The Milk War: Defending Dairy or Milking the Plant-Based Trend?

TEACHING NOTES

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Teaching plan

The purpose of this document is to support both case presenters and teachers by providing relevant theoretical information and frameworks for executing the case. We aim to offer data that will help structure the case and foster a more effective discussion of the Arla case. This document will first provide a brief introduction to the case, allowing the facilitator to summarize it for the audience. Next, we outline the learning objectives and present key sources and frameworks from reputational and corporate brand management perspectives. Finally, we will propose a structured plan and timeline for executing the case, designed to encourage class discussion.

Case synopsis

The dairy industry giant, Arla, came across a rivalry with the plant-based brand Oatly who launched a provocative campaign attacking Arla in 2014. The slogan for the campaign read "It's like milk but made for humans". This direct challenge to traditional dairy was the starting point for the conflict known as "The milk war", forcing Arla to defend its legacy while adapting to consumer preferences. Oatly positioned themselves as a sustainable and ethical alternative, gaining market traction and reshaping industry dynamics. Arla initially responded with legal action and countercampaigns reinforcing the dairy's cultural and nutritional value. However, as demand for plant based products grew, Arla faced a critical decision to find their next move. Arla then chose to diversify their portfolio and introduced a 50/50 milk and oat blend in 2019, followed by their fully plant based product line JÖRD in 2020. The case highlights the challenges traditional brands face in responding to disruptive market forces and evolving consumer expectations.

Learning objectives

The Arla case discusses brand management and reputational topics. This teaching note is therefore relying on the theoretical field of Corporate Brand Identity and Reputation and Corporate Communication. These frameworks are based on the knowledge of Urde (2024) and Roper and Fill (2012). These concepts are applied to the case in the following sections. The presenter should be able to connect the theories with Arla in order to achieve a successful development and discussion of the case in class.

Corporate Brand Identity & Reputation

Arla is a brand with a rich history rooted in Swedish milk consumption. They have established themselves as a brand with a strong pro-milk identity, while simultaneously showcasing an openness – and willingness – to change in regards to consumer and societal trends. The Corporate Brand Identity Matrix by Urde (2024) provides us with the right tools to analyze Arla's identity, and serves as a key framework for this project. The matrix is composed of nine interrelated elements and forms the foundations of a solid corporate identity (Figure 1). In order to navigate the case of Arla vs. Oatly and Arla's ultimate managerial decisions, a comprehensive understanding of the Corporate Identity Matrix is crucial.

In 2016, Urde alongside Greyser extended the Matrix with reputation as an additional element (Figure 2). This will further deepen our analysis of Arla's reputation amidst The Milk War, as well as give us the tools needed to investigate the impact of Oatly and The Milk War on Arla's reputation.

Corporate Identity Matrix

Arla's decision to enter the plant-based milk alternative market marks a significant shift in its brand core. Initially, the company maintained a strong commitment to traditional dairy, emphasizing that dairy milk is "the right choice." This stance was exemplified in campaigns like "Bara Mjölk Smakar Mjölk" ("Only milk tastes like milk"), which served as a direct response to Oatly's provocative "It's like milk, but for humans" campaign (Törner, 2019). These efforts reinforced Arla's identity as a brand deeply rooted in tradition and the dairy industry.

However, the introduction of a 50/50 oat-dairy blend, followed by the fully non-dairy plant-based oat alternative JÖRD, signaled a notable evolution in their brand strategy. Arla has long positioned itself as a champion of local farming and the health benefits of dairy, and the initial 50/50 product allowed the company to innovate without straying too far from its brand core values. In contrast, the launch of JÖRD, a completely non-dairy product, represents a departure from this core. By offering a plant-based alternative that no longer supports local dairy farmers, Arla's commitment to promoting dairy as a healthful choice becomes less pronounced. This shift calls into question whether the brand can maintain its traditional identity while embracing new consumer trends. We argue that the launch of JÖRD creates a misalignment between Arla's brand core and the new initiative. The non-dairy initiative creates a mismatch between not only Arla's identity, but with several of the matrix's components.

Since Arla's primary focus is on its core product, dairy, the JÖRD product launch creates a gap between their relationships with not only its customers, but also its farmers, who are the core of Arla. If the brand is built on close, trust-based relationships with shared values, a non-dairy product will not be perceived as a positive addition to the product portfolio from the farmers perspective. Furthermore, the customers of Arla buy their milk for several reasons; one of which might be to stand against the plant-based movement. JÖRD would therefore hurt this relationship between Arla and these customers, creating a breach of trust.

