



Analysis of Advertisement Strategies and Effectiveness Oatly as a Case Study

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Abstract. Advertisements are increasingly used by companies to attract consumers and persuade them to make purchases. Oatly is one of the most successful companies using advertisement techniques. This paper is aimed at analyzing Oatly's advertisement strategies and effectiveness using different subject knowledge and related theories. The significance of the study is to summarize some of the central theories in advertising and apply the integrated literature framework in the case analysis. This process provides evidence for established theory and support for practical cases, and also provides references for future advertisement designs. In the case that the paper analyses, Oatly company's advertisement has achieved awareness, comprehension, conviction, and action successfully using rhetoric communication in advertisements.

Keywords: Advertisement · Advertisement effectiveness · Oatly company · Case study · DAGMAR model · Means-end chain model · Visual Rhetoric · The Elaboration Likelihood Model

1 Introduction

Advertisements play a role in attracting audiences' interests and sales when they are being shown a product, brand, or service. Advertisements vary in forms, from posters to videos, and have become an important part of business promotion. Currently, more and more advertisements are being applied by companies and they appear widely in people's daily lives [1].

Companies are using techniques in advertisements to attract consumers' attention. Customers who are attracted tend to trust the brand and make more purchases. This phenomenon is called advertisement effectiveness. Many companies have achieved big success because of huge advertisement effectiveness. Oatly, an oat milk company established in Sweden, is among these successful companies. Oatly uses its advertisement to establish an oat milk market, even though it only produces a single product which is oat milk.

Advertising effectiveness is being analyzed from different aspects using sociological, psychological, semiotic, and communicational studies [2].

Firstly, the role of advertisement and its social influence has been analyzed using sociology techniques. Secondly, consumers' psychological behaviors are explained by

several hierarchical systems and demand theories. Thirdly, the cognitional analysis in advertisements has been developed using semiotic theories. Finally, the communication process of advertising is explained based on conceptual models and mechanisms according to communicational studies [2].

The measurement of the advertisement effect has also been standardized by mathematics models and assumptions. These models make hypotheses about customers' behavior tendencies, media effects, and advertisement effects [3].

However, the work of integrating established theories and building up a formative theoretical framework related to different subjects has not been completed; the work of applying different theories of advertisement effectiveness in analyzing advertisement cases and testifying to the authority of these theories has not been finished as well.

This paper analyzes different techniques Oatly company uses to create advertisement effectiveness. This paper makes a comprehensive summary of central advertisement theory, forming a thorough logical analysis to explain advertisement effectiveness. This paper also uses specific examples to testify and apply the logical chain summarized by the author. Therefore, this paper goes through a completed process of building up a literature framework, researching cases, and applying theories, giving implications for companies and consumers to follow.

The following paper is divided into three parts: case study, implication, and conclusion.

2 Case Study

2.1 Case Introduction

Oatly is a Swedish lifestyle brand and it produces plant-based dairy alternatives. Oat milk was invented in 1994 in Sweden by Oatly's founders, brothers Rickard and Bjorn Oeste, who were researching an alternative to cow's milk for people with lactose intolerance. The product didn't quite catch people's eyes until 2012. In 2012, Toni Petersson, hired to be the company's CEO (Chief Executive Officer), led Oatly to a successful market entry [4].

Now, Oatly is the world's leading brand of oat milk, selling its products across several continents. In 2021, the company reported revenue of \$643.2 million, up 52.6% from \$267.7 million the year before. Revenue for the fourth quarter was \$185.9 million, up 46.3% from \$127.1 million a year earlier [5].

2.2 Case Description

Oatly has made a big success in advertising. The Oatly company advertises by words and images on packages, music videos, websites, and interaction with consumers. These advertisements attract customers' attention successfully.

2.2.1 Package

Oatly uses its packages as its main approach to making advertisements. Several elements are included in its package.

2.2.1.1. Logo

For its logo, Oatly simply uses its name. Oatly's logos appear on posters, packages, and websites in different colors and types. These logos have three characteristics in common.

- 1) They all look like children's doodles, with irregular lines and interesting brushwork.
- 2) A letter includes a tree, representing that oat milk is environmentally friendly.
- 3) The brand name "Oatly" is written separately, turning into "OAT-LY".

2.2.1.2. Illustration

Oatly adds a lot of illustrations to its packages. Just like its logo, they all appear like children's doodles with funny characters and pictures.

