sustainability is a relatively new dimension to marketing, the market risks include that sustainability simply is not appealing to consumers if they do not value sustainability per se. (Gittell, et al., 2013)

Secondly, when seeking competitive advantage and benefitting from sustainability, the operating risks should be considered. Both the risk of loss of profit and loss of focus are associated to implementing sustainability to a company's marketing strategy. (Gittell, et al., 2013)

Lastly, the corporate image risks refer to the risk of damaging or affecting the image of the company negatively. By implementing a sustainability marketing strategy and gaining competitive advantage from being the "organic" or "carbon-neutral" option, the company risk gaining a negative greenwashing image, which potentially could harm the brand image long-term. Additionally, there is a risk of an aggravated negative impact of an inconsistent action. (Gittell, et al., 2013)

To conclude, sustainability marketing is an opportunity for companies to adapt sustainability as a strategy to become more consumer-oriented, gain competitive advantage and consequently benefit from the investment by making more profit. However, marketers should be aware of the risks that comes with sustainability marketing and work pro-actively to avoid them.

2.3 Oatly Ab

Oatly is a Swedish lifestyle brand driven by values, providing dairy-free alternatives, based on oats. Their products are said to be for everyone, regardless of physical, ethical or religious limitations. Their offerings vary from dairy-free yoghurts, coffee drinks, different milks, cooking creams and spreads to ice cream – all of which are based on oats. (Oatly)

According to the company itself, Oatly Ab exists for one purpose only, with the mission to help people upgrading their lives without recklessly taxing our planet's resources. The

main values of the Oatly company are sustainability, transparency and nutritional health. (Oatly)

The organizational structure of the company shows that it has multiple owners; Verlinvest, China Resources, Industrifonden, Östersjöstiftelsen, founders, private individuals and employees of the company. It is not yet stated when or if the company ever will be listed for stock exchange. Toni Petersson is currently the CEO of the company. (Oatly)

In addition to their headquarters located in Malmö, Sweden and production site and development center in Landskrona, Sweden, they have expanded to having offices in London, Berlin, New York, Shanghai and Hongkong. Their products are available in over 20 different countries in Europe, Asia, Australia and the U.S. with their largest markets being in Sweden (39%), followed by Great Britain (24%) and Finland (18%). In 2018, the company had a total growth of 65%, with a turnover of 1028 million SEK. (Sustainability report 2018, Oatly)

2.3.1 History

The foundation for Oatly was laid back in 1985. The formation of Oatly was based on research done at Lund University in Sweden, where researchers found that natural enzymes could convert oats into liquid food. From there on the plant-based milk alternative started growing as a business concept. The company started producing and selling their first product in the 1990's. Back then, oat milk was their only product on the market. (Oatly, 2019)

On the 16th of October 2016, The Challenger Project published an interview with the creative director of Oatly, John Schoolcraft, in which he talks about how the company transformed and made major changes back in 2012. That year, at the same time as Toni Petersson became CEO of the company, John Schoolcraft, was hired as creative director to set a new vision and identity for the company. Schoolcraft started looking at ways to rebrand the company and move it in a different direction, since the problem according to him, was that even though the company had a fantastic product, they were missing a brand identity. (ChallengerProject, 2016)



Figure 1 Left, Oatly’s old packaging before rebranding. (Screenshot from The Challenger Project) Right, Oatly’s packaging after rebranding in 2012. (Screenshot from Oatly.com)

In the interview with The Challenger Project, Schoolcraft reveals that when he was hired, various changes in the organizational structure took place, with one being that they cut down the size of the marketing department. Three years later, they had managed to double the size of the business. (ChallengerProject, 2016)

Ever since the changes in 2012, numerous amounts of new Oatly products have been launched and added to their offering; ice cream, coffee and tea drinks, cooking cream and spreads, with the latest being ‘Turkish’ yoghurt – with all of the products being based on oats instead of dairy. (Oatly) (ChallengerProject, 2016)

Looking at the growth of the company from an organizational point of view, Oatly went from having 171 employees in 2017, to reaching a number of 290 employees, operating in all of the countries in which their products are available, by the end of 2018. The same year Oatly reportedly sold 71,482,745 liters of oat drink worldwide. (Oatly)

2.3.2 Marketing and Communication

Oatly has managed to make a name for themselves when it comes to marketing and communication. Since the transformations of the company done back in 2012, their ads have

been spotted on full-page ads in magazines, major roll-ups in train and covering entire walls of buildings all over the world, and media have been publishing countless of articles about their innovative way of marketing their products.

