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green leadership

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OAT
LY!

Oatly's Climate Impact Label Initiative



Vanessa Rees - photographer

A Case Study on Sustainable Practices in the Food Industry. An Analysis of Environmental Transparency and Market Influence.

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Purpose

This case study has been prepared to illustrate the critical importance of sustainability in modern business practices. It aims to demonstrate that sustainability is not only an ethical imperative but also has a positive impact on **people, planet** and **profits**.

The study is evaluated on Do Epic Good's 9 distinct business benefits associated with sustainable practices, it highlights which sustainable practices the business adopted and how it benefitted.

The ultimate goal is to underscore that sustainability is the pathway to future-proofing businesses and achieving lasting success in a competitive marketplace.

The 9 business benefits of sustainable practices



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Innovation impact

Innovation facilitates future business opportunities.



Cost reduction

Investigate sustainable cost reductions to drive revenue.



Competitive advantage

Create competitive edge and leadership to gain market share.



Positive publicity

Promote your investment in the environment to drive brand awareness uplift.



Risk reduction

Forward thinking practices drive business efficiency.



Industry leadership

If your company adopts green or sustainable practices, leadership accolades and first-mover financial results could set your business apart.



Top talent acquisition

Employee retention drives internal stability and fosters high morale, alongside reducing hiring costs.



Long-term resilience

Sustainability focuses on preserving corporate futures by operating in ways that can be sustained over the long-term, by doing this, companies protect themselves from long-term risks, such as resource scarcity and price volatility.



Brand loyalty growth

Deliver growth through enhanced brand loyalty and new market adoption.

Executive summary ↘



Oatly, a Swedish food company renowned for its oat-based dairy alternatives, has implemented Climate Impact Labels on its products as part of its commitment to sustainability and transparency in the food industry. This initiative provides detailed information on the carbon footprint of each product, with the goal of influencing consumer behaviour and setting new industry standards. By emphasising core values of health, sustainability, and trust, Oatly has achieved three distinct business benefits through the adoption of Climate Impact Labels: **industry leadership, positive publicity, and top talent acquisition.**

These efforts have reduced Oatly's climate impact, fostered increased brand loyalty and established a new benchmark for industry practices.

Introduction ↘



Vanessa Rees - photographer

Oatly, established in 1993 by food scientist Rickard Öste and his brother Björn Öste, is distinguished for its pioneering oat-based products, including oat milk, ice cream, and yogurt substitutes.

Based in Sweden, Oatly has significant market presence in Sweden, Germany, and the United Kingdom.

The **company's mission**, which emphasises health, sustainability, and trust, seeks to fundamentally alter consumer food habits and **promote more sustainable practices in food production and consumption**.

Challenges

Oatly identified three primary challenges within the food industry:

Sustainability

Food production is responsible for approximately one-quarter of global greenhouse gas emissions, with milk and meat production contributing 60% of these emissions. This significant environmental impact necessitates a shift towards more sustainable food production methods to mitigate climate change and preserve natural resources.

Health

Poor dietary choices and non-communicable diseases, exacerbated by the overuse of natural resources, contribute to broken food systems. These systems fail to provide adequate nutrition and simultaneously erode the planet's resources. Addressing these issues requires a focus on creating healthier, more sustainable food options that can improve public health outcomes while reducing environmental degradation.

Trust

Transparency issues within the food industry, ranging from parent companies to suppliers, hinder consumer trust due to a lack of honesty and integrity regarding the origin and production processes of ingredients. This lack of transparency makes it difficult for consumers to make informed choices about the foods they consume, ultimately eroding confidence in the food industry as a whole.

“

We begin to unlock a new understanding of the broader impact we can have on society by **disrupting traditional sectors.**

Toni Petersson, Former CEO and current Co-Chairman of the board

”

Objectives

Oatly aimed to achieve several key objectives to address these challenges:

1 Enhance consumer awareness of the environmental impact of their food choices:
By providing clear information about the carbon footprint of their products, Oatly seeks to educate consumers on the environmental consequences of their dietary habits.