External	**Value proposition** High-quality, natural dairy products that promote health, sustainability, and taste	**Relationships** Close, trust-based relationships with farmers, customers, and stakeholders built on transparency and shared values	**Aspired position** The most trusted and sustainable dairy brand, leading in nutrition and environmental responsibility.
Bridge	**Expression** Clear and honest communication about sustainability, quality, and farmer-owned values. Recognizable branding with natural imagery.	***IDENTITY CORE*** *"Closer to Nature"* – A commitment to sustainability, high-quality dairy, and responsible farming	**Personality** Trustworthy, caring, and responsible, with a focus on health, nature, and community.
Internal	**Mission & vision** **Mission:** To create the future of dairy, bringing healthy, natural, and sustainable products to consumers. **Vision:** To be the most sustainable dairy company, delivering natural goodness for generations to come.	**Culture** A cooperative mindset, rooted in collaboration, sustainability, and continuous innovation.	**Competences** Expertise in dairy production, sustainable farming, and global supply chain management, with a focus on innovation and environmental impact.

Figure 1: *Corporate Brand Identity Matrix of Arla*

Furthermore, an introduction of this new product in their portfolio alongside its existing dairy products, may lead to Arla losing its trust from its most loyal customers, primarily for straining too far away from its brand core. Arla's entire brand relies on high quality dairy, making JÖRD's position in the product portfolio seem like a mismatch.

However, Arla is making an effort to be an innovative brand, with high focus on sustainability. Even with its core values and identity relying heavily on dairy, can a brand like this truly be sustainable in the long run? This is another aspect of Arla's non-dairy initiative that needs to be taken into consideration. In order to be able to continue living their brand and living up to the expectations of stakeholders, more non-dairy products might be a necessary addition to their product portfolio for the brand's longevity. Sustainability laws and regulations might become stricter in the near future, making non-dairy products a good addition to Arla's overall sustainability initiatives. However, if that is the right strategic decision for Arla remains to be seen. If so, their brand identity matrix needs nudging (Urde, 2024). The way it is now, JÖRD seems to be awkwardly placed in a brand where it does not fit in.

Corporate Reputation Matrix

To highlight the challenges Arla is facing, associated with the external reputation of the brand, the Corporate Brand Identity and Reputation Matrix provides further insight into what inconsistencies a misalignment in the matrix can lead to.

