

## SWOT

### Strengths

- **Brand Reputation** – Oatly founded in Sweden has been a leader in the plant-based industry since 1994. The commitment to Sustainability since the inception of the brand is setting the brand apart. The company's mission statement emphasizes that it is a brand that has chosen the people and planet over its financial profits. Oatly had an 8.46% annual growth in the fiscal year 2023 which shows that it is still the number one choice for consumers who are looking for dairy alternatives. (*Oatly Revenue 2019-2023 - Stock Analysis*, n.d)
- **Global Distribution** – The presence of Oatly in more than 20 countries with products available in retail stores and cafés worldwide, helps to increase the brand visibility and allows new consumers to discover the brand. Some of the crucial distributing partners over the years have been nationwide Coffee shops, food retail stores, and e-commerce channels such as Barista, Starbucks, Target, Tesco, Wholefoods, and Alibaba's Tmall to name a few. (Investor Relations | Oatly Group AB, n.d.)
- **Innovative Products** – The company is known for introducing unique oat-based products catering to all demographics. It is the world's first original brand that introduced an Oat based drink which had the Beta – Glucan (soluble fiber) in a drinkable form that is suitable for human consumption and is an alternate to cow's milk. People prefer Oatly due to its compatibility with lactose intolerance, vegan dietary choices, medical dietary needs, affordability relative to cashew and almond milk, superior taste compared to soy milk, and its commitment to environmental sustainability. (Goldfine, 2021)
- **Strong Branding** – The packaging is relatable and trendy for Gen Z and Millennials as it also works as a communication channel for the brand. The brand logo and interactive website have set Oatly apart from its competitors. It gives the brand a unique identity that is relatable to customers and showcases the strength of its brand design. (oatly.com Website Traffic, Ranking, Analytics [February 2024], 2024)

## **WEAKNESS**

- **Supply Chain Management Disruptions** - During and post-covid Oatly faced critical challenges with its Supply Chain Management due to a substantial increase in its consumers worldwide and geographic expansion resulting in product supply insufficiencies. Oatly was affected financially and as a result, it lost consumers. The company also had to withdraw quite a few products from stores and coffee houses because of quality issues. Such incidents put Oatly in a space where the consumers started to question its credibility and negatively affect the brand's reputation.(Oatly Reveals Demand Outstripping Supply as Shortages Hit Sales, 2021)
- **High Pricing** – Oatly offers a more expensive range of products as compared to traditional dairy-based milk products leading to loss of significant number of potential customers. (Nguyen, 2023)
- **Limited Product Range** – The reliance on oats as the main ingredient is a limiting factor. This can restrict Oatly from experimenting and producing a variety of products that can ultimately affect gaining profits from different streams and make the company more vulnerable to changes in the market and consumer preference.

## **Opportunities**

- **Investing in Sustainability** - Oatly has been transparent and honest about its Carbon footprint since 2019 when it started mentioning carbon emissions on the packaging of its products in the UK. A potentially bold step by the company earned global attention and attracted a loyal consumer base and strengthened its financial value. In June 2022 Oatly partnered with Einride, an electric freight solutions company that provides electric ground transportation trucks. It aims

to make transportation 100% renewable by 2029. Oatly is known for its long-term commitment and has pledged to reduce its carbon emissions by 70% in the next five years (Sustainability Report | Oatly, n.d.). Embracing sustainable practices in the future enhances Oatly's corporate reputation positively and helps attract loyal customers, investors, and other stakeholders who value sustainability. (Sustainability Report | Oatly, n.d.)

- **Partnerships and Collaborations** – In the year 2023, Oatly signed a unique partnership with Minor League Baseball throughout US and Canada giving the audience an exclusive experience of enjoying healthy eating option during a game. Oatly partnered with the first Ice-cream retail franchise chain in the U.S called Carvel , in January this year. It has greatly helped the brand to strengthen the financial position in the market. Oatly should continue getting involved with brands from diverse industries as that will allow the company to be relevant , reach a wider client base, and make an impact. (News Releases | Oatly Group AB, n.d.)
- **Increased interest in Plant Based Products** – Research shows that plant based food industry will reach a valuation of \$22.3 Billion by 2029 giving Oatly the huge benefit of expanding into the oat-based products. The increasing interest in switching to dairy-free diet has become a trend more recently. Many individuals are also discovering allergies and side effects of dairy products and looking for easily available alternatives allowing Oatly to fill this gap between the market and consumer. (Plant Based Food Statistics - Size & Growth 2023, n.d.)