2 Promote sustainable consumption habits:
Encouraging consumers to choose more environmentally friendly food options can lead to broader changes in consumption patterns, supporting more sustainable food production practices.

3 Increase transparency within the food industry:
Oatly aims to set a new standard for honesty and openness in the food industry, ensuring that consumers have access to accurate information about where their food comes from and how it is produced.

4 Establish Oatly as a leader in sustainability: By pioneering initiatives like Climate Impact Labels, Oatly seeks to position itself at the forefront of the sustainable food movement, inspiring other companies to follow suit.

Solutions

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Oatly **implemented Climate Impact Labels on its products**, which prominently display the carbon footprint associated with each item.

This innovative initiative is designed to empower consumers to make informed purchasing decisions by providing them with clear, accessible information about the environmental impact of their food choices. The labels allow consumers to compare the climate impact of different products directly in the grocery aisle, much like they do with nutritional information labels. By highlighting the carbon footprint, **Oatly aims to foster greater awareness and encourage more sustainable consumption patterns among consumers.**

Execution

The rollout of the **Climate Impact Labels** was meticulously planned and executed across Oatly's entire product range. This initiative was underpinned by a comprehensive marketing strategy that included **educational campaigns** aimed at **raising consumer awareness** about **the significance of sustainability in food production**.

These campaigns utilised various channels, including social media, digital advertising, and in-store promotions, to effectively communicate the benefits of the Climate Impact Labels.

Additionally, Oatly engaged in strategic partnerships with environmental organisations and industry stakeholders to amplify the message and advocate for broader adoption of transparency measures within the food industry. By encouraging other companies to implement similar labelling practices,

Oatly sought to set a new standard for environmental accountability and drive systemic change in the industry.

Results

Oatly's introduction of climate impact labels has led to several significant outcomes, demonstrating its **dedication to sustainability and raising awareness among consumers.**

Firstly, there has been a measurable reduction in Oatly's climate impact per litre of product since 2022, with the figure dropping to 0.482 kilograms of CO2 equivalent. This shows that **Oatly has been actively working to reduce its environmental footprint,** in line with global efforts to address climate change.

The introduction of climate impact labels has also influenced consumer behaviour. People are increasingly choosing Oatly due to its commitment to sustainability, as highlighted by these labels. This indicates that consumers are becoming more conscious of the environmental impact of their purchases and are favouring products that are more eco-friendly. This shift is boosting Oatly's reputation and making it more competitive in the market.

Furthermore, Oatly's initiative has garnered positive attention from the public, **enhancing its image as a socially responsible company.**

By openly sharing information about its environmental impact, Oatly has gained praise from consumers, industry peers, and advocates for sustainability. This positive reception not only strengthens Oatly's brand but also positions it as a leader in the sustainability movement.

Importantly, Oatly's adoption of climate food labelling has set a precedent for the food industry as a whole. By being transparent about the environmental consequences of its products, **Oatly is encouraging other companies to do the same.** This reflects a broader trend towards greater transparency and accountability in the industry, driven by consumer demand for sustainability.

In summary, Oatly's decision to introduce climate impact labels has had a range of **positive effects,** from reducing its environmental impact to influencing consumer behaviour and industry practices. These outcomes highlight the importance of corporate sustainability initiatives in shaping a more environmentally friendly future.

“

Climate change is still as critical to solve as ever before — **the urgency is only growing**. As a company, growing fast within a turbulent global environment has demanded a lot of work and sacrifice.

Sheikh Mohammed, Twitter, December 2020

”

Results



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1 Decreased Climate Impact: Oatly's climate impact per produced litter decreased from 2022 to 0.482kg CO₂e.

2 Brand Loyalty Growth: Oatly witnessed growth in brand loyalty as consumers adopted more sustainable choices, driven by the transparency provided by the Climate Impact Labels.

3 Positive Publicity: The initiative generated significant positive publicity, positioning Oatly as a leader in the sustainability domain.

4 Industry Leadership: Oatly set a precedent in the food industry by introducing climate food labelling.

Analysis ↘

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Oatly's success can be credited to its focus on consumers and its commitment to being **transparent**.