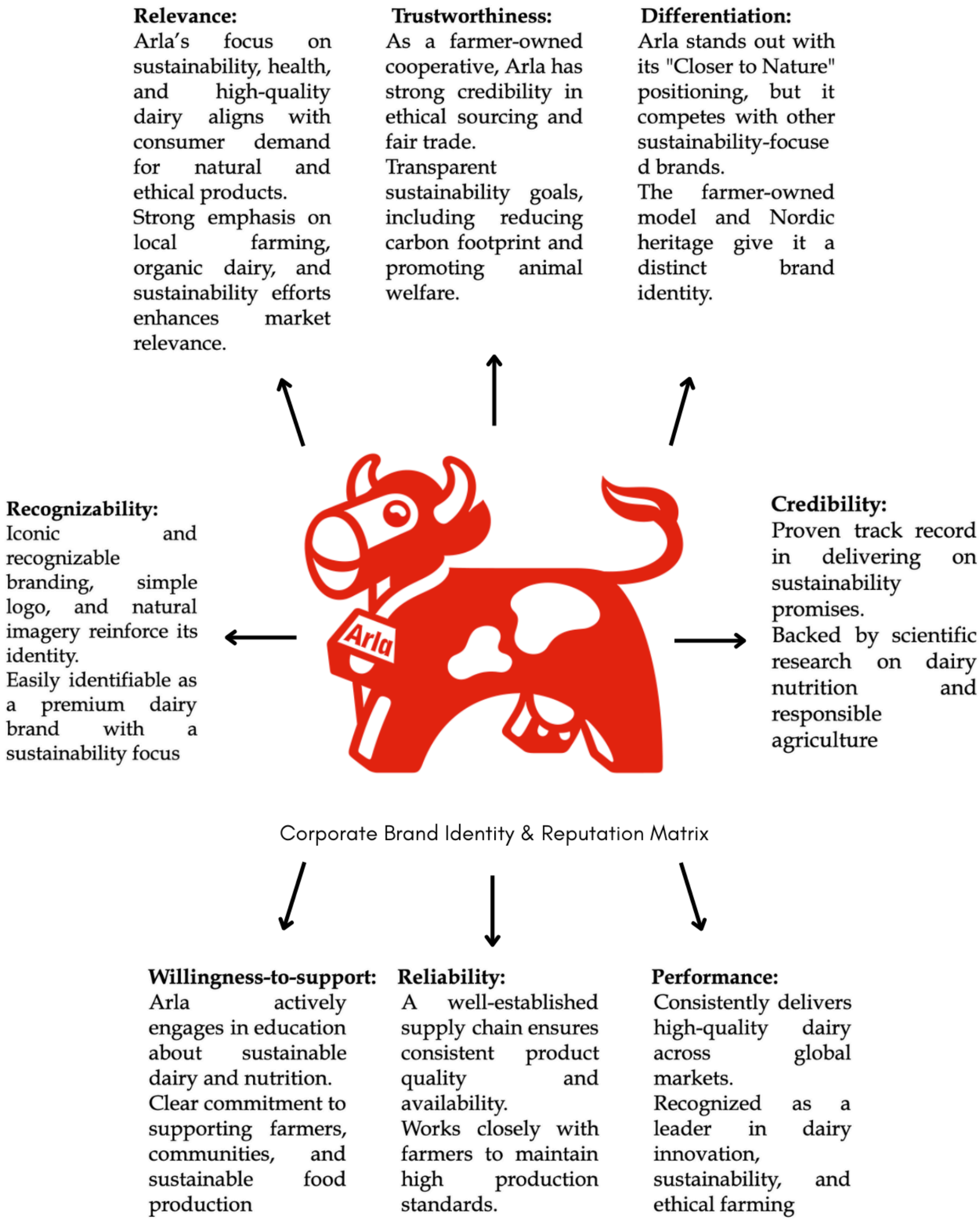


Figure 2: *Reputation elements of the Corporate Brand Identity Matrix of Arla*

As previously mentioned, the suitability of the non-dairy product extension of Arla is low in terms of their brand core. We argue that the extension can hurt the reputation of the brand. It is clear that Arla has its focus on dairy, dairy farming, and the health benefits of dairy, making the product extension a damage to Arla's reputation in terms of its relevance, recognizability, and willingness-to-support. One of the most important aspects of the reputation of a brand is trust (Urde, 2024). Arla's non-dairy product launch is primarily damaging the "soft parts" of the brand (Urde, 2024) because it strays too far away from their brand essence, leading to a decrease in willingness-to-support. The JÖRD product launch does not sit well with the non-dairy community (**Exhibit 1**), nor is it supported by dairy drinkers either, thereby lowering the willingness-to-support element. Additionally, the non-dairy product extension can hurt their relationship with their farmers. If the non-dairy products take up more space in their portfolio, they might have to include more grain farmers, and perhaps leave their dairy farmers behind. Although this is a hypothesis, we argue that in the turbulent landscape of today, Arla's initiative to focus more on plant-based products is not appreciated by their dairy farmers and can create tension and a breach of trust.

Furthermore, JÖRD is nowhere to be seen in their social media channels, making it seem like not even Arla themselves are willing to support the new product launch. However, the product is shown through influencer collaborations on social media and through accounts circulating the vegetarian and vegan communities where the feedback is mostly negative. Although it is not revealed why the commenters opt for non-dairy options in their choice of "milk", the comments share one thing in common: decreased trust for Arla. The comment section in said posts are filled with feedback such as "I will never support Arla" or "Arla is a brand with zero trustworthiness" (**Exhibit 1**).

Previously, the argument that the non-dairy extension is a positive addition to their sustainability initiatives was highlighted. However, in regards to their continuous support of dairy products and its health benefits, this argument is not strong, lowering their relevance on the market. If they continue to push the narrative that dairy can be good for both the body and the planet, launching an oat-alternative goes against this message. In the end, Arla becomes a brand that can't be recognized for what it is they truly stand for, lowering their relevance on the market.

