**Scottish Oat Milk**

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6. **Abstract**

This report presents a comprehensive business plan for a Scottish Oat Milk startup company that focuses on sustainable and locally sourced oat milk production. Oat milk has gained popularity due to its sustainability and health benefits. The project aims to create a Scottish brand of oat milk that offers a suitable alternative to dairy and other plant-based milk, emphasizing the importance of supporting local suppliers and reducing environmental impact.

The report identifies a Scottish supply chain for core ingredients, partnering with farmers and suppliers to ensure a consistent and high-quality source of ingredients while supporting local businesses and minimizing its carbon footprint. Extensive research will be conducted to identify reliable and sustainable suppliers who can scale up production to meet the demands of the Oat milk industry.

A logistics and transportation plan will be developed to streamline the movement of ingredients from suppliers to the manufacturing facility and bottlers or packagers, minimizing costs and environmental impact. A comprehensive business plan will be formulated, incorporating market analysis, financial planning, and marketing strategies. Thorough market research will be conducted to understand consumer preferences, target markets, and competition. Financial projections and cost estimates will be meticulously prepared to ensure the venture's financial feasibility.

The successful implementation of the proposed plan will establish a Scottish oat milk brand that resonates with consumers seeking sustainable and locally sourced products. By promoting Scottish suppliers and embracing the rich agricultural resources of the region, the company aims to foster a sense of pride and connection among consumers. The business plan will serve as a roadmap, guiding the company's operations, attracting potential investors, and ensuring long-term success in a competitive market.

1. **Introduction**

For many legitimate reasons, including essential nutrients, bone health, dental health, muscle development, heart health, and hydration, milk consumption has long been promoted as being important for sustaining good health. However, some individuals could be allergic to milk or have lactose intolerance, necessitating the use of other dietary supplements. Nutritional advice can be better adapted to individual requirements by seeking the advice of a healthcare provider or licensed dietitian. How many people in the UK drink alternative milk, such as plant-based milk? According to a survey that reveals they have become a common choice for consumers, one in three Britons consumes plant-based milk. The market for alternative kinds of milk, which are derived from oats, almonds, or soy, is expected to grow by £100 million more in 2020 [10]. According to Mintel data, up from 25% in 2020, 32% of those surveyed drank plant-based milk. 25- to 44-year-olds see an even greater uptake, with a 44% rate [10]. Soon, oat milk became the most preferred alternative milk for people because of its nutritional benefits, creamy texture, and low environmental impact over other alternate choices of milk like soy and Almond. The primary objective of this project is to investigate the possibility of launching a Scottish oat milk brand that aims to create a product that is sourced and produced in Scotland, using local ingredients such as oats, water, and rapeseed oil, as well as to provide a sustainable alternative to dairy milk for individuals with allergies or dietary preferences. The aim is to satisfy the growing demand for plant-based milk alternatives while also considering the product's environmental impact and sustainability. The discussion also includes issues such as packaging options, distribution, product consistency, and the need for a well-established supply chain, manufacturing, and marketing strategies in order to successfully bring the product to market. This report also emphasizes the growing consumer demand for environmentally friendly products.

**2.1 Project Objectives**

* The Scottish Oat Milk startup aims to establish a strong presence in the Oat milk industry by establishing partnerships with suppliers of rapeseed oil, salt, water, and oat flakes, ensuring all components are sourced in Scotland.
* A Comprehensive Business Plan will be developed, analyzing the Oat milk market, defining target markets, the supply chain, Financial and Funding strategies, logistics, and designing marketing strategies to promote the brand.
* The company will promote sustainability and environmental responsibility across the supply chain, including optimizing transportation, and packaging choices that prioritize recyclability and lower carbon impact.
* To gain market share, the startup will target coffee shops, cafés, and merchants as early clients, raising brand recognition and presenting the Scottish oat milk product as a premium option.

By achieving these objectives, the Scottish Oat Milk startup aims to establish a strong presence in the Oat milk industry, support local Scottish suppliers, contribute to sustainable agriculture practices, and provide consumers with a high-quality, locally sourced oat milk product that aligns with their dietary preferences and environmental values.