An illustration depicts a humanlike cow, with two bizarre feet, explaining what is milk for humans directly.

Another one uses a flow chart to show the production process of oat milk. It shows the traditional way of producing milk by drawing an arrow that directly goes to the cup without cows to show oat milk production.

Also, the illustration on the front package depicts a cup of oat milk by writing notes on it. A bird next to the cup is saying "please explain", representing people who are not familiar with oat milk. This illustration tells consumers what the product is and its basic trait.

2.2.1.3. Slogan

Oatly comes up with slogans such as "It's like milk, but made for humans!" "Wow. No Cow!" "We only do oats." to attract consumers.

Oatly prints its slogans on packages, posters, and websites in bold, making them easy for people to remember.

2.2.2 Interaction with Customers

- 1) Oatly designed a short line of words on the package back, saying "boring side but important" and offering a sense of humor to its consumers.
- 2) Oatly uses interactive expressions in its advertisements, such as "here's what we believe" and "Is it you". These communication techniques allow Oatly to introduce its product characteristics.
- 3) Oatly once left its company CEO's email on the poster to receive consumers' suggestions, establishing an emotional connection with consumers.

2.2.3 Website

Oatly's website is probably the most interesting one consumers have ever seen. Every word and image shouts on the pages, wanting to catch people's eyes and let them click in and know more about the product. Admittedly, designing a website in this different way appears to be disordered, but Oatly made a great try towards it and its website has become the most important tool to spread its brand ideas and information.

2.2.4 Videos

Oatly published its advertisement video in the 2021 Super Bowl Commercial. In the video, Oatly's CEO Toni Petersson is playing on the keyboard and singing the brain-washing song "Wow. No Cow" on the farm surrounded by oats. This video grabs a lot of people's eyes because of its simplicity and creativity.

2.2.5 Collaboration with Other Coffee and Milk Tea Brands

Oatly collaborates with famous coffee brands, such as Starbucks and Costa. Those stores provide an option of adding oat milk as the coffee ingredient on the menu with a slightly higher charge. Many people who go to these coffee stores begin to get familiar with the brand called Oatly.

Oatly also collaborates with a lot of milk tea like HEYTEA and Michelle city in China, rapidly appearing in people's sights and getting its popularity.

2.3 Case Analysis

The author summarizes four theories related to different subjects in an integrated literature framework. These theories guide the whole analyzing process of Oatly advertisement effectiveness.

2.3.1 Theory

2.3.1.1. Defining Advertising Goals for Measured Advertising Results

The DAGMAR model was proposed by Russell Colley in 1961 and was expanded upon in 1995 by Solomon Dutka. It establishes a four-phase process that guides the consumer when they contact advertisements, which are awareness, comprehension, conviction, and action.

1) Awareness

The purpose is to create awareness about the product amongst the target audience. This process establishes the fundament of advertising activity and is crucial for the success of an advertisement.

Because the target audience is easily distracted by other products, the company should make sure that its way of creating consumer awareness is long-lasting. Therefore, awareness has to be created and refined according to fluctuating characteristics of the market and target consumers.

2) Comprehension

After achieving awareness, consumers need to get a more comprehensive understanding of the products, including their attributes and benefits, and understand more about the brand idea. Consumers who have already raised their awareness of the brand usually search for the company's information on websites or other advertisements that explain more about the products.

3) Conviction

Conviction helps customers evaluate different products and take action to buy the product. The purpose is to convince customers that a certain product is worth buying by creating consumers' interests and preferences.

During this phase, the advertisements relate the audience's beliefs with certain product benefits and persuade them to buy them.

4) Action

This is the final step which involves the final purchase of the product. The purpose of this step is to motivate the customer to buy the product [6].

2.3.1.2. The Elaboration Likelihood Model

The Elaboration Likelihood Model was developed in the mid-1970s by John Cacioppo and Richard Petty, explaining how people undergo two different elaboration processes and have different attitudes or behaviors.

There are three factors to determine when consumers' elaboration is likely to be high.

1) Motivation

When a consumer has a high desire to process the message he is receiving, he is likely to have high motivation. A relation of the consumer experience with advertisement content will trigger this high desire.

2) Ability

It means that a consumer has the ability to elaborate on what he has seen in the advertisement.

3) Opportunity

A consumer has enough time to receive the message and make his decision.

