

# Management Practices in China

## 当代中国管理实践

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# Introduction

**John Storm and John Wilson**

Management Practices in China is the second volume of the China Business Case Study Series, and follows the publication of Volume 1 in January 2023, published at a time of a dramatically transformed environment in China following the Government's sudden and unexpected lifting, in December 2022, of all main domestically applied restrictions associated with its dynamic zero-Covid policy. Many countries around the world had already adopted a policy of 'living with' Covid but China, for a variety of reasons, was an outlier. Three years of lockdowns and enforced quarantine had inevitable and unprecedented knock-on effects on people's lives and livelihoods and the domestic economy. China subsequently resumed international travel in March 2023, having significance internationally given the importance of China to the world's economy.

China accounts for approximately 18.5% of global gross domestic product (GDP) (Statista, 2022). Any development, positive or negative, in China's economy will potentially be felt around the world. Opening up the economy so rapidly contained public health and economic risks, but so too did continuing the Covid restrictions indefinitely. The announcement in December 2022, following earlier incremental relaxations, was met with considerable relief at home and abroad and heralded a very positive start to the calendar year, giving real hope of a return to some sort of normal life.

The World Bank (2023a) in its *China Economic Update* reported that China's economy had initially bounced back as a result of the removal of mobility restrictions domestically and a surge in consumer spending. However, the economy began to stall:

*The drivers that could sustain the growth momentum — further improvements in the labor market and household incomes, a recovery in business confidence and private investment, and a turnaround in the housing market — are yet to gain traction.*

World Bank (2023a, p8)

As at September 2023, this remains the case. China's official growth forecast for 2023 is 'around 5%' (China Daily, 2023a) but some international bodies have said growth will be higher than this, e.g. the International Monetary Fund (IMF, 2023) forecast 5.2% growth but that this would be reduced to 4.5% in 2024; the Organisation for Economic Cooperation and Development (OECD, 2023) forecast growth of 5.4%, reducing to 5.1% in 2024.

China's official forecast of around 5%, though much lower than the average rate of more than 9% achieved since 1978, the beginning of the period of reform and opening up (World Bank, 2023b), is still much higher than many countries (World Bank, 2023c) and China remains an absolutely vital component of the world economy. Nonetheless, the slowdown, though part deliberate and reflecting China's 'new normal' (CPC Central Committee Bimonthly, 2016), also reflects some structural and longer-term issues. These include the ongoing transition of the economy 'from manufacturing to high value services, from investment to consumption, and from high to low carbon intensity' (World Bank, 2023b). There are also immediate to medium-term challenges, including: the annual graduation of 11-12 million students at a time of high youth unemployment (16-24 age group), which was 14.9% in December 2023 (Global Times, 2024); the pressures in the property market reflected in the giant Evergrande Group filing for bankruptcy protection in the United States in August 2023 with liabilities exceeding \$340bn in 2022 (SHINE, 2023) and more widespread issues reflecting a general lack of consumer confidence in the property market, particularly significant given the importance of the real estate sector in China, accounting for 70% of household wealth (Gao and Zaharia, 2023) and anywhere between 17% and 29% of GDP depending on how defined (Huld, 2022); the level of corporate and public body indebtedness, not least local authorities and state-owned enterprises (OECD, 2022) and its potential knock-on effect for the wider economy. Longer-term issues include: the demographic challenges of an ageing population, combined with a record low fertility rate – in January 2023 it was announced that the population had fallen for the first time since 1961 (China Daily, 2023b) - and the implications of this for Chinese citizens but also for the labour

market, for businesses and public finances; the ongoing and potentially catastrophic risks associated with climate change.

These challenges are not unique to China though their scale and combination, independent of Covid but inevitably exacerbated by it, represent a quite formidable agenda for the Government. However, they also lead to potential opportunities, for example relating to: more inclusive and sustainable growth; leadership in green technology; improved productivity; sustained advances in artificial intelligence (Li, Tong & Xiao, 2023); global engagement through the Belt and Road Initiative (Council on Foreign Relations, 2023).

These examples of key macro issues illustrate the immediate, short-term and long-term context in which business is conducted in China. This series is in part intended to contribute to an enhanced collective understanding of this context and the responses from those in management positions. To this end, volume 2 includes cases on a range of management practices, viz.:

- initiatives to include disadvantaged social groups within an organisation (Underwood and Touchstone);
- application of stakeholder theory to navigate a highly volatile and challenging macro-environment (Storm and Rao);
- a Chinese firms' agility in adapting strategy when expanding into overseas markets (Zhang, Henderson and Gong);
- learning from Covid to develop organisational resilience (A Senior Manager & Mackrell);
- features and challenges of a successful family business (Hofman and Ren);
- how to tackle underutilisation of cold storage assets to improve financial performance (Seufert and Gao)
- how cold storage logistics companies may respond to new competitive pressures (Wei and Mackrell);

- how to balance breadth of product selection for in-store customers with associated inventory management overheads (Seu-fert and Hur);
- how to utilise stakeholder mapping to identify new business opportunities (Chen and Storm);
- exploring entrepreneurial opportunities for medical professionals to expand rehabilitation services (Liu)
- how to utilise the business model canvas when considering differentiation strategies in a new venture (Yu and Mackrell).