1. **Market Analysis**
   1. **Market Outlook**

The oat milk market in Scotland is a part of the global oat milk market, which is expected to grow at a remarkable CAGR of 14.4% by 2030 [1]. The UK oat milk market is expected to grow at a CAGR of 40.8% during the forecast period of 2022–2029 [2]. The global oat milk market was valued at USD 2.23 billion in 2020 and is expected to expand at a CAGR of 14.2% from 2020 to 2028 [3]. The global oat milk market size grew from $2.76 billion in 2022 to $3.05 billion in 2023 at a CAGR of 10.3% [4]. The oat milk market size is valued at USD 2.77 billion in 2022 and is expected to expand at a CAGR of 14.17% from 2022 to 2028 [5]. The global oat milk market was valued at USD 360.5 million in 2019 and is projected to reach USD 995.3 million by 2027 [45]. However, global growth trends suggest that the oat milk market is expanding rapidly due to the rising vegan population coupled with health-conscious consumers demanding plant-based milk with high nutritional properties [3]. The trend of the consumption of plant-based food and beverages in the country, coupled with a strong foothold of key manufacturers and a rise in vegan consumers, is contributing to the high growth of oat milk in the country [3]. North America is expected to see significant growth over the forecast period owing to the high consumer awareness regarding the protein content and nutritional value of oat milk [3]. According to the search results, Asia Pacific dominated the oat milk market in 2022 with a market share of more than 46.2% in terms of value [1].

* 1. **Identification Of Target Customers**
* **Vegan and lactose-intolerant individuals**: Oat milk is gaining popularity among vegans and lactose-intolerant individuals, with increasing demand for dairy-free alternatives. Targeting this demographic can benefit oat milk producers and sellers [40].
* **Health-conscious consumers**: Oat milk is a popular choice for health-conscious consumers seeking a dairy-free, high-fiber option with numerous health benefits. Its high fiber content attracts consumers who prioritize their well-being [40].
* **Coffee Shops**: Coffee shops in Scotland can attract customers seeking sustainable and ethical options for their coffee beverages by offering plant-based milk alternatives like oat milk. This caters to the growing demand for dairy-free options and attracts customers seeking a healthier and more ethical choice [41].
* **Families**: In the UK, oat milk targets the family segment, with companies like Three Robins offering healthier, plant-based alternatives for children, reflecting growing demand for healthier, plant-based options. [42].
* **Environmentally conscious consumers**: Oat milk is gaining popularity as a sustainable, eco-friendly option. Scottish manufacturers and retailers must understand customer preferences and needs to drive industry growth and establish a strong presence [41].
  1. **Competitors and their market share**
* **Oatly**: Oatly, a Swedish oat milk brand, is a globally recognized brand with a strong presence in Scotland.
* **Califia Farms**: Califia Farms, a US-based company, produces plant-based milk alternatives like oat milk, gaining market share in Scotland and other countries.
* **Pacific Foods**: Pacific Foods is a US-based company that produces a range of plant-based products, including oat milk. It is a well-established brand in Scotland and has a loyal customer base.
* **Minor Figures**: Minor Figures, a UK-based company, produces high-quality plant-based oat milk and other products, gaining popularity in Scotland for its high-quality products.
* **Alpro**: Alpro is a Belgian company that produces a range of plant-based products, including oat milk. It is a well-known brand in Scotland and has a significant market share.
* **Untitled Oats**: Untitled Oats, is a brand that produces organic Scottish oat milk. It was founded in 2020 and is based in Edinburgh, Scotland.
* One brand that produces Scottish oat milk is Brose Oats (<https://www.broseoats.com/>), based in East Lothian. They are known for their perfectly crafted, creamy, and delicious oat milk. Another brand is Three Robins (<https://vegconomist.com/food-and-beverage/milk-and-dairy-alternatives/three-robins-oat-milk/>), a Scottish company that produces fortified oat milk suitable for both children and adults.

The oat milk market in Scotland is part of a rapidly expanding global trend, driven by the rising demand for dairy-free and sustainable alternatives. With an expected remarkable growth rate in the coming years, oat milk presents an excellent opportunity for producers and sellers in Scotland to capitalize on the increasing preferences of vegan, health-conscious, and environmentally conscious consumers. The identification of target customers, such as families and coffee shops, highlights the diverse potential customer base for oat milk in the region. However, competition is growing, with established brands like Oatly and emerging local players like Untitled Oats and Brose Oats vying for market share. To succeed, companies must innovate, cater to customer needs, and maintain the quality and sustainability of their oat milk products. By doing so, they can tap into the growing market demand and establish a strong foothold in the dynamic and promising oat milk market in Scotland.

