

Controversial Advertisement and New Investors:

*Is this a knock-OAT for the sustainable
company Oatly?*

TEACHING NOTES

The authors prepared this case solely as a basis for class discussion and not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. Although based on real events and despite occasional references to actual companies, this case is fictitious and any resemblance to actual persons or entities is coincidental.

Teaching plan

The following teaching plan aims to function as a comprehensive guide regarding how this case should be used and taught during this case, and in other contexts in the future. It also aims to be an assistance for case instructors regarding the preparation and structure for this case. This guide thereby facilitates the presenters to conduct the case effectively and allows for an engaging discussion with the audience with respect to the defined learning objectives which will be presented below. The teaching notes also aim to provide the case holder with an upper hand of information about the context for the case and examples of previous similar situations.

The following part of the teaching note highlights the case's key takeaways (see Case Synopsis), the learning objectives, and presents main- and supporting questions that will aid the case discussion to reach depth and thorough analysis. This structure is then followed up by a proposed teaching technique as well as a time plan.

Upper hand information

To prepare appropriately for this case some background knowledge is advisable regarding; similar cases, the industry, and competitors. Oatly is far from the first socially associated brand to land investors. Well known examples here are the acquisition of The Body Shop in 2006 by L'Oréal. The Body Shop struggled to find appropriate buyers and, in 2006 L'Oréal came with an offer. That arose a lot of discussion due to the mismatch in core values in the two companies, and later in 2017, The Body Shop was sold. Another example is Ben & Jerry's who Unilever acquired back in 2000. Again, consumers were scared the values of the giant, Unilever, would consume the mission and vision of Ben & Jerry's. However, to a remarkable degree, they were wrong, and Ben & Jerry's social stand survived. Lastly, in 2009 Coca Cola became co-owner of the ethical juice and smoothie company Innocent. An entire acquisition further followed this investment in 2013. Innocent is now fully owned by Coca Cola which has questioned the ethical stand of Innocent as a company and customers are doubting their intentions.

Further, Oatly operates in the plant-based industry and is an alternative drink for milk and dairy products. This specific area of the industry has evolved, and is quite crowded with supplements such as; oat drinks, almond milk, soy products, etc. The consumer demand for plant-based products has significantly increased in the last five years, and the development opportunity within plant-based dairy options is exceptional. Plant-based products put a lot of pressure on the dairy industry, where milk still holds the largest market share. Oatly is a leading actor in the plant-based category and is determined to accelerate production and steal market shares from the dairy industry. That makes milk Oatly's biggest competitor. That has led to rivalry between Oatly and the milk lobby, where Oatly takes the lead and shows its social activism. Through its communication, Oatly urges consumers to choose Oatly over these other drinks, invites other brands to be as sustainable and transparent as themselves. That has taken a lot of media attention and is the starting point of this case.

Case synopsis

December 2nd 2016 it was established that Oatly had a new co-owner, China Resources, a partnership that went against not only their own core values but also the values of their oat followers. However, it was not until 2019 the media storm drew in. Oatly owned the spotlight and the debates continued whether Oatly could be trusted or if boycott was the best decision. Oatly however, answered the critique with another provocative ad campaign, 'Show us your numbers' aiming at all stakeholders who hide their Co2 impact. The fuel of the media storm finally ended and it was calmed for a moment. Just to blow up again, 14th of July Oatly announced their newest investor, Blackstone. The CEO defended the investment the same day with a press release, claiming that change comes from within. However, the real response came a few months later, in October 2020, when Oatly once again was back in the spotlight countered with another ad campaign 'Are you stupid? The milk lobby thinks you are'. Which drew the attention away from the investment and the focus once again landed on Oatly's creative, provocative and activist campaigns. These actions contradicting the core of the brand, arose the question;

How would you as Oatly's Executive board, approach the massive criticism and respond to the betrayed stakeholders after the investments to lessen the effects on reputation and image?

Learning Objectives

By describing this case, regarding the new co-owner China Resources and the investment by Blackstone and examining the brand reputation of Oatly, we aim to teach the case audience several key learnings. The following section will present the learning objectives of the case in accordance with the relevant literature.