Each case seeks to provide the reader with a foundational understanding of its organisational and industry specific context. This often involves an abridged overview of the literature, taking into account academic and industry-specific sources. Academic frameworks are regularly applied to assist with conveying key points for the reader.

In his visit to China in August 2023, the UK Foreign Secretary James Cleverly said that ‘No significant global problem – from climate change to pandemic prevention, from economic instability to nuclear proliferation – can be solved without China’ (Foreign, Commonwealth & Development Office, FCDO, 2023). He is right. The China Business Case Study series reflects an acknowledgement of this reality and a belief that, in the geo-political and macroeconomic context, there is merit in understanding better the micro-level responses of different types of businesses to the challenges they face and the opportunities they can exploit.

We would like to acknowledge the work of Xiang Li in translating the text. Her efforts have ensured it is even more accessible for Chinese students, practitioners and faculty.

## Notes

Each chapter is presented in English, followed by the Chinese language version, followed by references. References are in English only.



# 序言

**施约翰 与 约翰 威尔森**

《当代中国管理实践》是《中国商业案例研究系列丛书》的第二册，第一册于2023年1月出版，正值2022年12月中国执行全面解封之后的第一个月，在那两个月内中国环境发生了巨大变化。尽管世界上许多国家在此之前已采取了与新冠病毒“共存”的政策，但由于中国对本国各方面因素的全面考虑，并未加入“与病毒共存”的行列。三年疫情及其引发的应对措施给国民日常生活及经济带来了一系列无法避免的特殊影响。2023年3月中国恢复了国际旅行，鉴于中国对世界经济的重要性，这一举措在国际层面的意义是非常重大的。

中国约占全球范围国内生产总值(GDP)的18.5% (Statista, 2022)。中国经济的任何发展，无论积极与否都可能影响全世界。虽然迅速解封在一定程度上含有潜在的公共卫生风险并可能引发各种经济问题，但无限期持续封控同样影响经济的正常运转。在封控逐步降级之后，2022年12月的全面解封向本国与全世界各界传递了一个积极的信号，预示了向好发展的新一年度的起始，引导人们回归正常生活。

世界银行(2023a)在其《中国经济更新》中提到，由于国内流动限制的取消和消费支出的激增，中国经济开始出现反弹，但随之又出现停滞。

一些可维持经济增长势头的驱动因素尚未恢复，尚不足以推动劳动力市场及家庭收入的进一步改善，或增强商业信心与私人投资，以及房地产市场复苏。

World Bank (2023a, p8)◎

这个状况一直持续至2023年9月。中国官方公布的2023年增长预测为“5%左右”(China Daily, 2023a)，但一些国际机构公布了高于此值的增长率，例如，国际货币基金组织(IMF, 2023)预测增长率为5.2%，但2024年将降至4.5%；经济合作与发展组织(OECD, 2023)预测增长率为5.4%，2024年将降至5.1%。

中国官方5%左右的预测虽然远低于1978年改革开放以来超过9%的平均增

长率(World Bank 2023b),但仍远高于许多国家(World Bank, 2023c),中国仍然是世界经济绝对重要的组成部分。尽管部分“放缓”是基于策略性举措考虑,这一举措也反映了中国的“新常态”(CPC Central Committee Bimonthly, 2016),以及一些经济结构方面的焦点,如正在进行的经济转型,“从制造业转向高价值服务业,从投资到消费,从高碳转化为低碳模式的运营”(World Bank, 2023b)。还有一些短到中期的核心问题,包括在每年有1100万至1200万名学生毕业,这些毕业生恰处于16-24岁年龄组年轻人失业率持高的范畴内,全球时报(2024)数据显示2023年12月的失业率为14.9%;房地产市场的压力反映在恒大集团于2023年8月在美国申请破产保护,其2022年的负债超过约3400亿美元(SHINE, 2023),及广泛消费者对房地产市场普遍缺乏信心,在此之前房地产消费在中国扮演着非常重要的角色,根据不同评估依据,其价值占家庭财富的70%(Gao和Zaharia, 2023),占GDP的17%至29%(Huld, 2022);私营企业及国有机构(特别是地方政府和国有企业)的债务水平(OECD, 2022),这些情况可在更广泛经济环境中引发连锁效应。潜在长期问题包括:人口老龄化带来的人口挑战,再加上数据所显示的低生育率——2023年1月,中国人口出现自1961年以来的首次下降(China Daily, 2023b)——以及其对中国公民、劳动力市场、企业及公共财政带来的影响;与气候变化相关的持续和潜在的灾难性风险。