1. **Supply Chain and Logistics**

Supply Chain and Logistics are integral parts of modern business operations that involve the movement and management of goods, services, and information from the point of origin to the point of consumption [46]. Several key components make up the supply chain and logistics processes. These components work together to ensure the efficient flow of materials and products throughout the supply chain.

* 1. **Evaluation of Suppliers**

Suppliers are evaluated based on quality, sustainability, and scalability criteria. They must consistently supply high-quality ingredients, adhere to strict freshness, flavor, and nutritional requirements, and undertake frequent quality control tests. Sustainability is desirable, which includes lowering carbon emissions, reducing waste, and applying sustainable agricultural or production methods. Scalability is evaluated in order to satisfy the needs of company expansion while ensuring stable and regular supplies.

* + 1. **Identification of Scottish Suppliers**

**Oats**: The following suppliers have a long-standing reputation for producing high-quality Scottish oats that meet our stringent standards and scaling-up capabilities.

1. Oat Co. Scotland - <https://oatcoscotland.com/our-oats>

Location: Ellon, Aberdeenshire.

1. John Hogarth Limited - <https://www.johnhogarth.co.uk/>

Location: Kelso, Southern border of Scotland.

1. Aberfeldy Oats - <https://www.aberfeldyoatmeal.co.uk/>

Location: Kirkcaldy, Fife

1. Hamlyns Oats - <https://hamlynsoats.co.uk/>

Location: Aberdeenshire

**Rapeseed Oil**: Collaborate with Scottish rapeseed oil producers focusing on high-quality standards and sustainable practices. The Companies are listed below,

1. Mackintosh of Glendaveny - <http://www.mackintoshofglendaveny.co.uk/> - is the UK's largest producer of cold-pressed rapeseed oil [11].

Location: Glendaveny, Aberdeenshire.

1. Summer Harvest - <https://www.summerharvestoils.co.uk/>

Location: Perthshire.

1. Cullisse - <https://www.cullisse.com/>

Location: Tain, Ross-shire.

**Water**: Our water sourcing strategy partners with Scottish natural spring water suppliers, including Scottish Water, Highland Spring, and The Water Company, for their commitment to sustainability and pure, natural spring water.

**Salt**: Scottish salt suppliers, Blackthorn Salt and Isle of Skye Sea Salt, provide natural, additive-free salt options, promoting local, high-quality ingredients.

1. Blackthorn salt - <https://www.blackthornsalt.co.uk/contact-us>

Location: Ayr.

1. Isle of Skye sea salt - <https://www.isleofskyeseasalt.co.uk/>:

Location: Isle of Skye.

All the companies are located in Scotland and meet our requirements for taste, freshness, and sustainability. Unfortunately, there is minimal information on Minimum order requirements available on the websites, and no response has been received when contacted.

**4.2 Procurement and Purchasing**

The initial goal is to fill a 40,000-liter tank and sell it within a few months before filling another 40,000-liter tank to replenish the product. Online sources suggest that 100 grams of oats are required to produce one liter of oat milk [13], requiring a minimum first order of 4000 Kilograms for the first batch and 4000 Kilograms for the next. To produce 1 liter of oat milk, 2 tablespoons or 30 ML of rapeseed oil is recommended [14], requiring approximately 1300 liters for the first batch order and 1300 liters for the next. Scottish Water is widely available across the country and is a main ingredient in the product. Obtaining salt supplies locally at the production site is preferable, as it is abundant and only needs small quantities.

Purchasing is a specific subset of procurement and focuses on the actual buying of goods or services from selected suppliers [47]. It involves creating purchase orders, managing supplier relationships, tracking deliveries, and handling payment processes. The purchasing function ensures that the procurement plans are executed efficiently and that goods are received as scheduled to meet production or sales demands.

**4.3 Distribution Centers/Warehousing**

Filshill (<https://www.filshill.co.uk/>), a food and beverage distributor, has a purpose-built distribution center near Glasgow Airport, which is used by various industries. Distributors store products in distribution centers to manage inventory and ensure timely delivery to retailers or customers. They handle order fulfillment, picking, packing, and shipping, and organize transportation from distribution centers to retailer locations. Distribution centers are customer-centered and serve as a link between producers and customers.