## Threats

- **Brand Perception** – Oatly landed in many controversies in the past few years. A company called Blackstone Group invested in Oatly in 2020 which led to a social media uproar as Blackstone had a history of involvement in Amazon rainforest destruction. Another setback was when a ‘class action lawsuit’ was filed in Indiana federal court by JoAnne Jennings against Starbucks and Target from where she bought and consumed an Oatly coffee drink on 30<sup>th</sup> Sept, 2022 and was hospitalized thereafter. Such negative media trends create trust issues in the stakeholders, investors and consumers leading to negative brand perception. Oatly’s advertising campaigns promote sustainability and plant-based diets, yet they face skepticism and can be seen as lacking authenticity and genuineness. ( I’ts Fck Oatly! | Everything Wrong With Oatly in One Place, n.d.)
- **Competitors** – The biggest competitors are the long-standing dairy companies that can continue to influence the consumers to have dairy products or they could add a new line of plant-based alternatives under their own name taking away Oatly’s differentiator factor. Other smaller brands might evolve and imitate Oatly offering similar products in lower prices driving customers away from Oatly. One such family run company is Glebe Farms - PureOaty in Cambridgeshire. Oatly sued this company because of ‘trademark infringement’, but Oatly lost the case. (131,355 People Signed and Won This Petition, n.d.)
- **Change in Consumer Preference** – The public is inconsistent with their preferences and there is a chance that consumers might prefer dairy over plant-based products in the future. There is no guarantee that a shift in trend cannot happen again, and this will severely affect Oatly’s sales. To avoid any harm to the company, there is a need to continuously evolve, innovate, and develop new marketing strategies to stay relevant in long run.

## CITATION

1. *Investor Relations | Oatly Group AB*. (n.d.). Oatly Group AB. <https://investors.oatly.com/>
2. *Oatly Revenue 2019-2023 - Stock Analysis*. (n.d.). Stock Analysis. <https://stockanalysis.com/stocks/otly/revenue/>
3. Goldfine, J. (2021, April 13). *How Oatly went from foodie fad to \$10 billion IPO*. The Business of Business. <https://www.businessofbusiness.com/articles/history-oatly-oat-milk-ipo-10-billion-swedish-altern-a-starbucks-sold-out/>
4. *oatly.com Website Traffic, Ranking, Analytics [February 2024]*. (2024, March 12). Semrush. <https://www.semrush.com/website/oatly.com/overview/>
5. Nguyen, J. (2023, November 17). *Why does oat milk cost more than dairy milk?* Marketplace. <https://www.marketplace.org/2023/11/17/why-does-oat-milk-cost-more-than-dairy-milk/>
6. *Oatly reveals demand outstripping supply as shortages hit sales*. (2021, October 7). World Coffee Portal. <https://www.worldcoffeeportal.com/Latest/News/2021/October/Oatly-reveals-demand-outstripping-supply-as-shortage>
7. *Sustainability report | Oatly*. (n.d.). <https://www.oatly.com/oatly-who/sustainability-plan/sustainability-report>
8. *MiLB, Oatly announce multi-year partnership*. (n.d.). MiLB.com. <https://www.milb.com/news/minor-league-baseball-oatly-announce-multi-year-partnership>
9. *News Releases | Oatly Group AB*. (n.d.). Oatly Group AB. <https://investors.oatly.com/news-events/news-releases>
10. *Plant Based Food Statistics - Size & Growth 2023*. (n.d.). <https://www.strategicmarketresearch.com/blogs/plant-based-food-statistics#:~:text=According%20to%20PBFA%2C%2070%25%20of,a%2011.82%25%20CAGR%20by%202029>
11. *It's Fck Oatly! | Everything wrong with Oatly in one place*. (n.d.). <https://fckoatly.com/>
12. *131,355 people signed and won this petition*. (n.d.). Change.org. <https://www.change.org/p/blackstone-group-we-would-like-oatly-to-renege-its-injunction-on-glebe-farms-immediately-freepureoatly>