With different elaboration levels, consumers will follow two persuasion routes when they elaborate an advertisement. The first one is the central route to persuasion. The central route to persuasion happens when a consumer's elaboration is high. The consumer invests in examining the message and evaluating the pros and cons before making a decision. To be able to process in this way, the consumer must be motivated, and have the ability, and the opportunity. He is also more likely to focus and ignore distractions as they seek their goals. The second one is the peripheral route to persuasion. When a consumer's elaboration is lower, he is more likely to be persuaded through the peripheral route. In the peripheral route to persuasion, the consumer is influenced easily by cues that don't relate to the issue at hand. Because not every decision is equally important, using the peripheral route sometimes avoids fatigue [7, 8].

2.3.1.3. Means-End Chain Model

The Means-End Chain Theory (MEC) was first introduced into marketing and consumer research by Reynolds and Gutman. MEC hierarchically organized relationship between four stages in advertising activities, connecting product attributes, consequences, and individual values. MEC provides an understanding of the salient factors in advertising and their importance to consumers as they make decisions.

In the MEC chain, the company makes a clear definition of their products in their advertisements to let their consumers remember their product's characteristics. Based on the product information received, consumers undergo different elaboration processes to think about the benefits of using the product. Then, the benefits consumers enjoy relate to consumers' values. People's values are created to socially interact with others,

and support beliefs, attitudes, and behaviors. Values are classified into two categories: personal and social. Personal values are defined as individual reasonable behaviors, while social values are shared beliefs and normal behaviors that feature a group of people. When a product attribute is related to the consumer's values, the consumer will take action to make a purchase [9].

2.3.1.4. Visual Rhetoric Theory

To apply visual rhetoric, advertisements need to achieve three demands.

1) Symbolic Action

In visual rhetoric, an action should be indirectly connected to its referent. Symbolic action includes certain signs and codes, such as sound, image, or word, being translated to a certain meaning. When audiences take part in the symbolic action, they are able to recall something by connecting this action to a particular object or concept.

2) Human Intervention

Humans are involved in the generation of visual rhetoric when they engage in the process of image creation. Creativity is important during this process. Designers of the advertisements should make conscious decisions on applying areas such as color, form, media, and size. Human intervention in visual rhetoric may also assume the form of transforming non-rhetorical visual images into visual rhetoric.

3) Presence of an Audience

Visual rhetoric gives implications to audiences and is concerned with an appeal either to a real or an ideal audience. Visual elements are arranged and modified by an advertiser not simply for self-expression but also for communication with an audience. Certain techniques for persuasion are involved in this process. The creator of the advertisement uses ethos, pathos, and logos to persuade audiences. Ethos is created to increase the credibility of the author or presenter of the advertisement. This is the reason why so many companies hire spokespeople to make advertisements. Pathos attracts audiences and produces a sense of emotion among audiences, relating to their personal beliefs and values. Logos use logic to show the audience the reasons for buying the product. Advertisers may use statistics, history, analogies, and characteristics of a subject.

When the image or visual component meets all the three elements, it achieves rhetoric communicational function, attracting its audience and conveying information [10, 11].

2.3.2 Literature Framework

The author summarizes the four theories above and forms an integrated literature framework to help guide the analysis of the case.

The general guideline for building the literature framework is to use the DAGMAR model as a basic and supply each step with related theory. What is worth mentioning is that each theory is not isolated from the other theories, the literature framework is integrated.

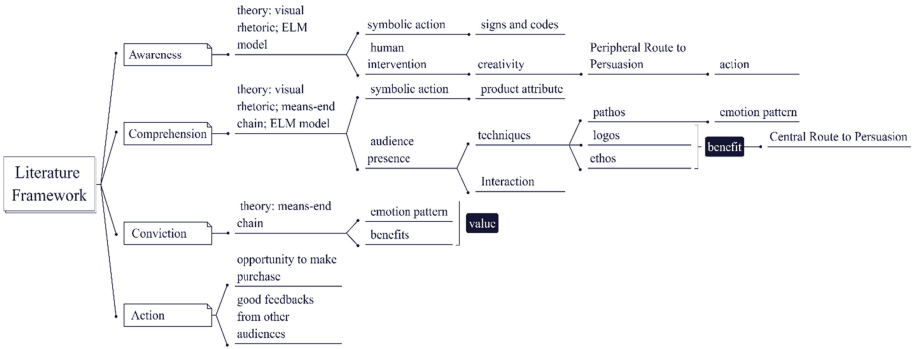


Fig. 1. Literature framework

According to DAGMAR theory, there are some exceptions. A consumer can reach the final stage by only achieving one of the three stages above. Under particular circumstances, not all steps are necessary.

