

Products for Local and Global Consumers

- Health & dairy opportunities

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AGENDA



INTRODUCTION



LOCAL CONSUMERS NEEDS



GLOBAL CONSUMERS NEEDS

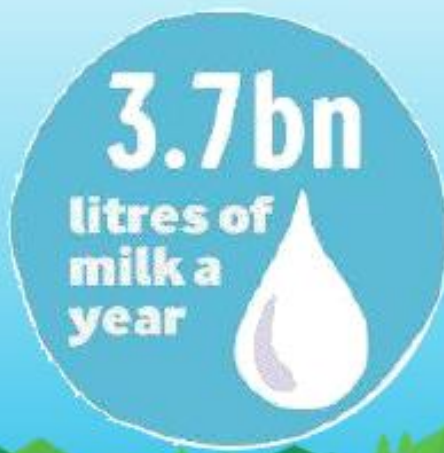
About Arla Foods



#1
Global organic
producer



ARLA FOODS IS THE UK'S NO. 1 DAIRY COMPANY AND FARMER OWNED COOPERATIVE



Arla Global Overview

61 MANUFACTURING SITES



 Arla Innovation Centre

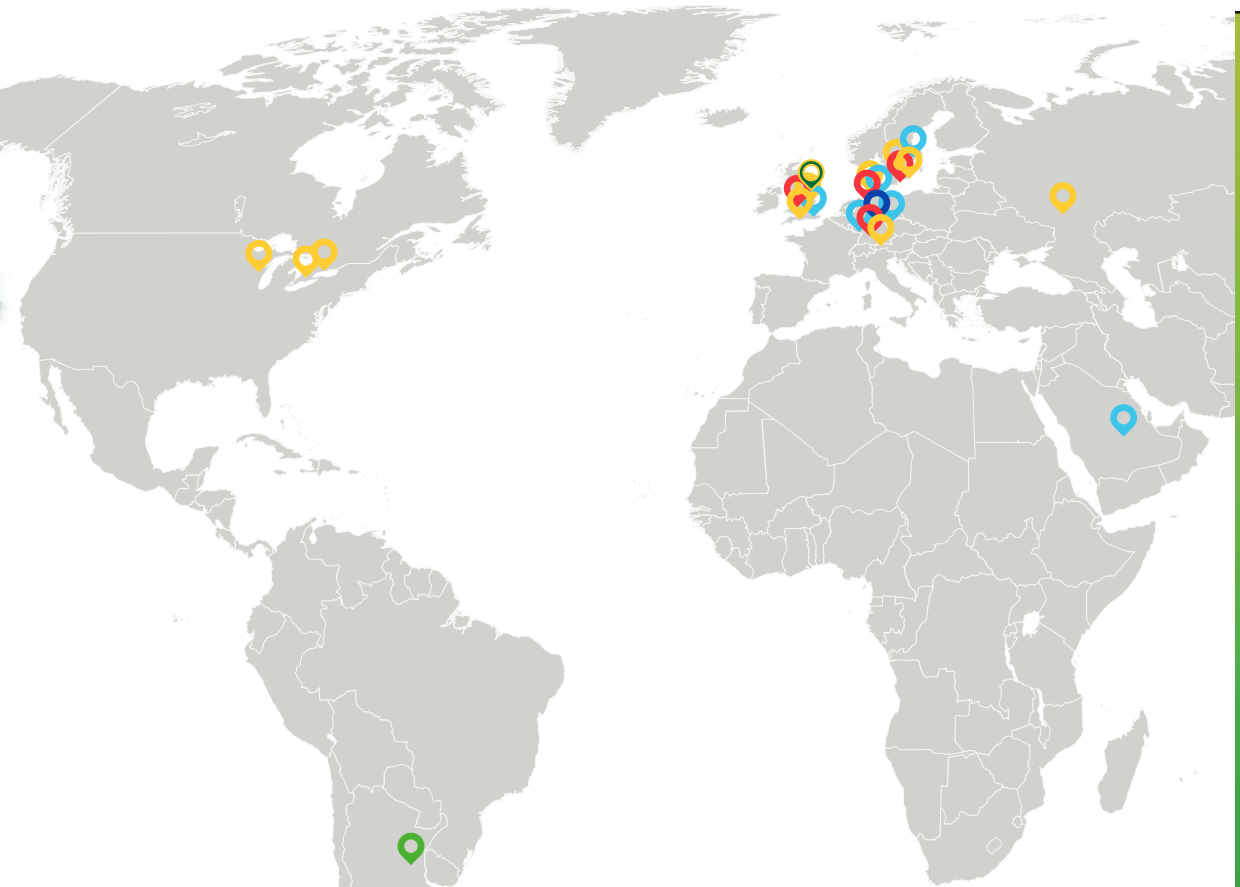
 Cheese

 Milk

 Butter

 Ingredients

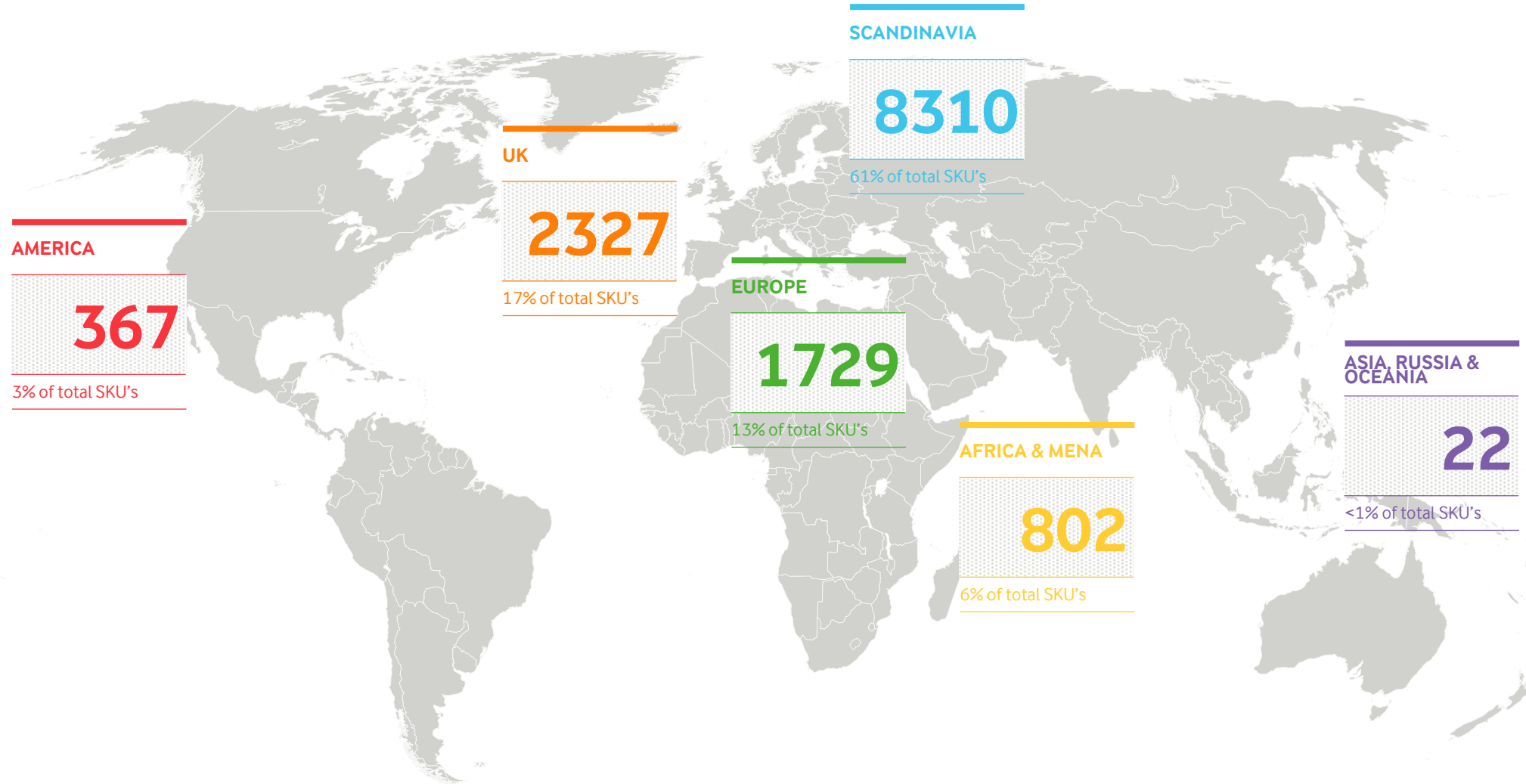
 Powder



Arla Products

Based on site of manufacture

**13,557
PRODUCTS**

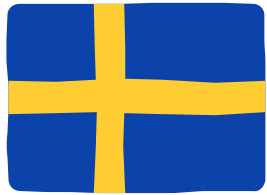