By showing consumers how its products affect the environment, Oatly helped educate them and **encouraged more eco-friendly choices**.

Survey results support this approach, with a **large majority (62%) of respondents saying they liked seeing labels that showed a product's carbon footprint**. This suggests that consumers are interested in knowing the environmental impact of what they buy.

Additionally, a significant number of **respondents (59%) said they were willing to cut back on products that have a big environmental impact**. This shows that consumers are open to changing their habits to be more environmentally friendly, influenced by Oatly's transparency efforts.

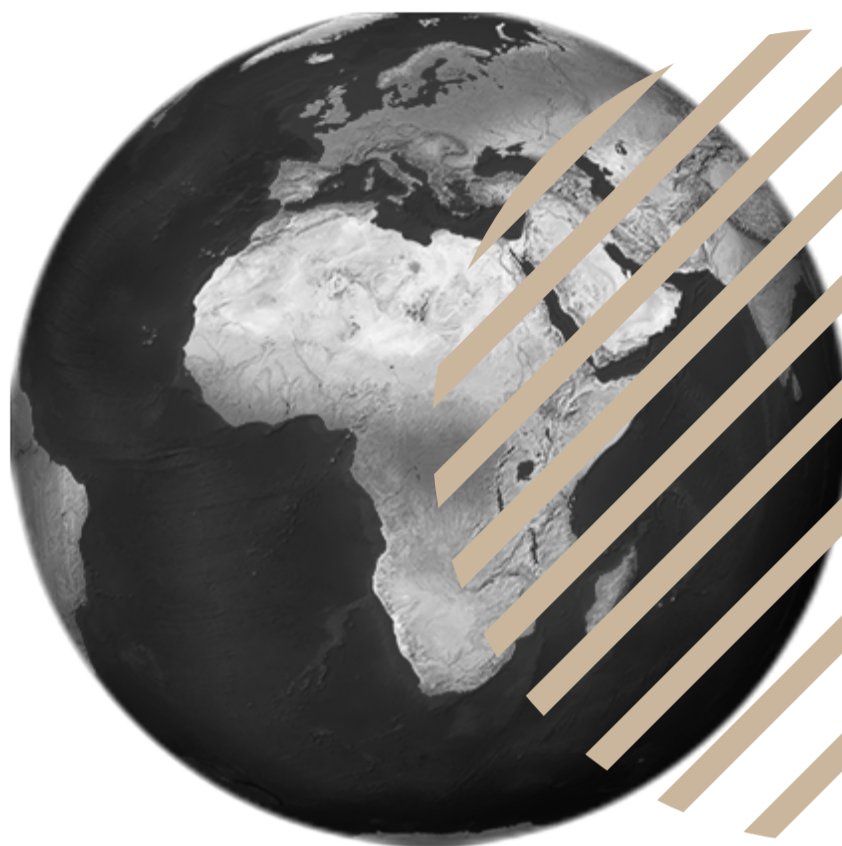
Impact



[Team Goals and Motivation]

82% of Oatly employees report having specific team goals that contribute to the company's Sustainability Plan, an increase of 6% from 2022.

Additionally, **68%** of employees feel more motivated, which is a 4% rise from the previous year ([Oatly](#)) ([Oatly](#))



[PLANET]

[Renewable Electricity]

Oatly sources 100% renewable electricity for its directly operated factories and approximately 85% for its production partners ([Oatly](#)).

[Electric Truck Fleet]

The company introduced its first electric truck fleet for transportation in 2022 ([Oatly](#)).

[Oat Fibre Residue Repurposing]

All of Oatly's oat fibre residue, the company's largest byproduct category, was repurposed ([Oatly](#)).

[Sustainable Packaging]

90% of Oatly's packaging materials come from renewable or recycled sources ([Oatly](#)).

[Reduction in Climate Footprint]

Oatly achieved a 17% reduction in its corporate climate footprint (kg CO₂e/L) and a 12% decrease in emissions from ingredients ([Oatly](#)).

