

## SWOT Analysis

### Strengths

- **Strong Brand Recognition** – Oatly has positioned itself as a prominent plant-based milk alternative brand, boasting a strong presence in domestic and global markets. To expand, Oatly's products can be found in 32 countries, from the Baltic States to Singapore.
- **Partnerships with Notable Companies** – Oatly established a foodservice distribution agreement with Starbucks, Insomnia Cookies, and The Coffee Bean & Tea Leaf. Through this agreement, Oatly's oat milk is used exclusively in stores in the United States.
- **Publicly Traded Company** (NASDAQ: OTLY) – Oatly launched its IPO on NASDAQ on May 20, 2021, for \$17 per share. As a publicly traded company, Oatly gains broader access to capital, which can be used to fund R&D efforts and/or pay off debt, to name a few benefits. Among Oatly's shareholders include personalities such as Oprah Winfrey, Natalie Portman, and Howard Schultz.
- **Expanding Product Portfolio** – Oatly is broadening its product range and diversifying its offerings by introducing new items. To accommodate various dietary preferences and appeal to a more extensive customer base, the brand has unveiled two new variations in its oat milk selection: unsweetened and super basic. Additionally, Oatly has recently expanded its North American product line with the debut of oat milk creamers.

### Weaknesses

- **High Price Point** – Compared to other plant-based milk alternatives, Oatly is one of the most expensive options, retailing for approximately \$6 for half a gallon.
- **Previous Controversies** – In July 2020, Oatly received a 10% minority investment from private equity firm Blackstone, igniting criticism from consumers and activists who questioned Oatly's positioning as a sustainable brand due to Blackstone's alleged connections with companies accused of Amazonian deforestation.

- **Falling Share Price** – Oatly’s share price has declined 95% since its IPO in March 2021. If the brand’s share price fails to maintain NASDAQ’s \$1 minimum bid price requirement for 30 consecutive business days (OTLY: USD 1.09, as of March 13, 2024), it is at risk of delisting. This may pose numerous challenges for the company, including eroding relationships with its shareholders.

### **Opportunities**

- **Consumer Shift Toward Dairy-free Products** – According to a study conducted by NielsenIQ, the alternative milk beverage industry reached \$3.2 billion in total US Omni sales in 2023, resulting in a 11.1% year-over-year increase. The market is gaining momentum as consumers gravitate toward dairy-free options due to the rise in lactose intolerance and milk allergies, alongside the growing demand for plant-based alternatives driven by the prevalence of veganism and vegetarianism<sup>1</sup>.
- **Expand to New Markets** – The global plant-based milk market is projected to reach \$47.55 billion by 2030, presenting an opportunity for Oatly to expand into new markets<sup>2</sup>. With China and the United States emerging as top markets for plant-based milk consumption, Oatly can strategize to expand its presence in regions where oat milk has yet to gain widespread popularity<sup>3</sup>.
- **Collaborative Ventures** – An increase in popularity for oat-based beverages presents Oatly with an opportunity to forge foodservice distribution agreements with additional companies and coffee houses, akin to its partnership with Starbucks.

### **Threats**

- **Increased Competition** – As plant-based dairy alternatives gain popularity, new and established companies are entering the market, intensifying competition for Oatly, particularly from more affordable alternatives (e.g., Trader Joe’s, Silk).
- **Dependence on Oats** – In 2021, droughts in North America slashed oat production by 40%, while Canada, the world's leading oat producer and exporter, faced significant reductions in

exports. Due to an oat shortage, Oatly reduced oat milk production to mitigate the escalating costs of oats<sup>4</sup>.

- **Dominance of Almond Milk** – Despite numerous plant-based milk alternatives on the market, almond milk stands out as the favorable option among consumers in the United States<sup>5</sup>.
- **Inflation** – As prices continue to rise due to inflation, consumer spending habits are affected, prompting individuals to reduce expenditures on non-essential items (i.e., Oatly's premium-priced oat milk). This could lead consumers to seek out less expensive options for plant-based dairy alternatives.

### Sources

1. NielsenIQ. “Alternative Milk Sales Are Booming: Here’s Why - NIQ.” NIQ, January 19, 2024. <https://nielseniq.com/global/en/insights/education/2023/alternative-milk-trends/> “Global Plant-Based Milk Market Analysis Report 2023-2030 with Pricing Insights for Almond Milk, Soy Milk, Coconut Milk, Oat Milk, and Rice Milk.” Yahoo! Finance, Yahoo!, [finance.yahoo.com/news/global-plant-based-milk-market-181500397.html](https://finance.yahoo.com/news/global-plant-based-milk-market-181500397.html). Accessed 15 Mar. 2024.
2. “Global Plant-Based Milk Market Analysis Report 2023-2030 with Pricing Insights for Almond Milk, Soy Milk, Coconut Milk, Oat Milk, and Rice Milk.” Yahoo! Finance, Yahoo!, [finance.yahoo.com/news/global-plant-based-milk-market-181500397.html](https://finance.yahoo.com/news/global-plant-based-milk-market-181500397.html). Accessed 15 Mar. 2024.
3. Statista. (August 31, 2023). Worldwide milk substitute revenue in 2022, by country (in million U.S. dollars) [Graph]. In Statista. Retrieved March 15, 2024, from <https://www-statista-com.libproxy2.usc.edu/forecasts/1277967/worldwide-milk-substitute-revenue-by-country>.
4. Zimmerman, Sarah. “Strained Oat Supply Pushes Oatly to Raise Prices, Expand Sourcing.” Food Dive, 25 Mar. 2022, [www.fooddive.com/news/oatly-oat-supply-drought-canada-rail/620979/](https://www.fooddive.com/news/oatly-oat-supply-drought-canada-rail/620979/).
5. “U.S. Plant-Based Milks - Statistics & Facts.” Statista.