1) Awareness

To attract the audience’s awareness, the advertisements need to be visual rhetoric. At this stage, the advertisement meets the first two demands of visual rhetoric. First, the advertisement shows symbolic action, using signs and codes to communicate certain meanings to customers. Secondly, the advertisement uses human intervention to choose color, form, media, and size. Creativity plays an important role in human intervention. If a creative advertisement attracts some customers’ attention, especially those who take the peripheral route to persuasion according to ELM theory, they will take action immediately.

2) Comprehension

To help the audience comprehend the product well, the symbolic action and audience presence applied in advertisements show certain product attributes to the audience, using several techniques to show the benefits of using the product. For consumers who take the central process, the benefits of the product lead them to the next stage of conviction.

3) Conviction

At this stage, the advertisement relates product benefits to the personal values of consumers. According to the means-end chain, personal value is divided into two categories: personal and social. If the advertisement emphasizes the two values and relates them to its products’ benefits, consumers are more likely to take action and buy the products.

4) Action

This stage will be achieved if the three stages above are reached. Positive feedback on the product will improve purchases among customers (Fig. 1).

2.3.3 Case Analysis

2.3.3.1. Awareness

1) Symbolic Action

– Symbol 1

The “A” letter painted with a tree has a specific meaning which is protecting the environment. Audiences automatically relate to Oatly as a brand that helps to protect the environment.

– Symbol 2

A humanlike cow with two bizarre feet is a special symbol. When people see this figure, they know this means oat milk.

2) Human intervention

Oatly is outstandingly creative in advertisement designing. It uses human intervention to raise consumers’ attention successfully.

– Intervention 1

The big childish characters such as “OAT-LY!” deliberately used by Oatly show a complete difference from other products. When people see them on Oatly’s packages and websites, their attention is raised quickly. A text vividly describes the website: every word is shouting, trying to grab my eyes and attract my attention.

– Intervention 2

Also, the slogans Oatly used are short and easy to recite. Oatly shows its slogan on its packages with conspicuous words. It has used “It’s like milk, but made for humans!” “Wow. No Cow!” “We only do oats.” These slogans are repeated again and again on packages, posters, and websites, making them easy to remember and recognized by people.

3) Collaboration

Oatly’s business collaboration with other famous coffee stores and milk tea brands allows it to rapidly open the market. Oatly uses this technique to build up a public image in the coffee and tea market.

2.3.3.2. Comprehension

1) Symbolic action

Oatly’s illustrations are symbols advertisers used in advertisements and they all have special meanings. The figure which depicts a cup of oat milk directly lets the consumer know the product’s basic trait. Another figure uses a flow chart to show the production process of oat milk and it tells the consumer the product produces oat milk. These symbols used in advertisements create a clear picture of the product attribute.

2) Presence of audiences

When showing consumers product benefits, Oatly takes a different step toward persuading consumers. It doesn't compare its products with other brands but chooses to tell special stories, building connections with consumers.

The music video Oatly posts on the Superbowl commercial shows interaction with the audience. "With no cow" attracts an audience successfully. Audiences are surprised at this amazing funny way of making advertisements and start to think this brand is trying to communicate with them in this humorous way. Also, audiences who are tired of watching complex advertisements on websites or programs, show more interest in viewing this video and start to think "this is a real advertisement" or "advertisement should be as simple as this", starting to support Oatly and noticing this brand as well.

Oatly uses communicational words on the package to interact with audiences who see it. Also, it once left the CEO's email on the advertisement, wishing to receive feedback on the products directly. These ways tell the audience that their opinions are being received.

Oatly uses logos to advertise its product. Oatly first describes the benefits of drinking oat milk for lactose-intolerant consumers and vegans by showing the oat milk component form. Oatly also emphasizes that oat milk is environmentally friendly because producing it does not release too much-polluted gas into the air by showing statics of air pollution being made due to cow raising. At the same time, Oatly posts its oat milk component, showing the audience that oat milk is mainly containing protein but not fat, convincing the audiences who want to keep fit to drink it. These benefits of oat milk will lead customers who take the central route of persuasion to the next stage.

