**SWOT Analysis: Oatly**

**Strengths**

* High quality products.
* **Brand Reputation**: As the first mainstream oat milk brand, Oatly’s brand awareness is high with 50% of U.S. alternative-milk drinkers recognizing the brand (Statista, 2023).
* **Distinct Social & TikTok Presence**: Oatly boasts a 662K following on TikTok, with its short-form content regularly going viral on the platform with over 20 million views per video.
* **Company Website**: Oatly’s “About Us” page or, in this case, website is very well-executed and reflects the brand’s mission very well through unique videos and witty copywriting.
* **Partnership with Starbucks**: Oatly announced its partnership with Starbucks in 2021, with Oatly being selected as the coffee chain’s vendor for oat milk. This partnership introduces Oatly’s products to a wider network of customers and supports the brand’s expansion efforts.

**Weaknesses**

* **Poor Financial Performance**: Oatly’s stock price reached an all-time low of $1.00 on March 7 following the company’s Q4 earnings call on February 15. Oatly’s poor performance, with a net loss of $298.7 million for Q4, coupled with its prediction of another financially rough 2024 shook investors’ confidence in the company.
* **Greenwashing Settlement**: On February 21, Oatly agreed to a $9.25M settlement against investor Kai Jochims who accused the brand of inflating consumer demand and exaggerating environmental credentials. Oatly, whose brand is built on providing sustainable milk alternatives, may be perceived as disingenuous by the media and consumers following greenwashing allegations.
* **History of Inventory Shortages**: In 2021 to 2022, Oatly suffered from product shortages due to drought-caused low oat harvests and weak production infrastructure, all coupled with an increase in demand (Zimmerman, 2022). During this period, Oatly’s fill rate ranged between a measly 60% to 70% in an industry where the commitment fill rate is 98.7% and resulted in increased pricing (Nunes, 2022). The company has since expanded its production infrastructure to meet the demand. However, Oatly’s history of product shortages weakens consumer confidence in the company’s ability to meet the demands of customers without raising prices.
* **Controversial Investor**: In 2020, private equity firm Blackstone, led by Trump donor Stephen Schwartzman and linked to Amazon deforestation projects, invested $200M in Oatly (Helmore, 2020). Blackstone has since denied the allegations surrounding its involvement in Brazilian logistics company Hidrovias’ Amazon highway project. Regardless, this deal generated backlash from consumers and environmentalists and serves as a point of criticism for Oatly’s decision to hypocritically partner with a firm that goes against its inclusivity and sustainability values.
* **Partnership with Starbucks**: Starting Q4 of 2023, Starbucks has been the target of criticism and consumer boycotts following its lawsuit against Starbucks Workers United for trademark infringement, in which the latter voiced support for Palestine (Rajvanshi and Serhan, 2024). As a result, Starbucks reported lower sales in Q4 during its earnings call. Starbucks’s controversy can potentially generate criticism for Oatly, as its oat milk vendor.

**Opportunities**

* **Product Line Expansion**: While there are multiple non-dairy cheese products available, no mainstream oat cheese products have entered the market. Oatly has a unique opportunity to launch the industry’s first mainstream oat cheese product.
* **Partnership Expansion**: Following its partnership with Starbucks, Oatly can partner with nationwide restaurant or bakery chains to use its oat products when creating dairy-free alternative foods.
* **Consumer Education**: As the leading oat milk company, Oatly is a trendy and reputable brand that can uniquely educate consumers on the tangible sustainable benefits dairy-free products. While Oatly has launched creative campaigns in the past, the company has yet to visualize how switching to oat milk positively sustains our day-to-day life. A consumer education campaign will continue to position Oatly as a thought leader in sustainability and dairy-free alternatives.

**Threats**

* Oat milk competitors Planet Oat and Chobani.
* **Dairy Lobby:** Dairy lobby organizations in Sweden have threatened Oatly for using terms such as “milk” for its products and continue to challenge Oatly’s advertising of its products. In fact, lobby organization LRF Mjölk sued Oatly in 2015, and won, ordering the oat drink brand to stop referring to its own product as milk (Goldberg, 2019). As lobby organizations continue to target Oatly with lawsuits, the company may have to shift its product-labelling strategy according to the changing advertising laws.
* **Changing Public Sentiment**: There has been a years-long debate on whether oat milk/products are healthier or less healthy in comparison to dairy products. In December 2023, a [TikTok video](https://www.tiktok.com/%40marietalksofficial/video/7308844606110666027?is_from_webapp=1&sender_device=pc&web_id=7285551186034984491) of biochemist Jessie Inchauspé explaining how oat milk is “starch water,” causing a spike in blood sugar, went viral with over 4.6M views and triggered the oat milk debate in the media. While oat milk is currently trendy among consumers seeking dairy-milk alternatives, public sentiment may negatively change in the future as customers learn about the pros and cons of oat milk.
* **Future Oat Shortages**: Potential oat shortages in the future, caused by droughts or unforeseen circumstances that disrupt the supply chain, can negatively impact production and inventory.

**References**

Behr, F. (2022, July 18). *The Reason That The Oat Industry Is Currently In Shambles*. Tasting Table.

https://www.tastingtable.com/931827/the-reason-that-the-oat-industry-is-currently-in-shambles/

*Empty shelves a problem for Oatly.* Baking Business. (n.d.). Retrieved March 13, 2024, from

https://www.bakingbusiness.com/articles/56476-empty-shelves-a-problem-for-oatly

Helmore, E. (2020, September 2). *Activists sour on Oatly vegan milk after stake sold to Trump-linked*

*Blackstone*. The Guardian. https://www.theguardian.com/food/2020/sep/01/oatly-vegan-milk-sale-blackstone

Mridul, A. (2023, August 28). *What’s Going On With Oatly? Unraveling Recent Developments and*

*Controversies.* Green Queen. https://www.greenqueen.com.hk/oatly-struggles-sales-controversy/

*Oatly Agrees to $9.25M Settlement Over Allegations of Overstated Environmental Claims.* (2024,

February 22). Vegconomist.com. <https://vegconomist.com/politics-law/oatly-agrees-settlement-over-allegations-overstated-environmental-claims/>

*Oatly faces boycott backlash for its investment from Blackstone.* (n.d.). Food Dive.

https://www.fooddive.com/news/oatly-faces-boycott-backlash-for-its-investment-from-blackstone/584778/

*Oatly working to overcome its empty shelf problem* | Food Business News. (n.d.).

Www.foodbusinessnews.net. https://www.foodbusinessnews.net/articles/21446-oatly-working-to-overcome-its-empty-shelf-problem

Rajvanshi, A., & Serhan, Y. (2024, February 14)*. What to Know About the Global Boycotts Against*

*Israel.* TIME. https://time.com/6694986/israel-palestine-bds-boycotts-starbucks-mcdonalds/

*Strained oat supply pushes Oatly to raise prices, expand sourcing*. (n.d.). Supply Chain Dive.

https://www.supplychaindive.com/news/oatly-oat-supply-drought-canada-rail/620370/

*The Statistics Portal*. (n.d.). Statista. <https://www.statista.com/insights/consumer/brand->

profiles/3/23/oatly/united-states/#contentBox1