Arla's Brand Portfolio

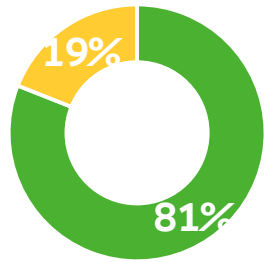


Arla Brand vs Private Label Market Share

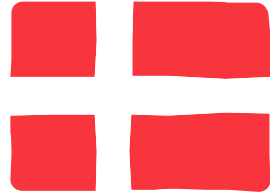
Markets



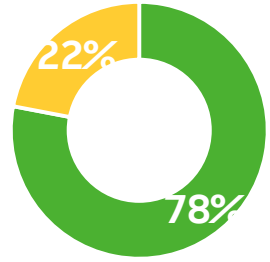
1776 SKU's



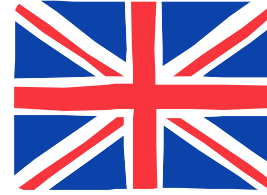
■ Brand ■ PL



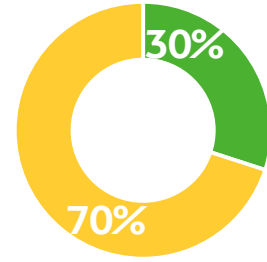
6534 SKU's



■ Brand ■ PL



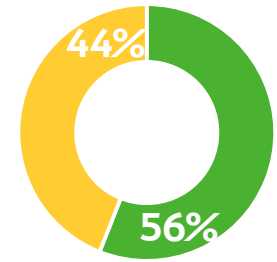
2327 SKU's



■ Brand ■ PL



1729 SKU's



■ Brand ■ PL

Arla's vision

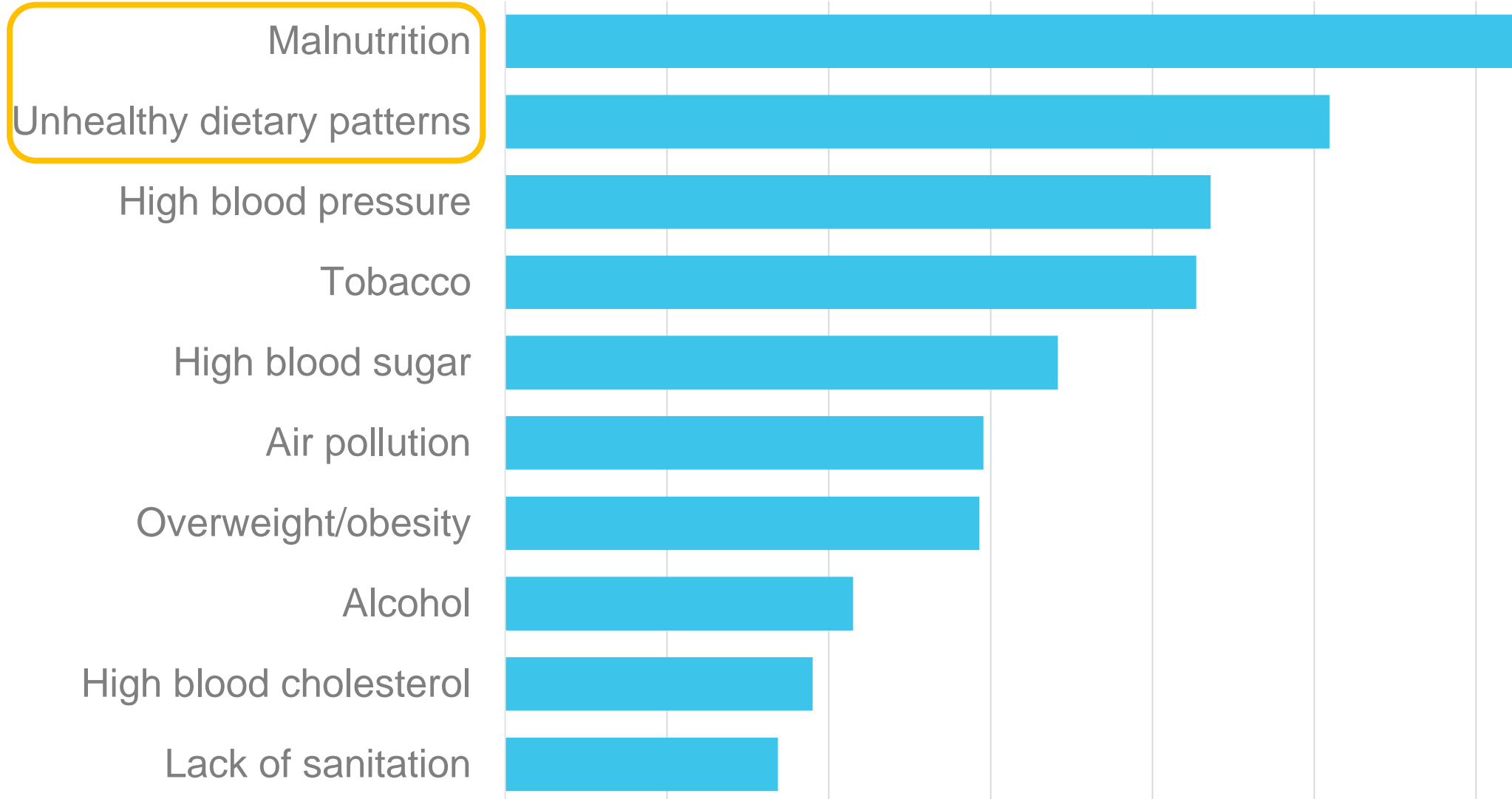
Creating the future of
dairy to bring **HEALTH**
and inspiration to the
world, naturally



Diet is no 1 + 2 risk factors for 'loss of good health' GLOBAL (across all ages)