2.3.3.3. Conviction

Oatly targets consumer groups precisely and it uses advertisements to connect the product benefits with the group values.

1) Consumers with special needs

– Vegans

Vegans avoid exploiting animals for any purpose. From accessories and clothing to makeup and bathroom items, they do not use animal products at all.

People become vegans for many reasons, including health, religious convictions, concerns about animal welfare, or a desire to eat in a way that avoids excessive use of environmental resources.

For many vegans, the purpose of becoming vegans is not only diet, beauty, and health, but also ethics, human compassion for the weak, the health and right to life of the earth, respect for mother nature, and gratitude for the abundance of food without resorting to violence.

Oatly relates its benefits with vegans' social values. Oat milk is the most suitable food for them because it is not only made of oat but also meets the needs for protein and nutrients. Therefore, oat milk offers them a great opportunity to

drink milk as well as stay loyal to faiths. When the benefits of oat milk are related to vegans' beliefs, they are more likely to make purchases [12].

– Lactose intolerant people

Lactose intolerant people cannot digest lactose because their bodies don't make enough enzyme lactase, which is needed to digest lactose. About 65% of the adult human population has lactose intolerance. It is generally harmless but its symptoms cause extreme discomfort. Symptoms of lactose intolerance include abdominal cramps, diarrhea, and gas.

Oat milk is the panacea for lactose-intolerant people. People with this disease do not have to worry about their symptoms when they are drinking oat milk. Because of their special needs, people who have lactose intolerant symptoms appreciate the benefit oat milk gives them and tend to make purchases [13, 14].

2) People with a strong sense of environmental protection

With the development of the mind, many people start to raise their awareness of protecting the environment. More and more people realize that protecting the environment is important and start to reflect on global pollution.

Many countries have begun to take action. For example, the United Nations Climate Change Conference was held in Paris in 2016, and 178 countries that participated promised to achieve carbon neutrality in 2060.

When consumers with a personal value of protecting the environment realize that oat milk is environmentally friendly, they are more likely to take action [15].

3) People who want to live a healthy life

With the improving life quality and raising awareness of a healthier lifestyle, people start to change their diet patterns and look for healthier food. People who want to keep fit, reduce their intake of oil, and start to eat more vegetables and high-protein food. This trend is growing rapidly around the world, especially among young adults and teenagers.

Oatly relates the product attribute with this personal value successfully. Oat milk is made of plants, with no fat but high protein. As a result, people who want to have a healthier lifestyle tend to make a purchase.

4) People who have high demands for coffee and milk tea

Oatly popularizes its products by collaborating with a lot of well-known coffee and milk tea brand. Because of the large consumer traffic in those stores, consumers gradually notice Oatly and have chances to get in touch with it. Many people found oat milk tasty after drinking products in coffee shops and milk tea stores. This is because oat milk is suitable to be added to coffee and tea.

Furthermore, because oat milk is used in high-quality coffee and milk tea, people think that oat milk means better and higher living quality. Also, the demand for these drinks is increasing among this group. Therefore, people who have the personal value of leading a high-quality life, are more likely to make purchases.

2.3.3.4. Action

After achieving the previous three steps defined in the DAGMAR model, Oatly creates huge advertisement effectiveness. Oatly has many online stores, so it is convenient for

consumers to take action. Also, because the taste of milk is also very good, consumers receive good feedback from other buyers, improving the sales of the brand.

3 Implication

Oatly guides other companies in advertising and marketing. For most companies, achieving rhetorical communication is not so difficult; thus, making consumers relate their values with the products is more important. Building up the brand's public image, choosing the right target consumer, and interacting more with consumers are the main ways Oatly did to attract buyers. But every company should make sure that it finds a way suitable for itself.

4 Conclusion

Oatly has achieved all of the four steps illustrated in the literature framework. Oatly makes advertisements through packages, websites, and videos and it builds up communications with consumers. Oatly chooses the exact target consumer, specifically categorized as four groups, using rhetoric communication to show consumers its product's attributes and benefits. The facts of products are then related to consumers' values and are persuasive for them to make purchases. This study does a comprehensive analysis of Oatly's advertising strategy and how it affects consumers and provides references for advertisement designs in the future.

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