The Building Blocks of Corporate Reputation

Our goal is to present a thorough and extensive case study where the main focus is on corporate reputation. Therefore, the learning objectives of this case are in alignment with the specific building blocks of corporate reputation. That enables the case audience to receive insights into corporate personality, corporate brand identity, corporate image, and corporate communication. Which in turn results in corporate reputation. The following building blocks do we recommend focusing on:

Corporate Personality

According to Greyser and Urde (2019), corporate personality demonstrates the brand's unique way of communicating and the brand core. Which translates into what the brand stands for and its promise to customers. The corporate personality is the character and the core nature of an organization. The fundamental components of the organizational nature are culture and strategy. Culture refers to how the brand behaves internally and externally. Thus, strategy emphasizes the importance of; mission, vision, and values (Roper & Fill, 2012). In this case, Oatly has aligned its

mission, vision, and values towards producing healthy products that have a minimal environmental impact. Where the customer promise is: "*We promise to be a good company which means that our drive to help people upgrade their lives always comes before the reckless pursuit of profit*". Concerning here is will the involvement of China Resources and Blackstone affect Oatly's mission, vision, and values, and if so, how will this be shown. That is an interesting aspect that could contribute to good case discussion.

Corporate Brand Identity

A unified and clearly defined corporate identity can be significant regarding competitive strategy. Identity provides direction and purpose for the organization (Greyser & Urde, 2019). According to Urde (2013), corporate identity illustrates the fundamental attributes of any company. It refers to how an organization presents itself to both internal and external stakeholders and primarily how an organization wants to be perceived (Roper & Fill, 2012). Moreover, the concept of corporate brand identity derives from the broader conception of corporate identity. The former notion describes a 'distillation of corporate identity' when broadcast and interpreted by others corporate brand identity results in a corporate identity (Urde, 2013). To ensure clarity, this is an opportunity for the case audience to discuss the differences between corporate identity and corporate brand identity. Furthermore, corporate identity helps a firm differentiate and position itself concerning competitors and accomplish its performance goals (Roper & Fill, 2012).

Oatly, who has a clear position in the marketplace, is perceived as a company that stands up for the environment, delivering a healthier and more sustainable choice to their customers. A position that is rooted in the company's core values. However, the question is if the investment by China Resources and Blackstone, who do not share the same clear environmentally friendly position in the marketplace, will have a bad influence on how Oatly is perceived by customers and non-customer stakeholders. Consequently, will that result in badly influencing Oatly's reputation?

The Corporate Brand Identity Matrix (CBIM) is a three-by-three framework (see exhibit 1) consisting of nine elements (Urde, 2013). According to Urde (2013), the matrix defines the totality of a corporate brand's identity. With a core in the middle consisting of the promises and core values of the corporate brand. That sums up what the brand stands for. The point of departure in this case study is the clashing identities between Oatly and the brand's new investors. To better visualize this and lead a discussion the CBIM framework of Oatly, China Resources, and Blackstone can be presented next to each other.

Corporate Brand Image

According to Roper and Fill (2012) the corporate image refers to how a company is being perceived by its surrounding, while the internal presentation outwards is more of an aspect of identity. The image of a company thus comes from those that perceive it, not from within the organization. Corporate image can be seen as the result of the audience's interpretation given to the cues that the organization has presented.

In this case about Oatly, the concern is whether the investments from Blackstone and China resources increases the possible gap between Oatly's image, and their identity. The aspect of the potential gap between the image and identity could be a risk for the brand, and could thereby also be a beneficial contribution to the case discussion.

Corporate Communication

The aim for corporate communication is according to Roper and Fill (2012) to manage how various stakeholders perceive the company and to inform, influence, and guide corporate strategy. Corporate communication could be claimed to be a strategic stakeholder activity. Corporate communication should also ensure that the relevant stakeholders are given the same information and that they have a similar perception of the brand. Corporate communication functions as a linkage between the various components of corporate reputation, namely between corporate personality, identity, reputation, and image. However, there is a risk that there occur gaps when managing the corporate communication. An example of this in the Oatly case is if the company's external stakeholders, such as NGOs, media or customers, have a different perspective or perception of the company compared to the internal stakeholders, such as the employees, or the board of directors. This was visible when Oatly launched its "Show us your numbers" campaign, after taking the investment from China Resources. Numerous parties saw the campaign as a defense against their action, but Oatly meant that they had nothing to hide.

In this case, Oatly has built their entire image and proliferation on their sustainable responsibility. After the investment from the external parties with a doubtful reputation, they were somewhat questioned. Even though Oatly to some extent informed their stakeholders, their various stakeholders did not seem to fully understand and support their decision. Corporate communication is an important concept in the process of managing and maintaining positive relationships with various stakeholders, and reducing their uncertainty during certain events. Since corporate communication contributes to the construction of corporate reputation, it is an important aspect to consider in this case.