Additionally, the packaging of JÖRD varies greatly from their original, iconic packaging, making it hard to recognize as Arla. If this is intentional or not is unknown. Nevertheless, it can create confusion for the consumer on what is Arla and what is not, lowering their recognizability. Arla can leverage their reputation when their identity and story is in alignment (Urde, 2024), which is why it can be argued that JÖRD might not be the best choice for Arla.

Corporate Communication

Corporate communication plays a crucial role in how stakeholders perceive the organisation and its decisions. There are three main types of task-related communication: management communication, marketing communication and organisational communication (Roper & Fill, 2012). Management communication refers to how the leaders of the organisation communicate internally and externally. In order to succeed with the new strategy, it is crucial that the board of Arla can communicate their vision to the stakeholders and "make people want to reach the new position"(Urde, 2024).

For Arla, an important stakeholder is the dairy farmers that are both owners and suppliers. It is important that the managers make sure that they are onboard and understand the reasons why Arla is entering the plant-based market and that the farmers still can identify themselves with the brand and its purpose. Marketing communication refers to the activities that are made to engage the customers and influence them to think and feel certain ways about the brand and its products. Since Arlas communication historically have had a big focus on dairy, it is critical that they communicate how this shift to make plant based products is motivated.

Moreover, they have the potential to reach a new segment in the plant based market and need to also convince those customers that they are authentic, which could be a challenge since they also continue with the production of dairy products. It is clear that Arla faced some problems with this since they had to relaunch JÖRD in 2024, though it had already been introduced in 2020. In the relaunch they focused on collaborations with influencers and the introduction of new products within the JÖRD product line. It is still unclear if this communication has been enough. Organizational communication refers to public relation activities such as media relations, investor relations and corporate advertising (Roper & Fill, 2012). Arla's new strategy needs to be communicated and motivated to these parties so that they continue having good relationships.

Discussion Questions

Introduction

Arla, as a leading dairy brand, has for a long time defended their products against plant based alternatives, with slogans such as "Only milk tastes like milk". However, the brand is now facing a dilemma. The popularity of plant-based options are increasing and consumers care more about sustainability, health and ethical consumption, but entering this market could raise questions about the brands identity and authenticity.

Arla needs to decide on how to respond to challengers like Oatly and on how to stay relevant while at the same time staying true to their core identity.

Main Question

What should Arla do now in order to stay relevant without losing their identity?

Assisting Questions

- What could be the risks and benefits for continuing to defend milk, without entering the plant-based market?
- How could Arla balance their history in the dairy industry while entering the plant based market?
- What could be the advantages and disadvantages with launching a separate brand that focuses on plant-based products?
- How could these different options impact consumer trust, associations and perceived authenticity (among loyal dairy consumers and consumers in the plant based segment)?
- What are the short-term and long-term effects of the different options?
- How should Arla communicate the strategy they go forward with internally and externally?
- What financial aspects need to be considered with these different options?

Teaching Suggestions and Timeplan

The following section presents a suggested structure for presenting the case. The proposed structure promotes an interactive discussion of the case and helps the presenters engage the participants in reflecting on the underlying strategic and branding challenges faced by Arla.

Pre-presentation phase

In order to ensure a meaningful discussion, it is important for participants to prepare in advance by familiarizing themselves with the context of the case and the competitive landscape of the dairy industry.

For a deeper understanding of Arla's brand identity and strategic position it is recommended that students review Arla's communication channels, such as social media platforms and website. Additionally, reviewing Oatly's campaigns and its positioning in the plant-based sector will provide critical insights into the competitive dynamics at play.

A visual presentation will support the discussion, ensuring the display of exhibits that illustrate key moments in the Milk War.

Introduction phase

To engage participants from the start, the discussion can begin with an interactive introduction to gauge their familiarity with the dairy and plant-based industries. The presenters may choose to show the brand logos of the two companies or relevant advertisements and ask one or multiple of the following questions:

- Have you seen these brands before?
- Which of these brands do you associate more with innovation?
- Have you switched from dairy to plant-based alternatives?
- What factors do you think influence consumers to move away from dairy?

These initial questions will help assess the audience's awareness of the brands and set the stage for discussing the brand identity, reputation and strategic challenges faced by Arla in response to Oatly's disruptive marketing.

Discussion phase

When entering this stage, the participants should have a good grasp of the case and the key strategic dilemma faced by Arla. The discussion should be structured around Arla's three strategic options in response to Oatly:

1. Defend traditional dairy and reinforce the importance of milk in Swedish culture.
2. Enter the plant-based market under the Arla brand and compete directly with Oatly.
3. Create a separate non-dairy sub-brand to enter the plant-based space while maintaining Arla's dairy heritage.