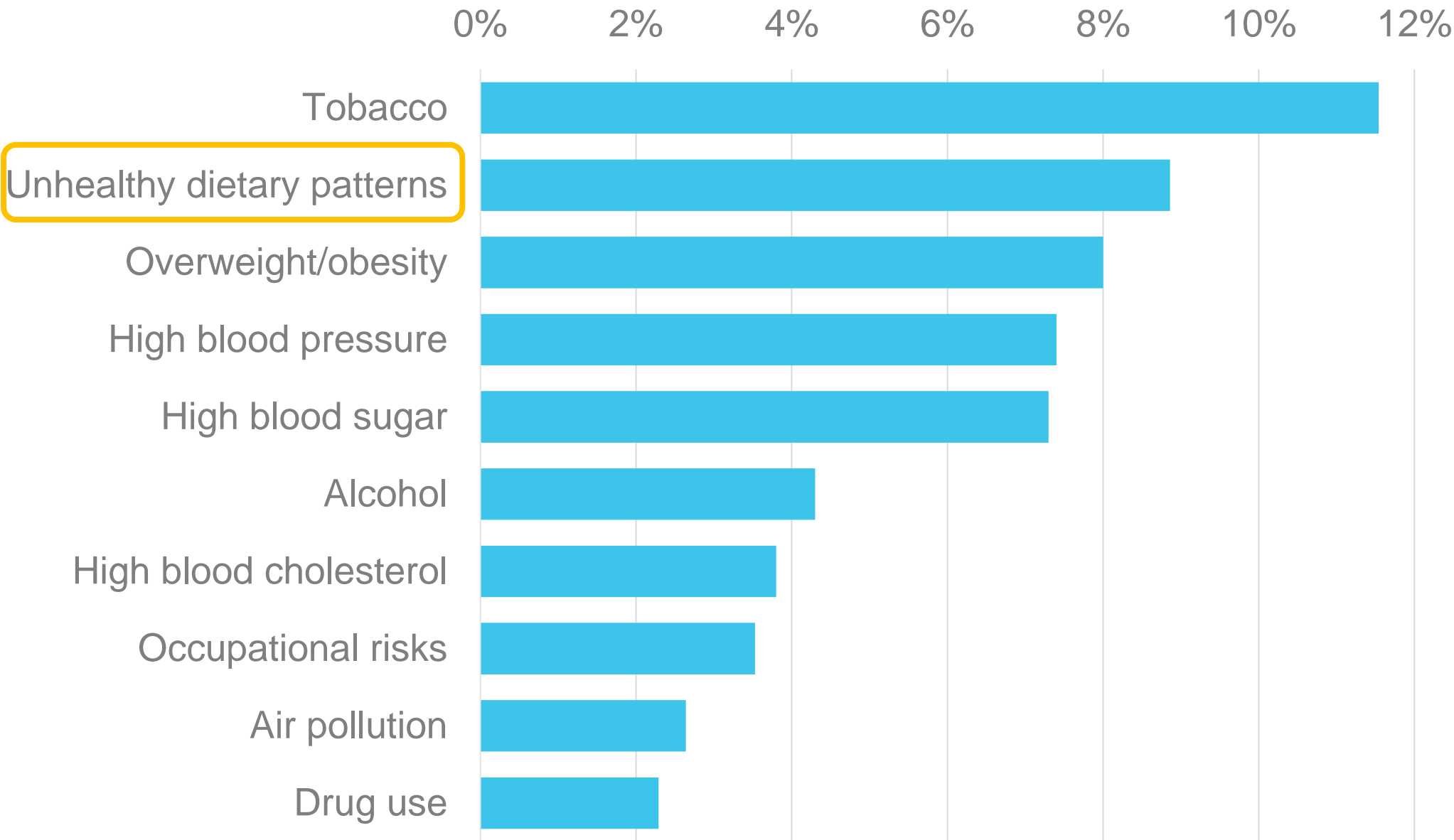


0% 2% 4% 6% 8% 10% 12%



Institute for Health Metrics and Evaluation (IHME). GBD Compare Data Visualization. Seattle, WA: IHME, University of Washington, 2018. Available from <http://vizhub.healthdata.org/gbd-compare>. (Accessed Oct 2019)

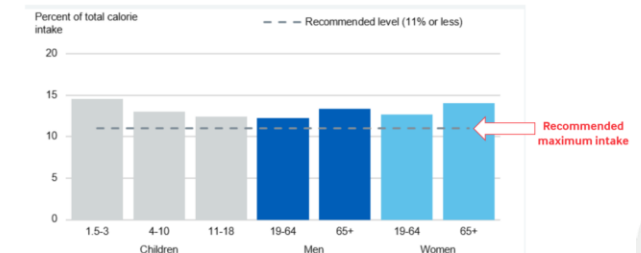
Diet is no 2 risk factors for ‘loss of good health’ UK (across all ages)



Institute for Health Metrics and Evaluation (IHME). GBD Compare Data Visualization. Seattle, WA: IHME, University of Washington, 2018. Available from <http://vizhub.healthdata.org/gbd-compare>. (Accessed Oct 2019)