In the previously mentioned interview held with John Schoolcraft, the creative director of Oatly mentions that one of the first significant changes he made to the brand was changing the packaging. Their idea was to create something unique to draw people's attention in stores and to have customers pick up Oatly's products and start reading. Schoolcraft continues explaining their idea; if they start reading, they have to buy it. (ChallengerProject, 2016)

Furthermore, when asked about his approach to advertising, Schoolcraft discusses their way of running an ad in The Guardian containing political statements and standpoints under the headline 'Here's what we stand for'. In this segment of the interview he refers to their main values; that Oatly is a value-based company focusing on nutritional health, transparency and sustainability. However, Oatly goes completely against what is stated in the publication Sustainability Marketing; where it is mentioned that marketers seldom discuss ethical values or deal with moral questions of right or wrong. (ChallengerProject, 2016)

Forsman&Bodenfors, a global creative collective founded in Sweden, is the collective behind the rebranding of Oatly. On their webpage they mention Oatly as one of their reference cases, and how Oatly's limited media budget made them use Oatly's packaging as their main media channel and as an advertising space. (Forsman&Bodenfors, 2014)

With regards to transparency being one of their main values, Oatly introduced a new way of being transparent in 2019. On the packaging for their different variations of oat milk, they started printing the carbon footprint of each product to let consumers know what impact Oatly's products have on the environment. The company also provides further information when looking up their products online where they let the consumers know more about where their products come from and why they consist of certain ingredients. An example of this is on their U.S. webpage, where they have a subcategory listing the origin of all ingredients. Oatly is following the same model on their Swedish webpage, the only difference is that the origin is different, since they use ingredients like oats from

Sweden and for the European market, and oats from the United States for products sold in the U.S. market. (Sustainability Report 2017, 2018, Oatly)

Consumers have been spotting the company using claims like “Post Milk Generation”, “Wow No Cow!” and “It’s like milk but made for humans” both online and in real life advertisement. Back in 2015, the company faced a lawsuit against Swedish dairy conglomerate LRF Mjölkk. The lawsuit, which Oatly ended up losing, was based on their ad claiming, “It’s like milk but made for humans”. In an interview with The Guardian’s Tim Lewis, CEO Toni Petersson explains how the company, even though they lost the case, could benefit from the lawsuit. According to Petersson, the publicity they gained from the lawsuit helped them raise the sales in the Swedish market by 45% (Lewis, 2018)



Figure 2. Oatly’s ad, which had them sued by Swedish dairy conglomerate LRF Mjölkk. (Screenshot from Twitter)

To sum up, as of 2012, the marketing and communication of Oatly is driven by their values; transparency and sustainability. Inarguably, the sometimes-controversial marketing in terms of adverts have led to more publicity and have proven to be successful maneuvers in terms of profitability.

By comparing the case company Oatly and its marketing to the literature regarding marketing strategies, one can conclude that Oatly has gained competitive advantage by using the sustainability marketing strategy and the implementation of CSR in the company. Oatly has managed to cover a market niche with their technology of turning oats into milk and have focused on the company values when delivering their message to the consumers: sustainability and transparency.

In the empirical research that follows, I, the author of the thesis, am going to investigate the consumers' behavior further, with the objectives of finding, analyzing and discussing the key factors that drive Oatly's success.

3 EMPIRICAL RESEARCH

This section of the thesis covers the research method and approach, as well as how the study was conducted.

3.1 Research Method and Approach

The purpose of this research is to identify, analyze and discuss the key factors that drive Oatly's consumers to buy their products.