After manufacturing and packaging, finished products are transported to the Filshill distribution center. The distributor manages logistics, coordinating shipments, selecting carriers, addressing market uncertainties, and optimizing delivery routes. We sign an agreement that should outline the products, territories, exclusivity, duration, and responsibilities of both the producer and distribution center. It should detail pricing, payment, minimum order quantities, inventory management, quality control, intellectual property, termination, confidentiality, and non-compete clauses to ensure the distribution center maintains the desired product quality and avoids direct competition with the producer.

Warehouses are essential storage facilities for maintaining a sufficient supply of raw materials and balancing production and demand cycles. They store surplus inventory during low demand and release it during peak demand, acting as a buffer to absorb fluctuations in demand and supply. Warehouses help mitigate the impact of unforeseen events like supply chain disruptions, production delays, or sudden spikes in demand. The just-in-time approach to production requires warehouses to receive and hold raw materials until needed, reducing inventory costs and waste. Strategically located near suppliers, manufacturers, and consumers optimizes the logistics network, minimizing transportation costs and lead times. Warehouses set a company's supply chain apart from competitors, ensuring the best product at the lowest price.

Yell (<https://www.yell.com/s/packaging+supplies-glasgow.html>) lists several warehouses and Distribution centers near Glasgow, including AAA Freight Services Ltd, Green Fulfillment, G E Morris & Co Ltd, Asce Ltd, Draco Distribution Ltd, Straptite, and Beam Suntorey.

**4.4 Transportation**

Transportation is a crucial aspect of the supply chain, involving the movement of raw materials and finished products between suppliers, production sites, and distribution centers. Our production, packaging, and distribution center are located in Glasgow. In the Initial stages of manufacturing, a cargo-capable vehicle is needed for direct transportation from the production site to the distribution center. As we expand with sales growth, we plan to collaborate with Co-Packers and large manufacturers. Transporting oat milk from the production site to the packaging facility and distribution center requires a tanker and a cargo vehicle with temperature control capabilities.

Planning raw material transportation involves identifying transportation demands based on quantity, lead time, and the manufacturer's production schedule. Consolidating shipments from Aberdeen with major oat and rapeseed oil suppliers can reduce costs, carbon footprints, and improve efficiency. Choosing the right route is crucial, considering factors like distance, traffic, and delivery times. Utilizing transportation management software or logistics experts can optimize routes, while real-time tracking technologies help monitor ingredient transportation and resolve delays promptly. Establishing clear communication routes between manufacturers, suppliers, and transportation providers ensures smooth coordination. Planning for mobility interruptions like weather delays or traffic congestion and having contingency plans are essential.

**4.4.1 Select Transportation Providers**

M & G Logistics Limited: <https://www.mandglogisticsltd.com/>

Location: Glasgow

M & G Logistics Limited would be an ideal choice for us as they also provide transportation and warehouse facilities. We can partner with them by signing multi-level agreements and making them responsible for the transportation of Ingredients from Suppliers to the warehouse and from their warehouse to the Production facility and distribution center. We work closely with logistics partners who specialize in food transportation, ensuring timely delivery of ingredients to our manufacturing facility. We strive to optimize transportation routes, reduce transportation costs, and minimize our carbon footprint.

1. **Production**

According to the information provided by the company, they were looking for a manufacturer to produce Oat Milk for the company’s recipe.

The company mentioned below provides a manufacturing and packaging facility that will also assist us with the development of the recipe, packaging, shelf-life idea, and branding. This will help us develop a streamlined production process that can meet the initial target of 40,000 liters which could involve sourcing raw materials from suppliers, setting up a manufacturing facility, or organizing production lines and packaging.

To manage initial risks and costs, begin with small-batch production. This will allow you to assess the response of the market and identify any potential issues in your production process without committing to large volumes. We can analyze sales and customer feedback and improve the product if necessary.

<https://startupdrinkslab.com/who-are-we/> - It is located in Glasgow.

As sales increase, plan to scale up production by partnering with co-packers or contract manufacturers. This will increase manufacturing capacity and optimize the supply chain, ensuring efficient processes and quality handling. Partnering with large manufacturers with UHT Capabilities and Sustainable packaging facilities will help maintain a commitment to quality.