Corporate Reputation

Corporate identity, image, and communication are all affecting the corporate reputation, which is a concept described by Roper and Fill (2012) as the joint representation of a company's previous actions and results. The phenomenon represents the company's capability to provide added value for various stakeholders. The corporate reputation also says something about a company's reactive position internally with their employees, as well as externally with their stakeholders. Corporate reputation is part of the extension of the corporate brand identity and reputation matrix (CBIRM) developed by Greyser and Urde (2016) which can be found in exhibit 2. The reputational aspects that have been added include features such as relevance, willingness-to-support, responsibility, trustworthiness, and credibility. The matrix with the different reputational features can be used in the Oatly case to discuss what parts of the reputation have been affected and influenced by the investments.

Examples of elements that might be a good contribution to the discussion are trustworthiness and responsibility, which can be seen as being negatively affected due to the questioned value sharing and support between the two investors and Oatly, as mentioned in the case description. Another element that could have been affected negatively, in this case, is the customer's willingness-to-support Oatly. This due to the critique from their stakeholders after the investment.

Overview of Key Learnings Objectives

The written case aims to bring to attention the reputational difficulties in the course of investments and co-ownership in Oatly by companies with essentially different corporate identities. The case audience will act as Oatly’s Executive Board. Evaluating the difficulties and opportunities with the new owners of Oatly and the potential effect on Oatly’s core values should allow the reader and the case audience to attain several key learning objectives. These objectives are described below, using Bloom's taxonomy of learning domains and visualized in Table 1.

Key learning objectives		
<i>Remembering</i>	...companies involved in the investment and co-ownership case and affected by identity clashes	Here: Oatly, China Resources and Blackstone
<i>Understanding</i>	...how differences in corporate identity can affect reputation and the importance of the reputational building blocks	Here: the identity differences between Oatly and its new investors
<i>Applying</i>	...the application of key corporate brand management concepts on all involved actors to present a visualization of their corporate identities and effect on reputation	Here: the corporate brand identity matrix (Urde, 2013) and the corporate brand identity and reputational matrix (Urde and Greyser, 2016)
<i>Analyzing</i>	...the differences between Oatly and its new co-owners in regards to corporate identity	Here: present the CBIM for each company next to each other and discuss differences and clashes
<i>Evaluating</i>	...the way Oatly manages the identity clash between itself and its new investors and the effects on the brand’s reputation	Here: the actions of Oatly and the building blocks of corporate reputation
<i>Creating</i>	...an action plan for Oatly to restore reputation after the investments	Here: conduct an action plan based on transparency, ethics and sustainability

Table 1. Key Learning Objectives

Questions for Discussion

In order to accomplish the learning objectives and attain an engaging and fruitful discussion, it is recommended that the instructor prepare the main question and assisting questions to start and keep the discussion going.

Main Question

How would you as Oatly's Executive board, approach the massive criticism and respond to the betrayed stakeholders after the investments to lessen the effects on reputation and image?

Assisting Questions

1. How will Oatly's new investors and the company's usage of controversial advertising in media affect Oatly's reputation as an ethical, transparent and sustainable brand?
2. Since brand index and buzz are affected by criticizing others within the industry, how could Oatly preserve their identity without accusatory advertisements?
3. Could the media storm have been prevented?
4. What actions can you take to recover from the reputational backlash? How can Oatly move forward and satisfy its external stakeholders?
5. What are Oatly's main challenges long- and short-term?
6. What could the possible advantages and disadvantages be with the new investors in the company?

Teaching Suggestions

To ensure achievements of stated learning objectives and a successful case presentation, a guide for the instructor has been made. This includes an advised presentation, teaching recommendations, and specified teaching approaches. The teaching suggestion also aims to function as a guide for the case instructor when it comes to the planning process and when presenting the case, both at the initial time and for the future. We believe that the instructor plays an essential role in this case since the case experience and discussion might be a new situation for the participants.

Before the case takes place, it is recommended for the instructor to dedicate enough time to read the case and get familiar with the different events that took place as well as the companies involved. This is, according to us, crucial since the case instructor should function as the person with the most knowledge within the area and be able to engage in a fruitful discussion with the participants.