Based on the purpose of this thesis, I had to create a deeper understanding of the factors that trigger consumers' purchasing decisions, hence the decision to do a qualitative study in the form of interviews, to collect and analyze data. The choice of conducting a qualitative research method has been based on the fact that through this research method, I, the researcher, can reach deeper insight into consumer opinions and preferences. The other option would have been a quantitative method, which is the collection of data and statistics in the form of numbers.

To avoid leading questions, I, the interviewer put emphasis on that the interviews were held by using open-ended questions in a natural setting. Additionally, the interviewees were asked to answer as honest as possible.

All interviews followed the same structure, however, the interviews included follow-up questions whenever I was unsure of what the respondents meant, to make sure the answers were as clear as possible. The follow-up questions allowed me as a researcher to make sure I got the right meaning behind each and every answer of the respondents.

Like earlier stated, to find out what factors consumers take into consideration when purchasing Oatly's products, and to find the key factors that drive Oatly's success, it was important that the interviewees were consumers of Oatly's products.

3.2 Collection and Description of Data

All data gathered in this research were recorded on audio, to allow the researcher to go back and analyze the data in its unmanipulated form. Each interviewee gave the researcher permission to record the sessions.

Firstly, the interviewees were found through social media platform Instagram, where a post was published, reaching out to consumers of Oatly's products, asking them to participate. A total number of eight (8) participants took part in this research.

The participants are located in four (4) different countries; Finland, Sweden, Germany and the United States of America. All of them identified as a consumer of one or more of Oatly's products.

As the respondents were identified, we set up time and date for us to follow through with the interviews. The interviews were held both face-to-face, and online via meeting-apps such as Skype and Google Hangouts. Six out of eight interviews were done separately, with only the interviewer and one participant, whereas one group interview consisting two interviewees was held. Two out of eight interviews were held in person, and six were held and recorded over either Skype or Google Hangouts.

All of the interviews were, like earlier stated, recorded after permission was given by the respondents.

The questions were not presented to the interviewees prior to the interview; however, the interviewees were aware of the topic of the interview before taking part in it.

The interview was structured in three different categories:

1. Demographic Background (4 questions)
2. Consumer Behavior (4 questions + follow up questions)
3. Marketing Aspects (3 questions)

The first category was used to gather data on the consumer's location, gender and age, and additionally, to confirm that the interviewee is a consumer.

The second category consisted of seven open-ended questions on the consumer's behavior and was used to gather authentic and valuable data on opinions and thoughts that a consumer has when purchasing Oatly's products.

The third category consisted of additional open-ended questions to support the theoretical framework of this thesis, with emphasis on Oatly's marketing and whether the consumers are aware of their marketing or not.

After having gathered data from all eight interviews, I collected both a limited amount of personal notes and the full-length interviews as audio recordings. The gathered data was then analyzed as follows:

1. Each Swedish interview was translated from Swedish to English.
2. After being translated, they were transferred manually from audio format to text format.
3. Each English interview was transferred directly from audio to text format.
4. After transferring from audio to text, the interviews were analyzed by identifying keywords.
5. The keywords were then linked to each other to try and find similarities in the respondents' answers.
6. The answers were shortened and transferred into an Excel file, to get an overview of the frequency of the keywords (answers).
7. From Excel, the answers were formulated into sentences of data in this thesis, which can be seen in the fourth part of the thesis.

3.3 Reliability and Validity

According to Nyberg et al., you have both ethical and legal responsibility for the research you conduct. It is important that you follow the given scientific guidelines and present an honest and sincere result of what you have researched and found. (Nyberg, et al., 2012)

Reliability is about the extent to which one can achieve the same survey results if conducted the same way. In a qualitative research, reliability can be problematic mainly because the results of the qualitative survey are linked to the specific context of the time, settings and the interaction with between people. In other words, this means that reliability is linked to the interviewer and means that no other researcher can achieve the same result. (Christensen, et al., 2016)

The respondents in this research were all familiar with the researcher prior to the research. Each of the interviewees are close contacts to the researcher, which could be a benefit in terms of getting as honest answers as possible, since the respondents were able to be themselves in these interviews, compared to if it was a stranger interviewing them. Additionally, the researcher mentioned the importance of honest answers to the interviewees.