A Rural Innovation Support Service (RISS) group is establishing an Association of Independent Oat Milk Producers in Scotland to explore opportunities for Scottish oat growers and businesses in the milk alternatives market. The project, supported by SAC Consulting part of Scotland’s Rural College, aims to address the need for collaboration and development within the Scottish oat drink sector. By collaborating, individual niche manufacturers can share resources and help the fledging industry compete against large multinational competitors [43].

One of the major gaps I have identified while working on this project is the lack of UHT facilities in Scotland. UHT treatment plays a crucial role in shelf life. The Oat Milk produced should be heated to certain degrees of temperature to last for 4-6 months. Many of the Scottish oat milk producers manufacture perishable products. “We are keen to develop an association of Scottish oat milk producers; there are many opportunities for this group to grow in the future, without detracting from our individual operations or losing IP. This could include legal expertise, joint research and marketing, or joint use of a UHT facility as previously discussed in the RISS meetings” said Alex [43].

Oat milk is typically packaged in cartons, which are lightweight and easy to handle. Some cartons feature interactive elements, such as a scanner, which guides users to recipes using oat milk. The main focus is on sustainability in oat milk packaging. Some brands are exploring post-consumer recycled (PCR) packaging materials to reduce waste [44]. Recycling challenges can arise as limited facilities may not process beverage cartons, resulting in lower recycling rates. Additionally, compostable packaging has been explored in the Oat milk industry but may have limitations in durability and shelf life [44]. For now, We move forward with Carton packaging with interactive designs until we find a more sustainable packaging option.

As per my research on the type of products and sustainability, Mclaren Packaging aligns with our objective. We can partner with them on all terms and conditions.

Mclaren Packaging: <https://mclarenpackaging.com/contact-us>

Location - Glasgow.

Once the packaging is done, the finished products are transferred to distribution centers.

1. **Quality Assurance and Safety**

Implement quality control measures throughout the supply chain and production process to ensure the consistency and safety of the product.

Regularly test ingredients and finished products to ensure compliance with regulatory standards and product specifications. Test raw materials at the supplier’s warehouses before transporting them to the production facility. Also, inspections are conducted to assess the quality of beverages at different stages of production. This can include visual inspections, packaging integrity checks, and product sampling for laboratory analysis [36].

Implement Hazard Analysis and Critical Control Points (HACCP), a systematic approach to identify and control potential hazards in the production process [37]. It involves identifying critical control points (CCPs) where hazards can be prevented, eliminated, or reduced to an acceptable level [37]. HACCP helps ensure the safety and quality of Oat milk by implementing preventive measures and monitoring procedures. Maintain a clean and sanitary environment to prevent contamination and ensure food safety.

Train employees on food safety and quality control measures. Ensure the tank transporting oat milk to the packaging plant is thoroughly cleaned and meets all regulations [38]. Opt for eco-friendly packaging options, such as recyclable or biodegradable materials, to reduce environmental impact and ensure product safety and quality.

Oat-based products, including oat milk, may be tested for mycotoxin content [16]. We must guarantee that the Oat milk products fulfill the needed quality and safety requirements, as well as get industry certifications such as ISO 9001 (https://www.iso.org/iso-9001-quality-management.html), ISO 22000 (https://www.iso.org/standard/65464.html), and HACCP certification [39], to retain consumer satisfaction and brand reputation.

1. **Sustainability**

Scottish Oat Milk aims to promote sustainability by adopting sustainable practices in the production and packaging of oat milk. By sourcing ingredients from local and organic farms, manufacturers can reduce their carbon footprint and support sustainable agricultural practices. Transitioning to renewable energy sources can also reduce greenhouse gas emissions and reliance on fossil fuels [31]. Water-intensive processes, such as soaking and blending oats, can be minimized by implementing water-saving technologies and practices. Manufacturers can also reduce waste by optimizing ingredient usage, reusing by-products, and recycling waste materials.

Sustainable packaging practices, such as using recyclable or biodegradable materials, reducing packaging usage, and using renewable energy sources, can contribute to a more sustainable future [32]. Efficient transport and distribution strategies can further reduce the carbon footprint of the Oat milk supply chain. Sustainable packaging offers benefits such as reduced environmental impact, improved brand reputation, and increased customer loyalty. It also helps reduce costs associated with waste disposal and regulatory compliance. Seeking certifications from reputable organizations like Fair Trade or B Corp can ensure consumers that Scottish Oat milk is produced using sustainable practices [19].