When the case takes place, we suggest that it should be divided into two sections. The primary section should focus on the background information and presenting the case, and the second and last section should include more interaction between the participants. In the primary section, the participants should be informed about the case background, which in this case is about Oatly and the investment of China Resources and Blackstone. This should be done to give the participants an understanding of the case in question and the different parts involved in it. This should then be followed by a presentation of the managerial dilemma, which in this case is the clashing identities and proliferation of Oatly and its investors and the reputational results of this.

We believe that it is of great importance to present the case in an engaging and inspiring manner, with aid from the exhibits attached and other visual assistance such as videos. Another suggestion is to present the given timeline (see exhibit 3), which showcases the different events that took place during the incident. This timeline can work as a reminder and aid the understanding of the timespan for the incident. It is also suggested that the participants receive a visualization of the presented CBIM and CBIRM models to base their discussions on. Furthermore, it is important for the instructor to present the case as neutral as possible, from various perspectives, to prevent biased opinions.

After the participants have been provided with the needed information, the case question will be presented. Here the case audience will act as Oatly's Executive Board and the instructor as a moderator to ensure a thorough and engaging discussion. The main case question will be followed by sub-questions to help the discussion going forward. It is recommended that the discussion is held in a friendly and open manner, so having a system for the answers and discussion is recommended, which for instance could be by a naming system with name tags. It is also suggested that the instructor use a whiteboard as a supporting function to note the key points and main insights so that the participants can return to the previous thoughts and comments. When the discussion is coming to an end, the instructor should summarize the main points that the participants have reflected on.

Time Plan

This section outlines the recommended time spent on each element. The designed time plan acts as a suggestion that provides support for presenting the case in a systematic order, ensuring coverage of all topics, and establishing time for discussion and reflection. For this case, a time frame of 45 minutes is determined to be enough. The figure below indicates how much time should be spent on each element. To make the case as efficient and teaching as possible. If the actual time is less than 45 minutes, the visualization of the CBIM can be left out and instead orally discussed.

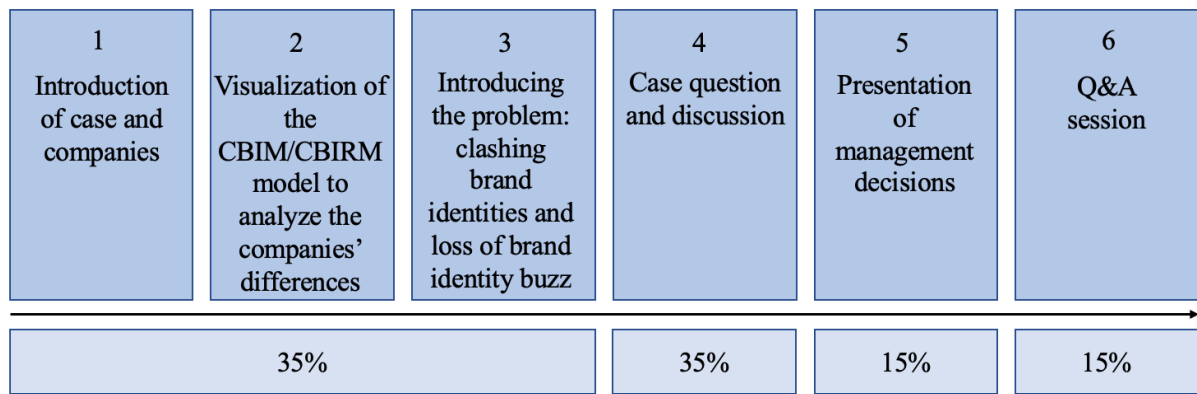


Figure 1. Time plan

Reflection

In the past weeks, our study group, consisting of three students, have engaged in writing a case, a management decision and developed teaching notes connected to a chosen topic. This has been a part of the master course BUSN35, *Corporate Brand Management, and Reputation*, aiming to deep dive into a real-life case to present and discuss together in class. First of all, we found three compelling cases examined in detail with professor Mats Urde, head of course, at supervision. Being able to start with the case, we had to overcome the challenge to choose the one that grabbed our attention the most, and it stood clear that the most interesting was the Oatly case. This case was fascinating due to its up-to-date relevance since it concerns Oatly's new investors, Blackstone and China Resources, which has caused a debate about Oatly's corporate identity and reputation.