Validity is about the extent to which you have measured the credibility of the survey and how its results are consistent with real life. When it comes to a qualitative research, it is important that the collection and analysis work follows a systematic pattern to increase its credibility. In qualitative studies, validity is more important than reliability, because you want to see how credible the result is. (Christensen, et al., 2016)

The questions in the interviews were made sure to be formulated as clearly as possible, giving the researcher the opportunity for follow-up questions whenever the question(s) were not answered. However, this is not a guarantee that speculative data will not occur, since there will always be a minor risk in how the data gathered by interviews is analyzed.

4 ANALYSIS AND RESULT

This part of the thesis describes the questions asked during the interviews, as well as the answers. Furthermore, it covers an analysis of the findings.

All interviewees were asked to tell their language preferences, which led to six out of eight interviews being held in Swedish, and two in English. The questions were then translated to Swedish, and the interviewees provided their answers in Swedish, for the researcher to then translate back to English and transfer the data and analyze them altogether.

Most questions were open-ended, however, to identify that the interviewees were in fact consumers of Oatly's products, it was confirmed with a "YES" or "NO" answer. All interviewees in this research identified as a consumer of one or more of Oatly's products.

4.1 Demographic Background

The reason for gathering data on the participants' background are to analyze whether there could be a difference or correlation in how different genders, age groups or nationalities consume. Furthermore, it plays a role in this study since some of Oatly's products are unavailable or limited in terms of supply, depending on what city or country the participant is located in.

	Age	Location	Gender	Consumer
Respondent 1	26	Finland	Male	Yes
Respondent 2	24	Finland	Female	Yes
Respondent 3	27	USA	Female	Yes
Respondent 4	24	Germany	Female	Yes
Respondent 5	23	Finland	Female	Yes
Respondent 6	22	Sweden	Female	Yes
Respondent 7	21	Finland	Female	Yes
Respondent 8	23	Finland	Female	Yes

Table 2: Overview of the respondents' demographic background.

1a. Identify your gender

This research included (1) male participant and seven (7) female participants.

1b. Age

The age range of the participants of this study is 21-27.

1c. Location

The participants of the study are located in four (4) different countries, in five (5) different cities.

1d. Are you a consumer of Oatly's products?

All of the participants continuously buy one or more of Oatly's products.

In this segment, the variation between ages was not that large, and other than location, the demographic background did not play an essential role in how the respondents answered.

With one person being located in Germany, the supply of Oatly's products is partially limited from time to time. Another respondent, based in the USA, mentioned that the supply is not only limited, but that due to high demand, products are often sold through external channels, like the webpage eBay, for a price up to ten times higher than the retail price in-store.

4.2 Consumer Behavior

In the following two sections (4.2 and 4.3), the participants were asked to elaborate as much as possible and answer freely.

Both sections are essential to find what factors make the consumers opt for Oatly, and consequently drive Oatly's success.

2a. Tell me a little bit about you and Oatly.

Every respondent answered differently, however, all of them have a mutual consumption of Oatly's oat milk, mainly the barista edition, which is intended for coffee. All of the

respondents have been consuming Oatly for a year or more, with some being loyal consumers since 2015. Additionally, each individual stated their appreciation of Oatly while answering the first question in this segment.

2b. What factors do you take into consideration when buying a product in general?

This question is intended to trigger the interviewee to reflect over what their values are and how their values can have an impact on what they choose to buy as well as work as a gateway to the following questions. The answers would help the researcher gain a better understanding of how the consumers behavior when purchasing products in general.

The two most frequently occurring answers were (1) price and (2) quality, with emphasis on the correlation between the two factors. All eight respondents mentioned price and quality.

2c. Why are you buying Oatly's products?

This question generated a large quantity of answers from the respondents, many of them being the same. It can be seen from the results, that there are many different aspects of Oatly that the consumers appreciate.