这些挑战并非中国独有,尽管它们的影响规模及原因构成与新冠肺炎无关,但这些问题却因疫情影响而加剧,对政府而言这是一段艰难的历程。然而,这些挑战同时也带来了潜在的机会,例如:更具包容性和可持续性的增长;倡导绿色科技;提高生产率;人工智能的持续发展(Li, Tong 和 Xiao, 2023);通过“一带一路”方针开展全球互动合作(Council on Foreign Relations, 2023)等。

上述列举的核心宏观问题展现了近期、短期及长期在中国开展业务的大环境状况。本丛书旨在促进对现阶段大环境的综合理解及了解机构管理层的反应。为此目的,作为丛书第二册,本册收纳了关于管理实施的一系列案例,即:

- 扶植社会弱势群体加入机构的举措(Underwood和Touchstone);
- 运用利益相关者理论来应对充满变化与挑战性的外在环境(Storm和Rao);

- 中国企业在拓展海外市场时调节战略部署的灵活能力 (Zhang, Henderson和Gong) ;
- 通过新冠疫情经历提升机构复原能力 (一位高级经理 和 Mackrell) ;
- 成功家族企业所拥有的特点及需要面对的挑战 (Hofman和Ren) ;
- 如何通过解决冷库资产利用不足提升财务绩效 (Seufert和Gao) ;
- 冷藏物流公司如何应对新的竞争压力 (Wei和Mackrell) ;
- 如何平衡线下门店为顾客提供商品的种类丰富度与相关库存的管理费用 (Seufert和Hur) ;
- 如何使用利益相关者分析识别新的商机 (Chen和Storm) ;
- 为医疗专业人员探索拓展康复服务的创业机会 (Liu)
- 如何利用商业模式画布支持新项目的差异化战略设计 (Yu和Mackrell) 。

每个案例都力求为读者提供所在机构与行业的特定背景介绍, 同时结合相关理论, 将理论与实际行业情况相融为一体。通过学术框架帮助读者理解相关实践的核心要点。

英国外交大臣詹姆斯·克莱维利 (James Cleverly) 在2023年8月访问中国时表示, “从气候变化到流行病预防, 从经济变化到核扩散, 没有任何重大的全球问题能够在没有中国参与的情况下得到解决” ( Foreign, Commonwealth & Development Office, FCDO, 2023), 他的这一观点是非常正确的。《中国商业案例研究系列丛书》从地域环境差异与宏观经济的角度为这一观点提供了实际依据, 通过有代表性的企业案例详细解读机构当前面临的不同挑战和机遇。

案例每一章皆以英文版及匹配中文 版本呈现。文章结尾参考资料仅提供英文版。

我们特此感谢李想在翻译本书方面所做的工作。她的努力帮助更多来自中国的学生、从业人员和学者们可以以母语的方式了解书中的案例内容。

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## Chapter 1

# Addressing the Full 3 Ps: A Study of Oatly China's "Silent Barista" Programme Promoting Planet, People & Profitability

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### **Abstract:**

Despite the worldwide increase in popularity of plant-based “milks” in recent years, few suppliers have achieved the name recognition and “near cult” following currently enjoyed by Oatly (Salnikow, 2021; Custom Marketing Insights, 2023). Much of the company’s current success, which includes growing sales by more than 10 times since 2018, can be attributed to word-of-mouth (WOM) promotion via social media, fuelled by the company’s strong commitment to offering discerning customers a healthy and environmentally friendly alternative to cow’s milk (Salnikow, 2021; Wallace, 2023). In this way, Oatly can be seen as following a “3Ps” business strategy which simultaneously supports planet, people and profitability. In China, the company’s Silent Barista programme, launched in 2020, promotes the training and hiring of hearing-impaired baristas among partner cafes and coffee shops, thus supporting the people aspect of the 3Ps. The project, however, has faced a series of significant business, cultural and social challenges. This case study details how Oatly China has addressed these challenges.

## **Behind Oatly China's Silent Barista project**

Oatly, the self-proclaimed “original oat drink company,” experienced explosive, double-digit revenue growth between 2018 and 2022 – growth largely explained by the company’s strategy of expanding from its native Sweden into the US and China markets via targeting upscale coffee shops seeking a healthy and sustainable alternative to dairy milk (Salnikow, 2021; Wallace, 2023). In this way, the company has built its reputation and gained market share by, in effect, following a “3Ps” strategy (supporting planet, people, and profitability).

In China, against a backdrop of positive social media buzz fed by Oatly’s quirky, counter-culture marketing aesthetic and humanistic messaging (such as “We promise to be a good company”), Oatly ventured from promoting health and sustainability to also promoting inclusivity by launching a programme to train and promote the hiring of hearing-impaired baristas. This project shifted the company from a previously successful focus on the planet aspect of the 3Ps toward expanding the people aspect – by encompassing not only health benefits but also inclusivity. The programme also required Oatly’s business-to-business (B2B) client coffee shops to embrace and support the full 3Ps concept, which entailed addressing and overcoming several significant business and culture-based challenges related to the hiring of persons with disabilities (PWDs).