The challenges we have faced have mainly been about framing our question to the audience and finding a propitiate model for the specific case. It has been challenging since the aim has been to avoid focusing on crisis communication and crisis management, which could be one natural way to address the topic. However, our question ended up in how Oatly's media usage as a 'cover up' would affect its reputation as an ethical and sustainable brand. Our challenge was further connecting the former to a discussion in class whether it is possible to stay authentic and honest as a small company or whether it is unavoidable to get investors of another ethical character than your own when that relies upon your core.

Cases of the same character have occurred previously, for example, L'Oréal and The Body Shop's acquisition, when Unilever acquired Ben and Jerry's, and when Coca-Cola acquired Innocent. The previous cases show how smaller ethical companies are now, to some extent, controlled by more prominent companies with other agendas. Challenging was to find a different angle among similar cases. However, none of the companies within the earlier cases had acted so controversial about the critique as

Oatly has done, even though they have been in a comparable media storm. Neither have the previous cases occurred in the present since they took place at the beginning of the 21st century. However, the most prominent advantage of the Oatly case is that it could be seen as evergreen. It could do so due to the previous examples from other acquisitions of smaller ethical companies and its up-to-date character. This case could occur in the future since more of today's companies use controversial communication to start a debate on the market. That makes it prominent for companies to consider reputational affects and identity clashes in beforehand.

Appendix

Exhibit 1: Corporate Brand Identity Matrix

<p>VALUE PROPOSITION <i>What are our key offerings and how do we want them to appeal to customers and non-customer stakeholders?</i></p>	<p>RELATIONSHIPS <i>What should be the nature of our relationships with key customers and non-customer stakeholders?</i></p>	<p>POSITION <i>What is our intended position in the market, and in the heart and minds of key customers and non-customer stakeholders?</i></p>
<p>EXPRESSION <i>What is distinctive about the way we communicate and express ourselves and makes it possible to recognize us at a distance?</i></p>	<p>BRAND CORE <i>What do we promise, and what are the core values that sum up the essence of what our brand stand for?</i></p>	<p>PERSONALITY <i>What combination of human characteristics or qualities forms our corporate character?</i></p>
<p>MISSION AND VISION <i>What engages us (mission) and what is our direction and inspiration? (vision)</i></p>	<p>CULTURE <i>What are our attitudes and how do we work and behave?</i></p>	<p>COMPETENCES <i>What are we particular good at, and what makes us better than the competition?</i></p>