1. **Marketing Strategy**

**8.1 Coffee Shop Market**

As an initial entry point, we target coffee shops in Scotland to increase brand awareness and attract customers for oat milk. Oatly partnered with artisanal coffee shops in the US to introduce their product to dairy-aware customers seeking dairy alternatives [7]. This approach allows brands to reach their target audience at the perfect moment for purchase.

**8.2 Shelf space and visibility in supermarkets and stores**

Develop relationships with buyers or retailers to build shelf presence and establish mutually beneficial partnerships. Offer exclusivity to retailers, such as tailored flavors or filling specific needs. Maximize shelf space by placing merchandise with higher margins and turnover at eye level, considering accessibility, product groupings, and in-store traffic. Implement shelf techniques, such as eye-catching packaging, a unique brand identity, and promotions [35]. Understand how stores plan their shelf placement, which involves dividing shelf space into top, middle, and bottom shelves to maximize profitability [34]. Oatly, for example, relied on partnerships with retailers such as Whole Foods and Starbucks to expand their distribution network [8].

**8.3 Pricing Strategy**

Our pricing strategy will be a combination of promotional and competitive pricing in the initial stages to gain market share and attract customers, considering factors such as production costs, market rates, and competitor pricing. While maintaining a fair profit margin, we will aim to position our oat milk as a premium product with value-based pricing in the later stages, reflecting its superior quality and Scottish provenance [33].

**8.4 Promotional Activities**

Promotional activities will include limited-time discounts, product samplings, giveaways, point-of-sale promotions, and collaborations with influencers and health-conscious communities to generate buzz and trial among our target audience. Additionally, we will leverage digital marketing channels, such as social media advertising, Influencer Marketing, and email marketing, to engage with potential customers and drive sales. Collaborate with food bloggers or content creators to create engaging content, recipes, or reviews featuring the Scottish oat milk product.

**8.5 Branding, Messaging, and Brand Awareness Initiatives**

Sampling and tasting events at grocery stores, farmers' markets, and community events allow consumers to try the Oat milk product firsthand. Engage in public relations (PR) activities to generate media coverage, pitch stories to relevant publications, participate in industry events, and leverage media relationships for brand visibility.

1. **Financial Projections**

**9.1 Startup Costs**

The startup costs for an oat milk company in Scotland can vary depending on the scale of operations and the production setup. The startup costs may include expenses such as equipment, ingredient sourcing, packaging, marketing, Labour, Rent, utilities, distribution, logistics, and legal fees. Based on industry estimates, the startup costs for an oat milk company can range from £50,000 to £500,000, which is the initial investment we are seeking.

**9.2 Operating Expenses**

The operating expenses for an oat milk company in Scotland can include expenses such as ingredient sourcing, production, packaging, marketing, distribution, and overhead costs. Based on industry estimates, the operating expenses for an oat milk company can range from £10,000 to £50,000 per month.

**9.3 Revenue Projections**

The revenue projections for an oat milk company in Scotland can vary depending on market demand, pricing strategy, and distribution network. Based on industry trends, the revenue projections for an oat milk company can range from £100,000 to £1 million per year [30]. The oat milk market in Scotland is growing due to the increasing demand for plant-based milk alternatives, and the competition among oat milk brands is expected to intensify in the coming years.

**9.4 Break-Even Analysis and Potential Return on Investment**

Conducting a break-even analysis can help determine the time it takes for the company to reach profitability [29]. The break-even point for an oat milk company in Scotland can vary depending on startup costs, operating expenses, and revenue projections. Based on industry trends, the break-even point for an oat milk company can range from 6 months to 2 years. The potential return on investment for an oat milk company in Scotland can vary depending on market demand, pricing strategy, and distribution network. Based on industry estimates, an oat milk company's potential return on investment can range from 10% to 50% per year.

1. **Sales Forecast**

Based on market research and industry trends, we anticipate steady growth in the demand for oat milk in Scotland and all over the globe. Our sales forecast is conservative yet optimistic, taking into account factors such as market share, pricing, and distribution reach. As we expand our distribution network and build brand loyalty, we expect to achieve significant sales growth in the coming years.