- (1) Eight participants stated that they buy Oatly's products because they like the taste of their product(s).
 - a. Three of the respondents mentioned that they have tried similar oat-based dairy alternatives, but that they haven't found anything that would taste as good as Oatly's products do.
- (2) Seven interviewees said that they buy Oatly's products because they want to consume fewer dairy products or no dairy products at all.
 - a. One out of these seven said it is for health reasons.
 - b. One out of these seven said it is because they are vegan.
- (3) Six of the respondents said that they purchase Oatly's product because they are priceworthy.
 - a. Two out of the six added that they would still purchase the products even if they would raise the prices.
- (4) Other relevant factors mentioned:
 - a. Sustainability (x5)

- b. Quality (x4)
- c. Package design / branding (x3)
- d. Marketing (x3)

2d. Do you buy dairy substitutes from any other brand than Oatly?

- (1) All of the respondents answered that, in addition to Oatly they are buying dairy substitutes from other brands as well, however.
 - a. Seven of the respondents said the reason for purchasing other brands' dairy substitutes are because they want variation; they only purchase oat milk from Oatly, but since Oatly only make oat-based products they sometimes buy products from additional brands.
 - b. Two of the participants said that, due to where they are living, Oatly is not always available, which makes them purchase from other brands.

4.3 Marketing Aspects

This part of the interview was included as an extension of the previous part, and to give the respondents the opportunity of elaborating their answers further, to then allow the researcher to find a result.

3a. Are you aware of Oatly's marketing?

Each individual (8 participants) stated that they have noticed Oatly's marketing in one way or another. 50% of them adding that they are positive towards Oatly as a result of how they are marketing themselves.

3b. What are your opinions on Oatly's marketing?

- (1) Seven of the interviewees stated that they are positive towards Oatly's marketing. One claimed to be neutral towards it.
- (2) Four of the respondents mentioned that they especially like the campaign "It's like milk, but for humans." – which was previously mentioned in the theoretical framework.
- (3) Three respondents mentioned Oatly's unique branding as something positive and that it feels like a brand for their generation.

3c. Do you think that Oatly's marketing or advertising has played a role in making you purchase their products?

- (1) All eight respondents agreed that they think Oatly's marketing has influenced them into buying their products, consciously or subconsciously.
- a. The 7th respondent answered "Since Oatly is everywhere around me, I am subconsciously buying their products. There are ads, news, social media posts and school projects about them. I think it's partially them being 'out there, and partially word-of-mouth"
 - b. The 5th, 6th and 8th respondents put special emphasis on Oatly's branding, and that their design and style of marketing has been influential in terms of successfully making them purchase or re-purchase Oatly's products.

4.4 Discussion about findings

This chapter reviews the findings of the interviews and the main results, which are based on the answers of the participants. The research is compared in connection to applicable theories as well as the theoretical framework of this thesis.

The findings are separated by using bold, whereas theory from the theoretical framework are separated by italics.

In this research, Oatly's oat milk for coffee is the most commonly purchased product among their consumers.

The foundation for Oatly was laid back in 1985. The formation of Oatly was based on research done at Lund University in Sweden, where researchers found that natural enzymes could convert oats into liquid food. From there on the plant-based milk alternative started growing as a business concept. The company started producing and selling their first product in the 1990's. Back then, oat milk was their only product on the market. (Oatly, 2019)

The company has many years of experience with producing oat milk, which leads to competitive advantage. This research has proven that consumers who have tried oat milk made by other brands, still prefer Oatly. (See questions 2c and 2d.)

Taste is the main reason why consumers purchase Oatly.

In this research, the taste of Oatly's oat milk is the most common factor that drives consumers to purchase their product.

As earlier mentioned, Oatly has been working on developing their products since the 1980s. In addition to taste, 50% mentioned that the quality of the product was a reason why they purchase Oatly.

Veganism is a growing trend, leading to consumers buying non-dairy products.

For the past five years we have seen a spike in Google search results for plant-based milk alternatives every January. The reason behind this is simple; Veganuary – a campaign motivating people to try a plant-based diet throughout January. On the webpage veganuary.com, anyone interested in trying out a plant-based diet can get more information. (Telegraph, 2019)

According to an article published in The Economist, 2019 is the year of the vegan. All of the different aspects like lifestyle brands, production companies who contribute with documentaries about veganism and influencers contribute to the growth. It should be taken in consideration, that not only people going vegan are contributing to the growth, but also those who are open to trying plant-based alternatives. (Economist, 2018)

This research found that the second most common reason for buying Oatly is the growing trend of veganism. Like the theory mentions; not only vegans are contributing to this but also those who are open to consuming plant-based alternatives. Seven out of eight mentioned this as a reason for buying Oatly, where only one of them actually is vegan.