Exhibit 2: Corporate Brand Identity and Reputation Matrix

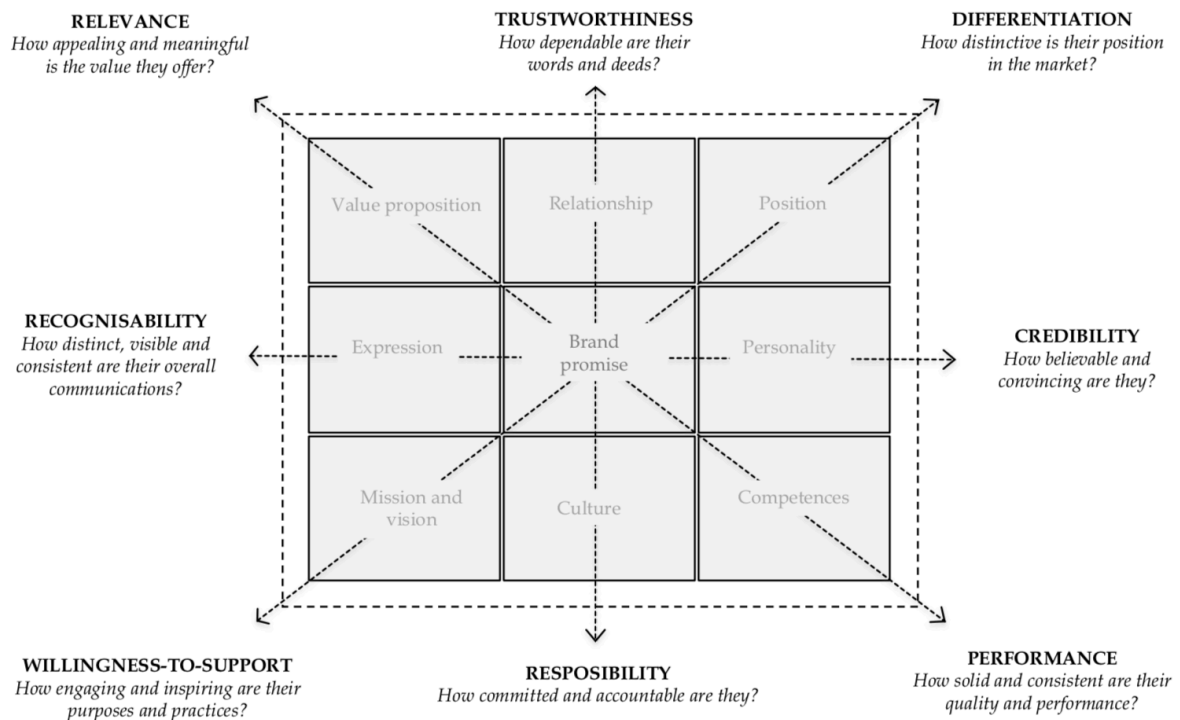
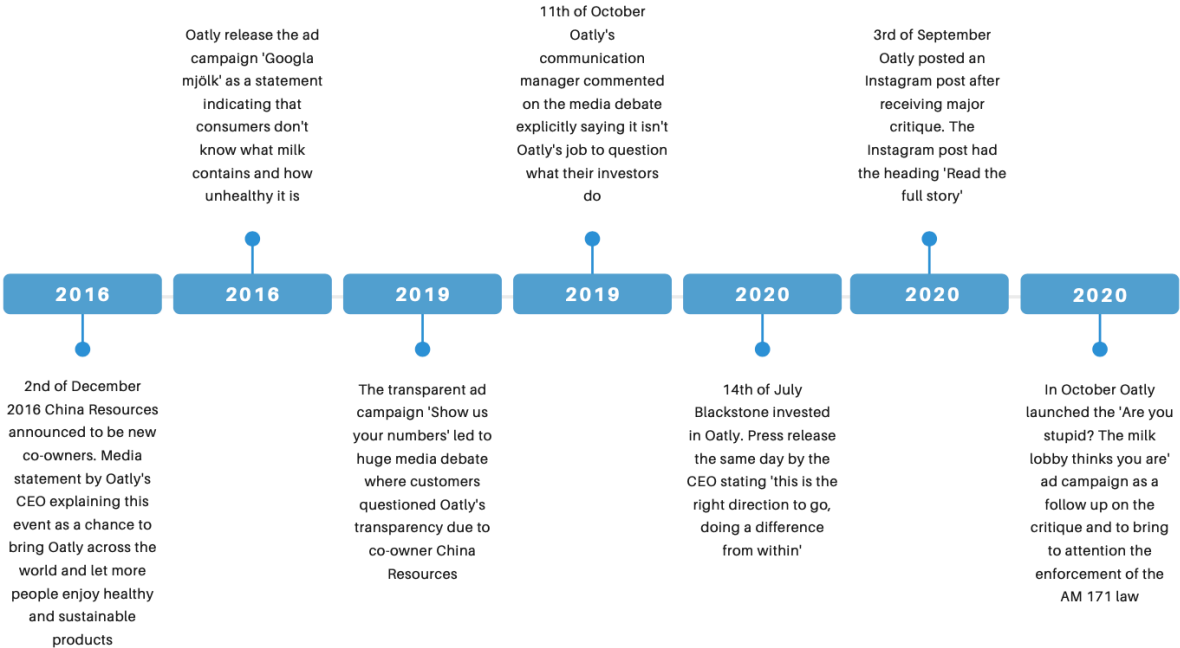


Exhibit 3: Timeline Oatly Case



References

Greyser, S.A., & Urde, M. (2019). What does your corporate brand stand for?, *Harvard Business Review*, Available through: LUSEM Library website <http://www.lusem.lu.se/library> [Accessed 18 February 2021]

Roper, S., & Fill, C. (2012). *Corporate Reputation: Brand and Communication*, Essex: Pearson Education Limited.

Urde, M. (2013). The Corporate Brand Identity Matrix, *The Journal of Brand Management*, vol. 20, no. 9, pp.742-761, Available through: LUSEM Library website <http://www.lusem.lu.se/library> [Accessed 18 February 2021]

Urde, M. and Greyser, S. A. (2016) 'The Corporate Brand Identity and Reputation Matrix - The case of the Nobel Prize', *Journal of Brand Management* Available through: LUSEM Library website <http://www.lusem.lu.se/library> [Accessed 16 February 2021]

Växtbaserat Sverige. (2021). Fakta om växtbaserat, Available online: <http://www.vaxtbaseratsverige.se/fakta-om-vaxtbaserat/> [Accessed 13 February 2021]