After conducting extensive market research to develop sales forecasts based on the current oat milk market trends and growth assumptions. The forecasts are outlined below:

Year 1:

Projected Sales Volume: 240,000 liters

Average Selling Price per Liter: £2.50

Total Projected Sales Revenue: £ 600,000

Year 2:

Projected Sales Volume: 500,000 liters

Average Selling Price per Liter: £2.40

Total Projected Sales Revenue: £ 1,200,000

Year 3:

Projected Sales Volume: 1,000,000 liters

Average Selling Price per Liter: £2.35

Total Projected Sales Revenue: £2,350,000

Projected Revenue, Costs, and Profitability:

Based on the sales forecasts, we have prepared financial projections for the next three years. Please note that these projections are estimates and are subject to market conditions and operational performance.

Year 1:

Total Revenue: £600,000

Cost of Goods Sold: £300,000

Gross Profit: £300,000

Operating Expenses: £100,000

Net Profit: £200,000

Year 2:

Total Revenue: £1,200,000

Cost of Goods Sold: £500,000

Gross Profit: £700,000

Operating Expenses: £200,000

Net Profit: £500,000

Year 3:

Total Revenue: £2,350,000

Cost of Goods Sold: £700,000

Gross Profit: £1,860,000

Operating Expenses: £500,000

Net Profit: £1,150,000

**10.1 Break-Even Analysis and Key Financial Ratios**

Our break-even analysis indicates that we need to sell approximately 240,000 liters of oat milk in the first year to cover our fixed and variable costs. This analysis provides valuable insight into the volume of sales required to achieve profitability.

**Key Financial Ratios**:

Gross Profit Margin: Year 1: 50%, Year 2: 58.3%, Year 3: 79.15%

Net Profit Margin: Year 1: 33.3%, Year 2: 41.6%, Year 3: 49%

1. **Funding and Financial Strategy**

The Scottish Oat Milk Company seeks an initial investment of £50,000 and a total of £400,000 for the year. The funds will be used for production lease, supply chain, logistics, marketing, promotional activities, distribution expansion, and working capital requirements. As production scales up, series funding can be raised, and investors will receive an equity stake in the company. This will allow investors to participate in the growing Scottish oat milk market and benefit from the business's potential profitability and future growth prospects.

**11.1 Plan to Secure Funding**

To secure funding for an oat milk startup in Scotland, it is important to have a solid business plan that outlines the startup costs, operating expenses, and revenue projections. In the current economic situation with higher interest rates, it is important to consider cash management strategies to counteract rising interest rates and protect finances. Some steps that can be taken to mitigate the added expense that rising interest rates will create include refinancing existing debt, reducing expenses, and increasing cash reserves.

**11.2 Potential Funding Sources**

Several potential funding sources for an oat milk startup in Scotland include venture capital firms, angel investors, crowdfunding platforms, and loans from banks or other financial institutions. Researching and identifying potential funding sources that align with the brand's values and mission is important. Additionally, it is important to consider alternative funding options when traditional routes are not yielding the desired results.

Some of the sources are the Royal Bank of Scotland Accelerator Hub [17] and Scottish Enterprise [18].

**11.3 Strategies to Mitigate Financial Risks**

To mitigate financial risks, oat milk startups can consider several strategies, such as managing interest rate risk in a rising-rate environment, reducing operating expenses, and diversifying revenue streams. It is important to have a financial strategy that takes into account potential risks and outlines steps to mitigate them. Additionally, it is important to have a plan for reinvesting profits, accepting equity partners, or personally guaranteeing debt to pay for ad campaigns and build depth in the organization [28].

1. **Regulatory Compliance**

Oat milk manufacturers must adhere to food safety and quality regulations to maintain product integrity and meet customer expectations [23]. To ensure compliance, oat milk producers should consult with regulatory bodies like Food Standards Scotland and seek legal advice from experts in the food industry [22]. They should also comply with food labeling regulations, environmental protection laws, and UK dairy designations [21]. Good manufacturing practice regulations are also essential. To maintain product integrity and meet customer expectations, oat milk manufacturers should maintain a clean and sanitary production environment, conduct regular testing, and train employees on food safety and quality control measures [23][24].

1. **Customer Engagement and Feedback**

Customer engagement and feedback are essential for understanding your customers, improving your products or services, and building a strong brand reputation. It fosters loyalty, innovation, and competitiveness, ultimately contributing to the long-term success of your business.

**Implement Customer Feedback Channels:** Continuously improve products based on customer feedback and market trends, exploring new flavors, formulations, and packaging options.

**Engage on social media:** Engage with customers on social media, respond to comments, and build relationships to gather insights and address concerns.