## **Global market overview for ‘plant-based’ milks**

The market for plant-based alternatives to cow’s milk is booming worldwide. This sector - including drinks made from oats, soy, almond, rice, coconut and other plants - is expected to increase from global sales of US\$15 billion in 2022 to US\$30 billion by 2030, bringing an annual growth rate of 9% for the eight-year period (Custom Market Insights, 2023). Reasons for increased consumption include commercial recognition of lactose intolerance as well as growing consumer interest in a vegan diet, either for health or environmental reasons, particularly among Gen Z (Custom Market Insights, 2023).

Among companies capitalising on the current rise in demand for plant-based “milks,” Oatly stands out for its widespread brand recognition and social media buzz which has awarded the brand a “near cult status” (Salnikow, 2021). By 2023, the brand value had surpassed US\$500 million, or 40% of Oatly’s market capitalisation (Kantar, 2023), a claim few competitors come close to matching, and a feat which clearly establishes the company’s profitability aspect of the 3Ps.

### **Oatly’s launch and early international expansion**

Widely recognised as the company that first made oat milk trendy and commercialised (Steig, 2021), Oatly was launched in 1994 by Swedish entrepreneurs (and brothers) Rickard and Bjorn Oeste. While the company found moderate initial success through marketing to lactose intolerant Swedish consumers, Oatly’s business strategy changed after the 2014 hiring of Chief Executive Officer (CEO) Toni Petersson who began aggressively marketing Oatly not only for its health benefits but also for its environmental advantages, in effect shifting the business strategy to encompass the full 3Ps. The company claims that, in a litre-per-litre comparison with cow’s milk, its production results in 80% fewer greenhouse gas (GHG) emissions, 79% less land use, and 60% less energy consumption (Oatly, 2022).

Central to the new business strategy, after creating a foam-able ‘barista blend’ product, was the intention to expand into the US via high-end coffee shops eager to carry a progressive milk alternative. This strategy saw demand skyrocket via word-of-mouth (WOM) promotion, which focused on Oatly’s taste as well as its health and environmental benefits. Worldwide, annual sales of Oatly rose from US\$6 million in 2018 to US\$40 million in 2019 to US\$722 million in 2022 as the company expanded from B2B sales to US coffeeshops to business-to-consumer (B2C) retail sales and local production across the US – largely fuelled by social media buzz (Salnikow, 2021; Wallace, 2023).



## **Oatly enters China with US recipe for success**

Alongside Oatly's successful US expansion, the company also targeted China for its early overseas growth, including selling a majority stake (56%) to the Chinese government-owned China Resources via a joint venture with a Belgian venture capital (VC) firm in 2016. Shortly after, the company entered China by following its US recipe for success: Oatly first offered its Barista product only to trendy coffee shops in Shanghai, then - after social media buzz grew in China - expanded geographically and moved into B2C sales. In this way, the company's launch via partnerships with coffee retailers (such as Starbucks and Pacific Coffee) and tea retailers (Heytea) triggered high social media interest via China's leading social media platforms including Weibo, WeChat, Xiao Hong Shu (Little Red Book) and others. In China, Oatly grew its coffeeshop clients from 3,000 in 2020 to 11,000 in 2021 due mainly to growing consumer interest in healthy eating. As B2C demand for the product grew, Oatly also benefited from online sales via China's top ecommerce platforms including TMall, JD.com and Pinduoduo (GMA, 2020; Jing, 2021).

Another ingredient in Oatly's China growth has been local adaptation; in March 2022, the company collaborated with Chinese partners to develop made-for-China products including the Oatly Tea-Master, created for China's huge milk tea sector. By year's end, the product had attracted 50,000 tea shops and sold 20 million milk teas (China Daily, 2023). Oatly China also collaborated with coffee shops such as Tim Hortons to introduce made-for-China tea offerings such as Osmanthus Latte (Best, 2023).

## **Understanding Oatly's global status**

Worldwide, Oatly's post-IPO (Initial Public Offering) years have been uneven. In 2021, the company's highly successful investment funding campaign - led by Blackstone and supported by such celebrities as Oprah Winfrey, Jay-Z, Natalie Portman and Starbucks founder Howard Schultz - raised US\$1.4 billion (CNBC, 2021) but while the company's

May 2021 NASDAQ IPO saw share prices surpass US\$20/share, prices dipped to US\$2 per share as of mid-2023, mainly due to lack of profitability. In 2021 and 2022, the company suffered from production and demand deficits in China (due to Covid restrictions) and, worldwide, the company faced high production and advertising costs (Wallace, 2023). To cope, 2023 saw the company, which now offers a range of oat-drinks plus 'oatgurt' and ice-cream, form new deals with Canada-based Ya YA Foods to improve North American distribution and, with Amazon, to improve distribution in Europe. In mid-2023, Oatly launched sales in Germany, France, Belgium, Italy and Spain (Mathieu, 2023).