[Transport Emissions]

Emissions from transporting products from Europe to Asia were reduced by 97% ([Oatly](#)).

[Packaging Efficiency]

The packaging used per kg/L of Oatly produced was reduced by 13% ([Oatly](#)).

[Legislation in Germany]

Germany is working on new legislation that will require food products to include climate impact labels, highlighting Oatly's proactive stance in sustainable practices ([Oatly](#)) ([Oatly](#)).



[Revenue Growth]

Oatly generated

\$786.86 million

in revenue for the twelve months ending March 31,

2024, reflecting a year-on-year growth of **4.68%**

[\(Oatly Group AB\)](#)

[\(Oatly Group AB\)](#)

Conclusion

Oatly's Climate Impact Labels

have been effective in promoting **sustainability** and **transparency** in the food industry.

By giving consumers information to make informed decisions, Oatly has **gained their loyalty** and **set a new standard for the industry**.

The 9 business benefits of sustainable practices



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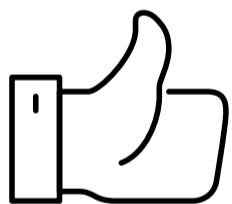
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Out of the 9 business benefits of being sustainable, the Oatly Climate Climate Impact Label initiative highlights 3 main benefits:



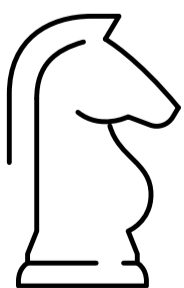
Top talent acquisition

the climate impact labels contributed to a more committed workforce, reducing costs associated with training and onboarding, and fostering a deep understanding of company culture, leading to enhanced employee performance and dedication.



Positive publicity

Brand awareness significantly increased, and consumer sentiment shifted strongly towards transparency.



Industry leadership

Oatly has set new industry standards, prompting other companies and even countries to rethink climate impact in the food industry.

Oatly's Right. Show Us Your Food's Carbon Footprint.

Labeling is a good start, but it probably won't be enough to change behavior.

October 23, 2023 at 8:00 AM GMT+4

02-01-23 | 7:00 AM

Oatly's climate-footprint counts are a sign that carbon labels are going mainstream. Do they work?

Unlike nutrition labels, climate claims on packaging are unregulated. And there's no consensus yet for vetting them.

MARKETS

Oatly Launches Climate Impact Labels

PUBLISHED

JAN 31, 2023

Ranking

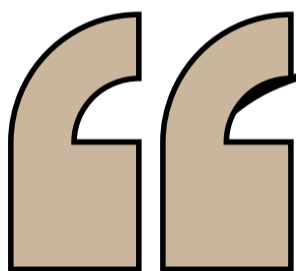
[PEOPLE]



[PLANET]



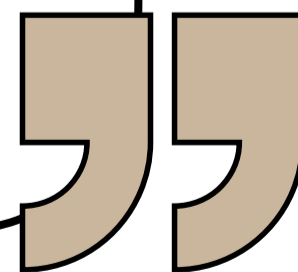
[PROFIT]



Charney Magri

Co-Founder / Chief Sustainability Officer

Oatly's Climate Impact Label initiative is a powerful example of how transparency can drive both consumer behaviour and industry standards. By clearly communicating the carbon footprint of its products, Oatly not only empowers customers to make informed choices but also sets a new benchmark for environmental accountability within the food industry. This approach has delivered tangible business benefits, including increased brand loyalty, positive publicity, and top talent acquisition. Oatly's leadership proves that brands have the power to lead the charge on meaningful change, demonstrating that sustainability can be both profitable and influential enough to inspire shifts in consumer behaviour and even shape government policies.



Sources



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Oatly Sustainability Update 2023 - Oatly's official website:
Oatly Sustainability Update 2023 ([Oatly](#))

Annual Reports - Oatly Group AB:
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Oatly's Investor Relations - Oatly Group AB:
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Oatly's Sustainability Plan - Oatly's official website:
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Education that changes the world,
without costing the earth.

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Thank
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