**Conduct Focus Groups or Tastings:** Conduct focus groups or tasting sessions with coffee shop owners, baristas, and consumers for in-depth discussions, product improvement, and customer satisfaction.

**Collaborate with Coffee Shops:** Establish strong relationships with coffee shop owners and managers by offering support, resources, training, and promotional materials for oat milk preparation.

**Product Iteration and Innovation**: Continuously improve products based on customer feedback and market trends by exploring new flavors, formulations, and packaging options to stay ahead of the competition [27].

**Transparent Communication**: Inform customers about product changes, improvements, ingredient sourcing, production processes, and quality standards for trust and integrity [26].

**Regular Evaluation and Improvement**: Evaluate customer feedback, sales data, and market trends to identify improvement areas and refine product, packaging, and marketing strategies [25].

1. **Risks And Contingency Plans**

Oat milk faces challenges like competition from established brands, fluctuating ingredient costs, regulatory compliance, and supply chain disruptions. To overcome these, manufacturers can implement contingency plans, diversify product offerings, strengthen supplier relationships, implement quality control measures, maintain cash reserves, and stay updated on market trends. These strategies enhance resilience, address risks, and help establish a foothold in the market.

**14.1 Risks**

**Competition from Established Brands**: The oat milk market is becoming increasingly competitive, with established brands such as Oatly dominating the market. This can make it challenging for new oat milk startups to gain market share and establish a foothold in the market.

**Fluctuating Ingredient Costs**: The cost of oat flakes, water, rapeseed oil, and salt can fluctuate depending on market conditions, weather patterns, and other factors. This can impact the profitability of oat milk manufacturers and make it challenging to maintain consistent pricing.

**Regulatory Compliance**: Oat milk manufacturers need to comply with food safety and quality regulations, which can be complex and time-consuming. Non-compliance can result in fines, legal issues, and damage to brand reputation.

**Supply Chain Disruptions**: Disruptions in the supply chain, such as ingredient shortages, transportation delays, or natural disasters, can impact the production and distribution of oat milk. This can result in lost sales, reduced revenue, and damage to brand reputation [48].

**14.2 Contingency plans**

**Diversify Product Offerings**: Oat milk manufacturers can reduce reliance on a single product by introducing new flavors, formulations, or packaging options to meet evolving customer preferences and stay competitive.

**Establish Relationships with Suppliers**: Establishing strong supplier relationships can reduce ingredient shortages and price fluctuations by establishing long-term contracts, maintaining open communication, and exploring alternative sourcing options.

**Implement Quality Control Measures**: Ensuring consistent product quality and regulatory compliance through strict quality control measures in the production process, including regular ingredient testing, a clean, sanitary environment, and employee training on food safety and control measures.

**Maintain Cash Reserves**: Protect the cash reserves by setting aside revenue for emergencies or expenses, allowing them to adapt to supply chain disruptions and ingredient costs.

**Monitor Market Trends**: Anticipating risks and responding proactively by monitoring market trends, conducting research, attending industry events, and engaging with customers on social media.

1. **Conclusion**

In conclusion, Scottish oat milk represents a promising and innovative addition to the ever-expanding market of alternative milk products. With its roots in Scotland's agricultural heritage, where oats have been a staple crop for centuries, oat milk offers a unique and sustainable option for those seeking dairy-free alternatives.

Scottish oat milk, in particular, holds the potential to capture a niche market with its emphasis on local sourcing and sustainable production. The vision of creating a Scottish oat milk brand, as articulated by Chris, highlights the importance of authenticity, quality, and eco-consciousness in today's consumer landscape. By targeting coffee shops and other like-minded businesses that prioritize supporting local produce, the brand can build a loyal customer base and establish itself as a sought-after product.

To be successful, the Scottish oat milk brand must maintain a strong commitment to transparency, ensuring that its production methods and packaging align with eco-friendly principles. Additionally, effective marketing and branding efforts can leverage Scotland's cultural heritage and the appeal of supporting local businesses to further distinguish the product in a competitive market.

As consumers become increasingly conscious of their environmental impact and seek healthier and sustainable options, Scottish oat milk stands poised to make a significant impact. By offering a taste of Scotland's agricultural legacy and meeting the demands of a changing market, this unique product has the potential to become a beloved and iconic addition to the world of alternative milk.

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