### **Quirky marketing aesthetic**

In terms of marketing, Oatly is known for its distinctively quirky, home-made style characterised by progressive messaging promoting its health and environmental benefits delivered in a humorous, self-deprecating tone. One stand-out example is the company's 2021 Super Bowl ad in which CEO Toni Petersson sings (tunelessly) the words "Wow, wow no cow..." from an empty oat field in Sweden. The ad, which cost US\$5.5 million in air-time, provoked large-scale, mostly negative social media buzz which Oatly claims to have expected. Afterward, the company distributed hundreds of free T-shirts stating: "I totally hated that Oatly commercial".

In China, Oatly has employed the same low-tech, DIY marketing aesthetic, but with distinct domestic adaptation, accompanying Chinese translations of messages including "We promise to be a good company" (self-defined as promoting "nutritional health, trust and transparency and sustainability") with the debut of a new Chinese character meaning "vegan milk" – created by adding a 'plant' component to the character for cow's milk (see Figure 1). Much of its marketing success, can be attributed to ecommerce sales - including famously selling 5,000 cartons in 11 minutes via TMall during China's equivalent to Black Friday, i.e. Single's Day (CKGSB, 2022) - mainly achieved via WOM buzz promoting the tastiness and healthiness of oat-milk lattes and other barista drinks (Zhang, 2023).



**Figure 1** Oatly Creates New Chinese Character for Plant-based Milk

*Source: Plant Based News, 2019*

## Promoting PWD in China

In recapping Oatly's international expansion and overall growth from 2018 to mid-2023, it is clear that the company has leveraged growing consumer support for healthier, more sustainable food products. Indeed, the company's central marketing messages in China - "We promise to be a good company" and "Our three core values are nutritional health, trust and transparency, sustainability" - establish Oatly as adopting a business strategy which, in effect, supports the "3Ps" of planet, people, and profitability. In addition, the company's 2022 sustainability report (found on [www.oatly.com](http://www.oatly.com)) identifies tangible sustainability goals, including ambitions to save 2.5 million tons of carbon dioxide (CO<sub>2</sub>) from 2019 to 2025 by shifting consumer purchase of 2.9 billion litres of dairy milk to Oatly. Another promise was that by 2029 it would cut its own carbon footprint by 70% over 2019 levels and ensure that all manufacturing facilities will meet its "Future Factory" criterion, defined as "sustainable, efficient, safe and inclusive." In China, Oatly has built public trust through green projects including supporting sustainable

coffee in Yunnan province, sponsoring efforts to protect the Yangtze River, and converting its Ma'anshan factory to run entirely on renewable electricity as of September 2022 (Oatly China, 2022).

It was within the context of established support for both health and sustainability, as a business strategy and a key marketing message, that Oatly China launched a new project in September 2020 which focused on expanding the people aspect of the 3Ps to also encompass inclusivity. In researching this case, we find that the Silent Barista programme faced and addressed a number of critical challenges arising from both the business environment and Chinese cultural and social traditions. The four main challenges addressed are: first, Covid-related work restrictions; second, a traditional cultural stigma against physical disabilities which is rooted in both Buddhism and Confucianism (Holroyd, 2003); third, employer concerns regarding potential workplace inefficiency after hiring persons with disabilities (Wrest, 2016); and fourth, lack of overall public awareness of the hearing-impaired. Below, we detail how Oatly China addressed each of these challenges.

### **Challenge #1: Business environment under pandemic restrictions**

The initial goal of Oatly China's Silent Barista project was straightforward: to train hearing-impaired persons for employment as baristas among partner coffee shops based in China.

As the first challenge faced by Oatly China, the programme launched in the midst of the pandemic. During the Covid restrictions in China, which lasted from December 2019 to December 2022, hearing-impaired Chinese were disproportionately impacted, both in terms of job security and community outreach. One specific difficulty was that, during the three years of widespread mandatory mask-wearing in China, lip-reading was often impossible.

Even so, Oatly began using its B2B connections with coffee shops to launch the project. Despite recurrent temporary lockdowns and other

Covid-era restrictions, the programme – which launched in Shanghai, then spread to Beijing, Shenzhen and Jiangsu Province – now offers free vocational training for the hearing-impaired interested in becoming baristas, culminating in certification and job recommendations for graduates.

The first trained Silent Barista in China was hired in November 2022 by Unibrown coffee shop in Shanghai. As of August 2023, 257 hearing-impaired participants had been trained, 100 had passed the Specialty Coffee Association (SCA) exam, and 56 were working as full-time baristas. Looking ahead, Oatly China plans to expand the programme further across China to serve more hearing-impaired who seek to become baristas as well as supporting their upskilling by preparing them to compete in coffee-preparation competitions.