The audience will here take on the role as *"Corporate brand consultants"* and evaluate the three options. They will then go on to propose the most suitable path for Arla in order to move forward. The presenter will act as a moderator, guiding the discussion by positioning key questions that challenge participants to think critically about brand identity, market positioning and long-term strategy.

Apart from the main (and assisting questions) some guiding questions for discussion include:

- Why did Arla react so strongly to Oatly's campaign if its revenues remained stable?
- Should Arla have ignored Oatly's provocation instead of engaging in counter-marketing and lawsuits?
- Can a brand deeply rooted in dairy maintain credibility while also offering plant-based alternatives?
- How would launching a non-dairy sub-brand affect Arla's relationships with its farmers and traditional dairy consumers?
- How does consumer perception play a role in brand reputation, even if financial performance is not immediately affected?

During the discussion, the moderators should utilize the board in order to structure the discussion and alternatives raised from the *"Corporate brand consultants"*. The discussion finishes off with a vote in order to determine the best suited path for Arla to go with according to the arguments made in class.

Conclusion phase

After the participants have cast their vote, the presenters will reveal the actual decision made by Arla, which was to enter the plant-based market with a hybrid product (50% milk, 50% oat) in 2019 and later launch a fully plant-based brand, JÖRD, in 2020.

If the participants choose the option that aligns with Arla's actual decision, the discussion should highlight the arguments that were the strongest in support of the choice. If the participants' choice differs from what Arla actually did, the presenter should explain why Arla may have taken a different approach and ask participants for their reflections on the final outcome.

To wrap up the session, the moderator should summarize the key takeaways from the discussion, focusing on:

- The impact of brand identity and reputation on strategic decision making.
- The role of market trends and consumer perception in shaping corporate responses.
- The balance between innovation and tradition in maintaining relevance in a changing industry.

The session could end with asking the participants:

"If you were a part of Arla's management team today, how would you approach the future of dairy in a world where plant-based alternatives are evolving at such a rapid pace?"

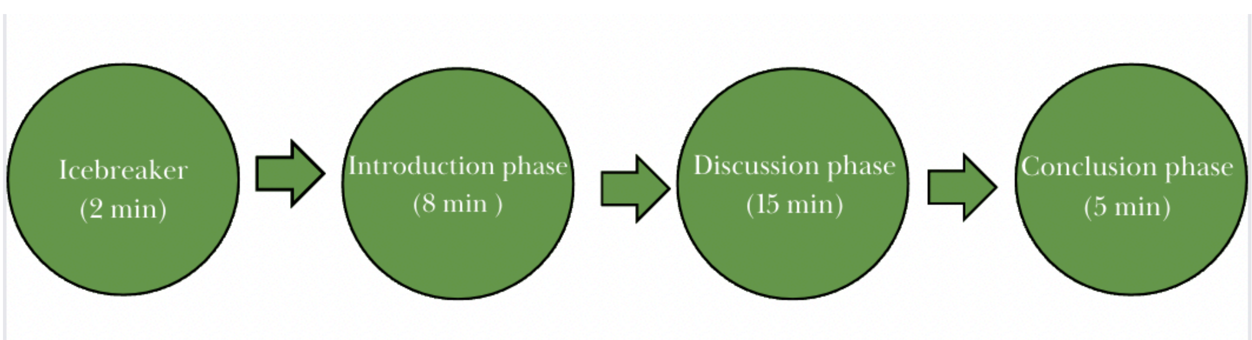
This final reflection encourages the students to apply their learning to broader strategic challenges faced by legacy brands in evolving industries.

Time plan

In order to ensure a structured and engaging discussion, the following 30 minute timeline is designed to guide the session. It is planned to allocate time to each phase of the case discussion, balancing audience engagement, analysis, and reflection.

The first two minutes will be allocated to getting the audience familiarized with who the presenter of the case is as well as an assessment of to what extent the audience is familiar with the two companies being analyzed in the case. Following will be the introduction phase, where a brief overview of Arla's brand history, emphasizing their heritage, reputation, and position in Swedish dairy culture. The introduction phase will finish off with introducing the incident that will be discussed in the following phase.