The prices of Oatly's products are relevant to the point that it is the third most common factor why consumers buy them.

The third most common reason why the interviewees stated to be purchasing Oatly's products is the price of their product(s). Six of the respondents said that they purchase Oatly's product because they are priceworthy. Two out of the six added that they would still purchase the products even if they would raise the prices. When asked what factors the consumers were considering when purchasing a product in general, each individual mentioned the correlation and ratio between price and quality. Two of the respondents

added the importance of quality over quantity which was their argument for being willing to spend more money on a product.

Consumers value sustainability.

Companies can benefit from sustainability marketing, since it enhances relationships with their consumers by letting the consumers know that the company values its consumers and future generations. (Loy, 2019)

With regards to transparency being one of their main values, Oatly introduced a new way of being transparent in 2019. On the packaging for their different variations of oat milk, they started printing the carbon footprint of each product to let consumers know what impact Oatly's products have on the environment.

The answers to the interviews clearly show that sustainability is one of the main reasons why the consumers want to purchase Oatly's products. More than half of the interviewees mentioned that Oatly being a brand whose core values are sustainability and transparency, is one reason why they purchase Oatly's products. The answers were ranging between appreciation for transparency on packaging (labels and text) to in-depth sustainability reports showcasing full transparency.

Oatly's marketing is proven to be efficient in terms of standing out from the crowd and making consumers noticing them.

Forsman&Bodenfors, a global creative collective founded in Sweden, is the collective behind the rebranding of Oatly. On their webpage they mention Oatly as one of their reference cases, and how Oatly's limited media budget made them use Oatly's packaging as their main media channel and as an advertising space. (Forsman&Bodenfors, 2014)

Their idea was to create something unique to draw people's attention in stores and to have customers pick up Oatly's products and start reading. Schoolcraft continues explaining their idea; if they start reading, they have to buy it. (ChallengerProject, 2016)

All of the eight respondents stated that they have noticed Oatly's marketing in one way or another. 50% of them adding that they are positive towards Oatly as a result of how they are marketing themselves. The sometimes-provocative marketing has not only

proven to be efficient and successful for Oatly in terms of gaining publicity, but the consumers who participated in this research agreed that they think Oatly's marketing has influenced them into buying their products, consciously or subconsciously. Additionally, the re-branding of the company shows to have been a great strategy, since 3 out of eight participants claimed their packaging to be one of the reasons why they are buying Oatly.

5 CONCLUSION

5.1 Final conclusion and reflection

This chapter is comparing the aim of the research to the theoretical framework and the gathered data in the empirical research.

The purpose of this research is to identify, analyze and discuss the key factors that drive Oatly's consumers to buy their products.

The theoretical framework of this thesis consists of what I, the author, have considered being the core theories; (1) understanding veganism as a growing phenomenon and the economics around it, (2) marketing strategies for growth, focused towards sustainability and (3) the case company Oatly, the history of the company and how they have switched strategies to grow larger.

The findings in the empirical research in comparison to the aim of the research, which was to identify, analyze and discuss the key factors that drive Oatly's consumers to buy their products, can be concluded as follows: *The four main reasons why consumers buy Oatly's products are (1) the taste of their product, (2) a growing interest in veganism or plant-based alternatives, (3) it comes to a fair price and (4) they value sustainability.*

5.2 Suggestions for further research

Further research could investigate more by including a wider variety in locations of the consumers, which potentially could have an impact on the results. Furthermore, a wider variety in age groups or genders could be included. By targeting specific groups such as vegans or specific age groups, the researcher(s) could investigate whether the respondents' demographic background would play a role in the final results.

Additionally, a study conducted by using the quantitative research method could be used to gather a greater amount of data, to see whether that would lead to more varying answers.

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