## **Challenge #2: Traditional culture-based bias against PWD**

After Covid restrictions in China ended in December 2022, the Silent Barista programme continued to face deeply-rooted challenges. In fact, Chinese social attitudes toward disability have, traditionally, been quite negative (Zheng *et al*, 2016; Yang, 2021). Studies show that, because both Confucianism and Buddhism have been interpreted to consider disability as “a punishment for the disabled person’s sins in a past life or the sins of the person’s parents,” persons with disabilities in China can continue to be viewed as a source of shame for families or ill-fortune for communities (Holroyd, 2003). In addition, disability has been used as an “excuse” to refuse university admission to students who meet all academic requirements (Yang, 2021). Other studies have found that social stigma regarding disability can still prevail, including viewing disability as disrupting family and social harmony, or bringing bad luck or shame to families (Huang *et al*, 2020; Yang, 2021).

Despite the continuation of social stigma, there are some signs that younger Chinese consumers are rejecting such ideas (Zheng, 2016), especially in urban areas. A recent report on China from The Inclusion Group - a China-based social enterprise created to support the employ-

ment of persons with disabilities - has identified “young, affluent professionals” as among those Chinese consumer groups “with less prejudice” and “an active interest in promoting the welfare” of persons with disabilities (Inclusion Advisory, 2021). Following similar logic, Oatly China smartly launched in Shanghai, and focused on initial employers catering to urbanised, more progressive consumers.

### **Challenge #3: Employer reluctance to hiring PWDs**

Since 1990, the Chinese government has instituted employment quotas encouraging China-based companies to hire disabled employees, (Jing *et al*, 2022). These policies were strengthened following China's hosting of the 2008 Olympic Games, when the then Chinese President Hu Jintao stated the nation's goal of making those with disabilities “equal” members of society, thus triggering a series of new hiring incentives (Wrest, 2016). More recently, the Chinese Ministry of Justice promulgated new laws assisting mobility-challenged citizens by requiring the construction of “barrier-free facilities” in residential and public buildings, transportation facilities, roadways, and other places (PRC Ministry of Justice, 2023). However, the government's employer tax breaks and other incentives have been regarded as having had limited success in China due to lack of enforcement coupled with persisting social stigmas or employer concerns regarding productivity (Wrest, 2016). Several early studies on the impact of Chinese government policies to integrate persons with disabilities into society, as well as efforts of non-governmental organisations (NGOs) promoting equal opportunities for persons with disabilities, conclude that government policies have met with only limited success, especially outside China's largest cities (Campbell and Uren, 2011). Researchers conclude that, in China, “the disabled are still largely invisible in public spaces.”

In response, a series of studies, aimed at correcting China-based employer misconceptions, included one which found that hiring disabled employees not only “does not equal inefficiency” but can “promote firm innovation and promote firm performance” (Jing *et*

*al*, 2021). In fact, in comparisons with fully-abled peers, research has shown people with disabilities to be more conscientious and more loyal (Lindsay, 2018). Regarding hearing impairment in particular, research has shown that deaf employees can be fully competent in a range of jobs (Lips, 2018). In addition, research on the hospitality sector has shown that people with disabilities can strengthen brand loyalty among like-minded clients (Vashishth, 2021).

Against this societal backdrop, Oatly China's solution to initial reluctance among some China-based employers was proactive. The company arranged a series of job fairs in which potential hiring companies met face-to-face with trained silent baristas. These workshops showcased not only the silent baristas' professional coffee preparation skills but also highlighted their overall positive and confident working attitudes. As of mid-2023, employers in the programme included Unibrown Cafe, Youxin Coffee and Hyatt Regency cafeteria.

Another solution Oatly is employing to grow the programme has been to engage relevant, China-based NGOs to advise corporate partners on leveraging available Chinese government subsidies and other forms of support for hiring persons with disabilities. To help, Oatly China is collaborating with the Disabled Persons' Federation and the Human Resources and Social Security Bureau to assist employers in seeking subsidies when hiring silent baristas.

As of mid-2023, Oatly China had succeeded in promoting the programme to companies beyond the beverage sector. In fact, corporations including Microsoft, IKEA, Allbirds, and Nike, have invited the Silent Baristas to exhibit their barista skills and overall professionalism.

Another strategy used by Oatly China to promote the programme with employers was to create a standardised sign language for the gourmet coffee brewing trade. Once the team realised that such a dictionary was lacking in China, they developed a standardised Coffee Sign Dictionary (see Figure 2). Launched in June 2021, this tool has been accepted and used by China-based coffee chains including Danyiyuan Coffee and M2M.



**Figure 2:** Examples from Oatly's Sign Language Dictionary

Source: *The Original Oatly*, p.29

## Challenge #4: Lack of public awareness

Perhaps the most significant success of the programme has been its impact in raising awareness of and support for the hearing-impaired population in China. One smart move has been to co-sponsor annual coffee-preparation contests featuring intricate and exquisite “latte art” which has attracted a large social media following among Chinese coffee connoisseurs. In 2022, as one example, Oatly China co-sponsored the Lujiazui Coffee Festival in Shanghai, in which baristas are judged for taste, speed and latte art. In 2023, hearing-impaired competitor Liang Hou won the competition, bringing the Silent Barista programme traditional and social media attention.