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Many people do NOT Eatwell



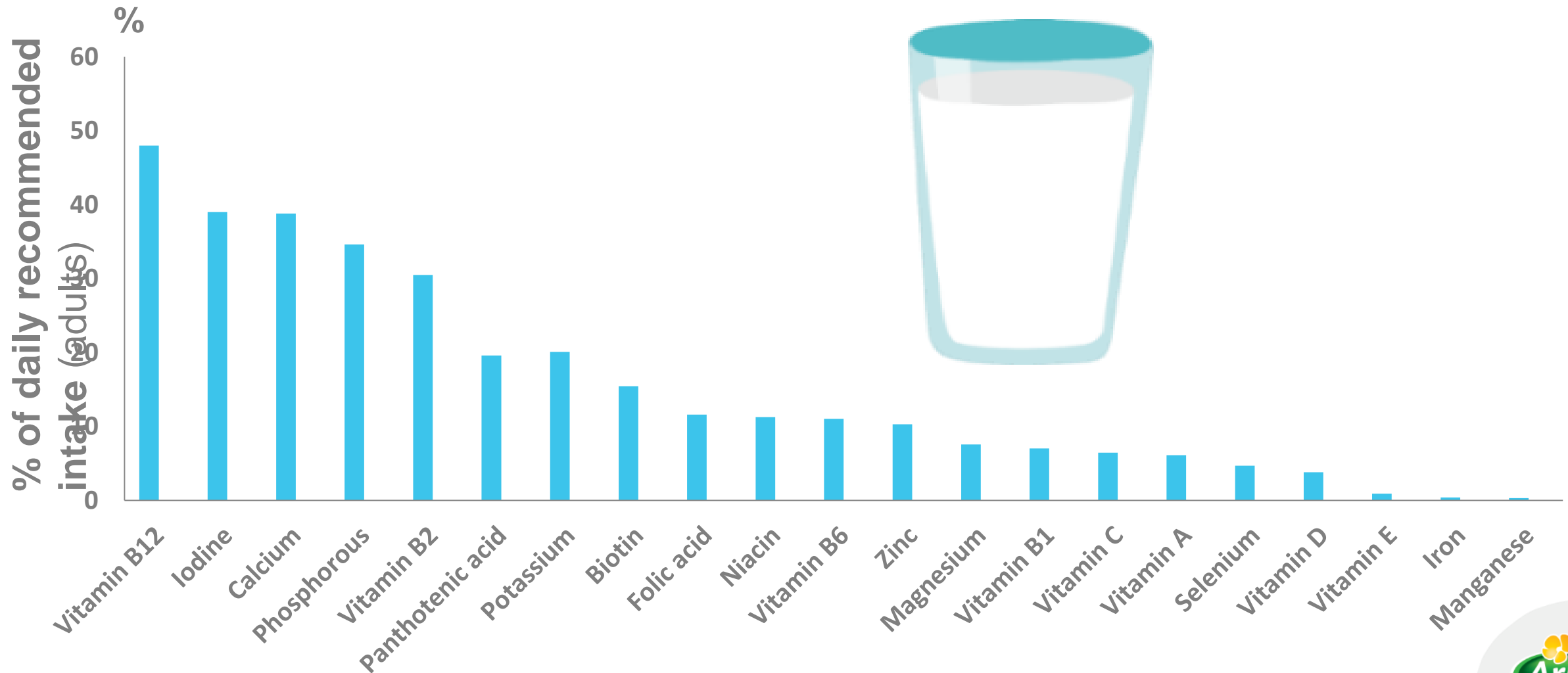
MINERALS
VITAMINS

	Very low (<LNRI) Calcium Intake	Very low (<LNRI) Vitamin B2 Intake	Very low (<LNRI) Iodine intake
Girls (age 11-18):	22%	26%	27%
Boys (age 11-18):	11%	13%	14%
Women (age 19-64):	11%	14%	15%

Nutrients in milk (nutrient dense)

Vitamins and minerals in a big glass of **milk** (250 ml)