In the Discussion phase 15 minutes are allocated to discussing and debating the three potential strategic options. During this phase, the main case question will be introduced, followed by an open discussion of the three alternatives. The discussion will round off into a vote for the best strategy based on the arguments made by the participants. The conclusion phase will wrap up the session by comparing the audience's choice with Arla's actual decision and reflecting on key takeaways. About 5 minutes are allocated for this phase.



Board plan

The following Board Plan will serve as a tool for presenters to be able to drive the discussion of the case, ensuring that key concepts and strategic considerations are effectively analyzed. The purpose of the board plan is to facilitate an interactive and engaging classroom discussion.

During the case presentation, the board plan is used to visually organize the discussion. The top row presents the three strategic alternatives available to Arla: (1) Defending traditional dairy, (2) Expanding into the plant-based market under the Arla brand, or (3) Creating a separate non-dairy sub-brand. The two rows below outline the pros and cons of each option, helping students critically assess the trade-offs involved. The final row enables the participants from the discussion to cast their vote on the option that they feel is the most suitable for Arla in order to counter Oatly's actions.

	What should be Arla's next Move?		
	Option 1: Keeping focus on milk and dairy products	Option 2: Start producing plant-based products	Option 3: Non-dairy brand extension
Pros	- Reinforces brand identity & legacy - No risk of alienating dairy consumers - Cost-effective (no R&D for new products)	- Capitalizes on growing plant-based trend - Uses Arla's strong distribution network - Competes directly with Oatly on its own turf	- Targets new consumers without harming dairy image - Avoids brand confusion betweendairy and non-dairy - Positions Arla as an innovative & inclusive company
Cons	- Risk of appearing outdated & resistant to change - Potential long-term market loss to plant-based brands - Limited appeal to younger, sustainability-focused consumers	- Could dilute Arla's dairy-focused brand - Difficult to compete with Oatly's strong plant-based brand image - Risks alienating dairy-loyal customers	- Could take time to establish in the market - May struggle to gain credibility in the plant-based segment - Requires significant marketing investment
Vote			

Figure 3: *Reputation elements of the Corporate Brand Identity Matrix of Arla*

Reflection

The case of Arla comes as a suggestion to us during a supervision with Professor Urde and Nick Garby Adams. Our initial idea was to analyze how the reputational of Oatly has been affected by the investment from Blackstone Group in 2020. Something along the lines of "repetitive and overly-explored" was uttered in the meeting room. What if we saw it from a different perspective? What if we analyzed the Oatly vs Arla situation, the so-called Milk War, from Arla's perspective? We decided to give it a go, and it exposed us to a variety of learning opportunities.

As a group, we had mostly encountered this issue through Oatly's lens—an angle that dominates online discourse. While Arla is often portrayed as a traditional, grounded brand, Oatly is the disruptive challenger, making them the more attention-grabbing player. Shifting our focus to Arla challenged our preconceptions and encouraged us to think more critically about their strategic decisions.

Before starting our research, we agreed to examine Arla's long-term strategic responses following Oatly's aggressive positioning. Our goal was to understand why Arla made the choices it did and explore potential alternative strategies. This is the main reason for the format of the managerial decision, where we present three paths Arla could take amidst the Oatly attack. We believe that debating these strategic options forms the most valuable part of our case study.

One of the highlights of this assignment was the creative freedom to select a topic of interest and shape our analysis from a chosen perspective. It allows for creativity in terms of writing and thinking while simultaneously applying relevant theory to a real life example. Unlike previous course assignments, this project allowed us to blend theoretical concepts with real-world strategic dilemmas, making the learning process both engaging and hands-on. To us, this was a different and fun way of learning, and an interesting contrast to previous course assignments.

However, we encountered limitations in accessing business-specific data. During supervision, we were encouraged to incorporate a financial perspective, but obtaining meaningful business figures proved difficult. The dairy industry is influenced by numerous external factors beyond Oatly's market entry, making it nearly impossible to isolate the financial impact of their competition on Arla

Despite this challenge, the assignment was highly rewarding. It provided a practical bridge between theory and real-world brand management, deepening our understanding of reputation and corporate strategy in today's complex branding landscape. This experience has enriched our perspective on strategic decision-making in competitive markets, reinforcing the intersection of academic insights and business realities. We thank Professor Urde and Nick Garby Adams for a rewarding experience and an interesting course to participate in!

References

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Appendix

Exhibit 1: comments on JÖRD instagram posts