Another silent barista gaining a social media following is Huang Weimin. In 2020, as a 29-year-old working nightshifts in an electronics factory in Shanghai, Huang came across a video of a hearing-impaired professional barista in Korea and this inspired him to join Oatly China's new programme. When Oatly launched its Silent Barista programme,



Huang was among the first group to graduate and to pass the SCA exam. In fact, his barista dream had begun in 2014 when he competed in a regional Coffee Barista Competition (CBC) in Xiamen city – an experience which initially offered a difficult lesson. Because he had to use sign language while making coffee, he was disqualified for being over time. However, the loss made him more, not less, determined and in 2022, when he joined the Zhuhai area CBC, he won fourth place.

Huang's persistent, can-do spirit soon led to a job offer from Oatly China and he became Project Lead and Coffee Trainer for the Silent Barista programme. Using his own experience as a compelling example, he delivers positive messages for trainees as a role model proving that the challenges associated with deafness can be overcome as baristas. Such messages are shared not only through the training Huang helps to deliver but also via social media. Armed with a charming smile and friendly demeanour, Huang, as of mid-September 2023, boasts more than 3,000 followers on WeChat, while Oatly China's recently launched Silent Coffee Enthusiast online community has 500-plus followers.

## **Summary of Oatly China's Key Learnings**

We identify five main takeaways from Oatly China's Silent Barista programme, as follows.

First, align with government initiatives viz. in China, leverage policies supported by the Government. In this case, Oatly China wisely chose to focus on support for the hiring of people with disabilities – an initiative fully aligned with existing government policies.

Second, align with social trends: Oatly China launched the programme in Shanghai, one of the larger cities where traditional social stigma against people with disabilities has given way to more progressive beliefs among many target client populations. This helped to build the programme among consumers not hindered by negative traditional beliefs, and to grow support via WOM.

Third, address employer concerns proactively: Oatly China's successful job fairs and workshops allowed the Silent Baristas to demonstrate, first-hand, their coffee preparation skills as well as their overall professionalism and employability. This opened doors to potential employers both in and beyond the beverage industry.

Fourth, Oatly China also shows finesse in leveraging social media. The company's sponsorship of coffee-making competitions combined with its support for individual Silent Baristas in these competitions have helped to win both traditional and social media attention. This, in turn, has been leveraged exponentially by the individual Silent Barista's own social media promotion (such as by Huang Weimin).

Finally, the company successfully engaged "3P aligned" business partners. Oatly China's selection of partner coffeeshops for hiring the Silent Baristas has focused on those with stated policies also promoting inclusivity, including Unibrown Café. Looking ahead, the Silent Barista programme is also targeting non-coffee employers with stated 3P missions and visions, including Nike, IKEA, Microsoft and Allbirds,

## Discussion Questions

1. Why is Oatly's slogan "We promise to be a good company" considered quirky?
2. The case mentions that Oatly developed a new Chinese character for plant-based milk. How may this be important within the China context?
3. Consider how a 3P strategy may be applied to a company with which you are familiar.
4. Investigate the workforce participation rate for PWD in your country or a country of your choice. If the PWD participation rate is lower or higher than the overall participation rate in the labour market of your chosen country, discuss the reasons for this.

5. Would a Silent Barista training programme work in your country? Why or why not?
6. In the United States, the deaf community prefers to use the terms, “deaf” and “hard of hearing” and considers terms such as “hearing impaired”, “deaf-mute” and “deaf and dumb” as offensive. Similarly, the term, “persons with disabilities” is preferred over “disabled persons”, “handicapped” or “person with special needs”. Why do you think that these communities prefer certain terms over others? Are there similar preferences in your country?

## Chapter 1

# Addressing the Full 3 Ps: A Study of Oatly China's "Silent Barista" Programme Promoting Planet, People & Profitability

## 解决三重底线框架（3Ps）问题：噢麦力中国“ 沉默咖啡师”项目促进地球、人与利润的发展

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### 摘要

尽管近年来植物性“牛奶”在全球范围内越来越受欢迎，但很少有供应商达到噢麦力目前所享有的知名度和“近乎狂热”的粉丝群体 (Salnikow, 2021; Custom Marketing Insights, 2023)。噢麦力目前的成功包括自2018年以来10倍以上的销售额增长，这一成就很大程度上归功于其在社交媒体上开展的口碑推广，持续强调为有生活质量要求的顾客提供健康、环保的牛奶替代品 (Salnikow, 2021; Wallace, 2023)。通过这种方式，噢麦力被视为严谨遵循“三重底线框架（3P）”的优质企业，在运营业务的同时提升对地球、人类和利润的全面保障。公司于2020年在中国启动了“无声咖啡师”项目，鼓励公司的合作咖啡店共同开展培训和雇用听力受损的咖啡师的项目，从而推动3P战略中的人类保护。然而该项目也面临着在商业、文化与社会方面的一系列重大的挑战。本案例详细介绍了噢麦力中国是如何应对这些挑战的。