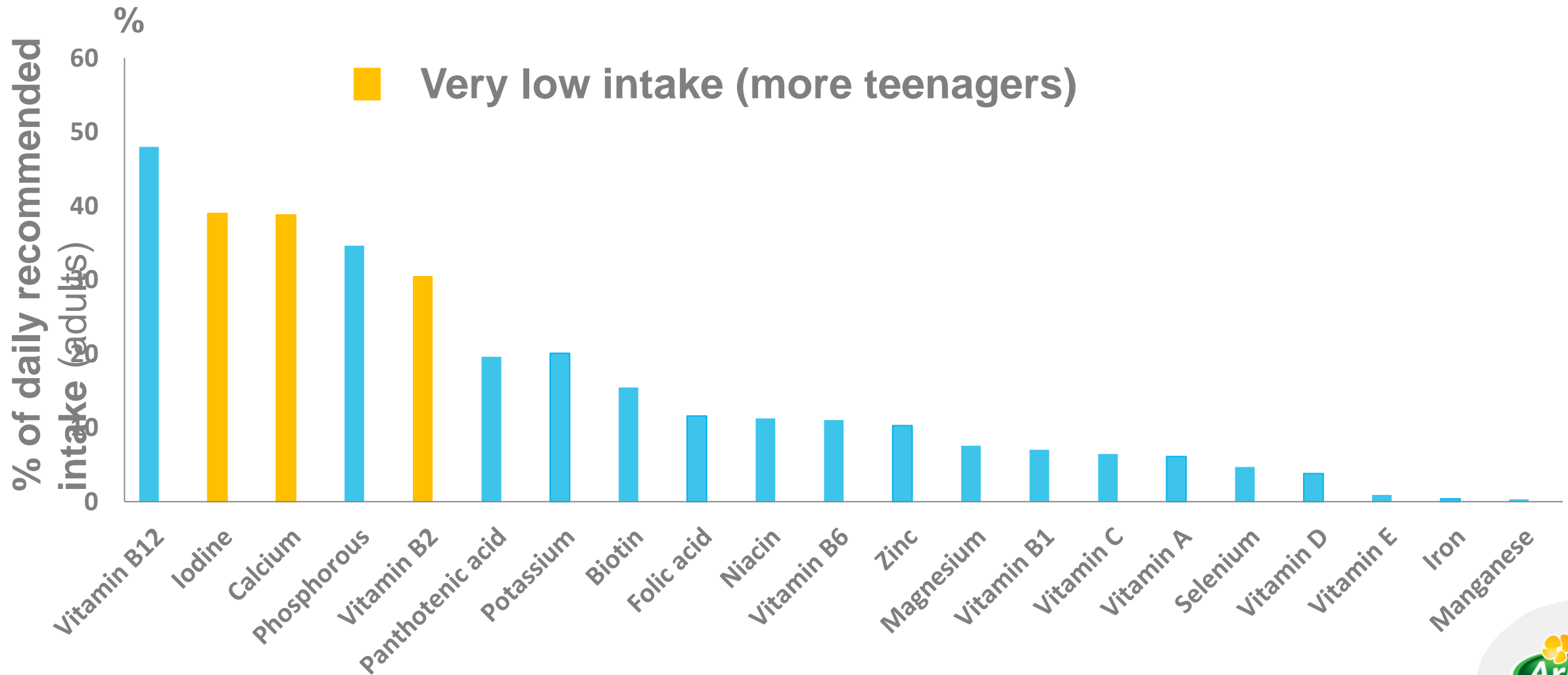
+ 9 gram PROTEIN



Nutrients in milk (nutrient dense)