## 噢麦力中国无声咖啡师项目的背后

自称为“原创燕麦饮料公司”的噢麦力在2018年至2022年间实现了爆炸式的两位数收入增长，这在很大程度上受益于该公司的战略，即与在瑞典、美国和中国的对健康可持续的牛奶替代品有需求的高档咖啡店开展合作（Salnikow, 2021; Wallace, 2023）。这些合作支持该公司实施“3P”战略（支持地球、人类和利润），建立了自己的良好声誉并获取市场份额。

在中国，噢麦力推出的别具一格、非主流的营销美学及其人文主义信息（比如“我们承诺成为一家好公司”）在社交媒体上引发了积极的关注，这使得噢麦力从单纯促进健康与可持续发展的企业转向成为促进包容性的企业。他们推出了一个培训与倡导招聘听障咖啡师的项目，该项目使公司成功地从之前强调3P战略中地球维护延申到人类支持——不仅包括身体健康，还有社会包容性。该计划要求噢麦力的企业合作（B2B）咖啡店认同并支持整体3P概念，但在实施这一项目过程中还需要解决和克服一些与雇用残疾人相关的核心问题及传统观念带来的挑战。

## “植物性”牛奶的全球市场概况

全球范围内，以植物为原料的牛奶替代品在市场上越来越受欢迎。其品种包括由燕麦、大豆、杏仁、大米、椰子及其他植物制成的饮料，预计将从2022年的150亿美元增长到2030年的300亿美元，8年期间年增长率为9%（Custom Market Insights, 2023）。此类产品吸引消费增长的原因包括挽回乳糖不耐症导致的销售损失，以及满足消费者对纯素饮食日益增长的兴趣，无论是出于健康需求还是环境原因，这种趋势在Z世代人群中尤为显著（Custom Market Insights, 2023）。

在当前供应植物性“牛奶”产品的公司中，噢麦力因其广泛的品牌认知度及对社交媒体的有效运营，获取了大众关注度并成功脱颖而出，使该品牌收获了“近乎宗教崇拜的地位”（Salnikow, 2021）。至2023年，品牌价值已超过5亿美元，占噢麦力市值的40%（Kantar, 2023），几乎没有竞争对手能与之匹敌，这一成效是噢麦力在运营中落实3p概念中“利润”的实证。

## 噢麦力的成立及早期国际扩张

噢麦力被广泛认为是第一家将燕麦奶带入时尚潮流和商业化的公司 (Steig, 2021)，它于1994年由瑞典企业家Rickard与其兄弟Bjorn Oeste创立。该公司通过向乳糖不耐症的瑞典消费者进行营销并取得了一定程度的初步成效，但在2014年聘请首席执行官Toni Petersson后，噢麦力的商业战略发生了变化，他加大了噢麦力的营销力度，不仅宣传其健康益处，还宣传其环保优势，将商业战略转变为包含完整3P的运营战略。公司声称与生产同等量牛奶相比，每升植物奶的生产减少80%的温室气体排放与79%的土地使用，更减少了60%的能源消耗 (Oatly, 2022)。

在推出名为“咖啡师混合奶”的可发泡产品后，公司确立了向高端咖啡店提供高品质牛奶替代品的核心策略，并以此开展向美国市场扩张。这一策略通过口碑营销的推广促使需求量猛增。口碑营销的重点是突出噢麦力的口味以及其对健康和环境的益处。在全球范围内，噢麦力的年销售额从2018年600万美元增长到2019年4000万美元，再到2022年的7.22亿美元，因为该公司的销售从与美国咖啡店的企业间 (B2B) 合作，拓展到直接面对零售顾客 (B2C) 的模式，并将在美国各地建立本土化生产，很大程度上受到了社交媒体的进一步推动 (Salnikow, 2021; Wallace, 2023)。

## 噢麦力带着在美国的成功模式进入中国

除了在美国成功扩张外，噢麦力还将中国市场作为其早期海外增长的目标地区，包括在2016年通过与一家比利时风险投资公司 (VC) 成立的合资企业，将56%的股权出售给中国国有企业华润集团。不久之后，该公司遵循在美国获得成功的模式进入中国：噢麦力最初只向上海的时尚咖啡店提供“咖啡师系列”产品，继而在中国的社交媒体热潮兴起后扩展了地域经营范围，开启零售。通过这种方式，公司通过与咖啡零售商 (如星巴克和太平洋咖啡) 和茶饮零售商 (喜茶) 联手销售，通过微博、微信、小红书等中国知名的社交媒体平台，引发了社交媒体的高度关注。在中国，噢麦力的咖啡店客户从2020年3000家增加到2021年1.1万家，主要原因是消费者对健康饮食的兴趣日益浓厚。随着零售业对该产品需求增长的同时，噢麦力还受益于包括天猫、京东和拼多多等中国顶级电子商务平台的在线销售 (GMA, 2020; Jing, 2021)。