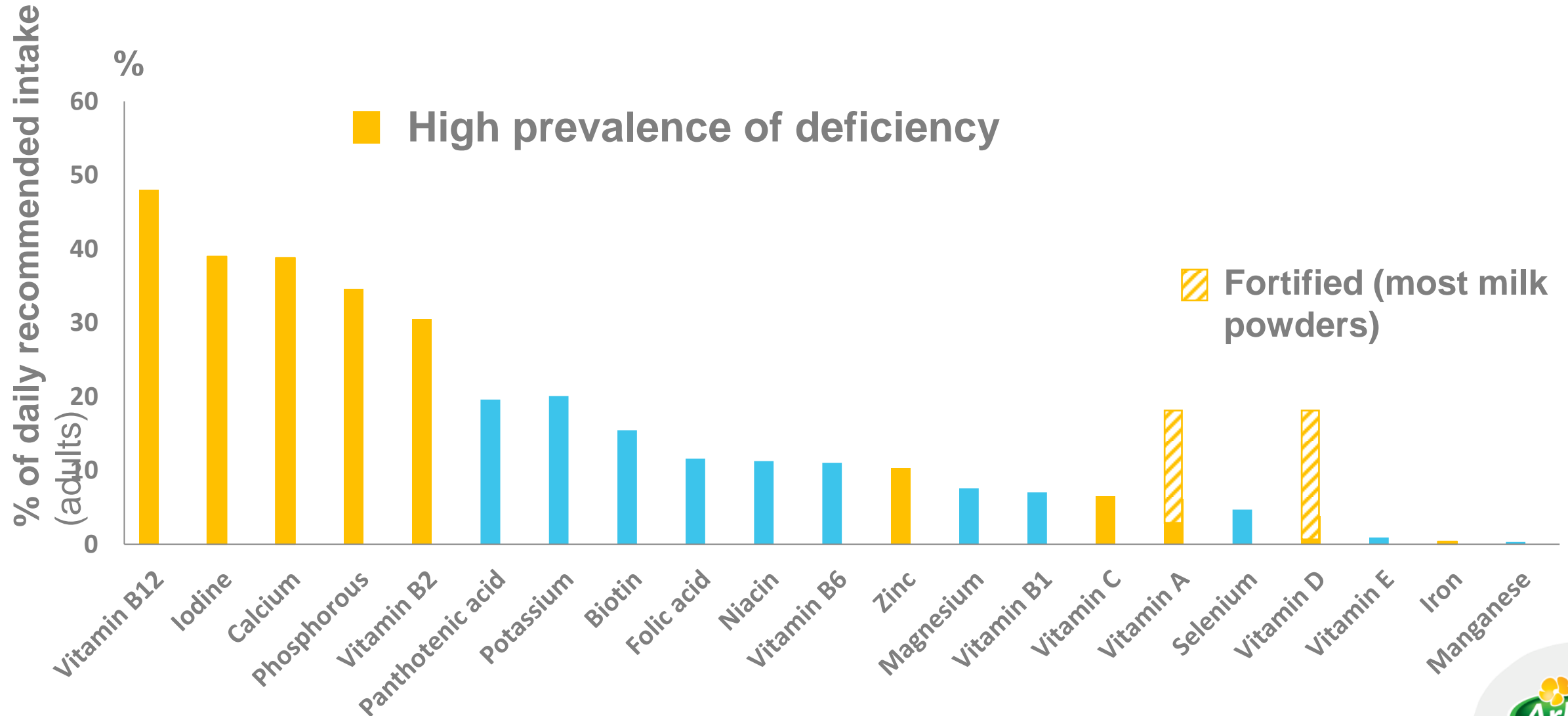
Vitamins and minerals in a big glass of **Milk** (250 ml)



Nutrients in milk (nutrient dense)



Vitamins and minerals in a big glass of **Milk** (250 ml)

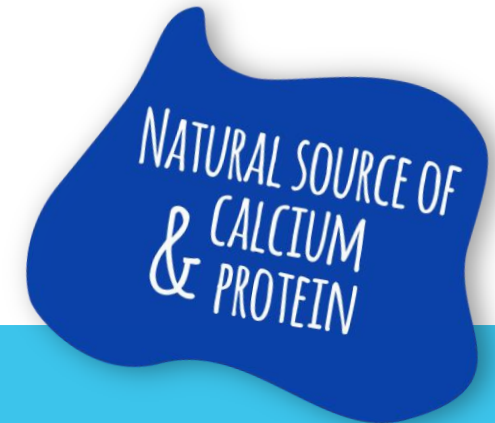


Arla's nutrition criteria

...to secure **nutrient density** in our products



MAXIMUM level of **protein** and **calcium**
A sound balance between **fat** and **protein**
MINIMUM levels of **added sugar**, **salt** and **fat**



Products fulfilling the criteria
can carry a **nutrition** or **health claim**

Arla product examples



75% plain yoghurt
+ 25% fruit



Arla Protein cheese



Arla Explorers (kids)



Arla Yoghurts
(4.5-5.5 % added sugar)



Flavored milk
(1% added
sugar)

The FMCG market has changed

The industry is more dynamic than ever with evolving channels, competition and consumers forcing marketers to think differently.



Channel

Traditional retail lagging/
eCommerce ascendant



Competition

Retail private label/ start-up
competitors



Consumer

More ways to interact/ less
time to engage

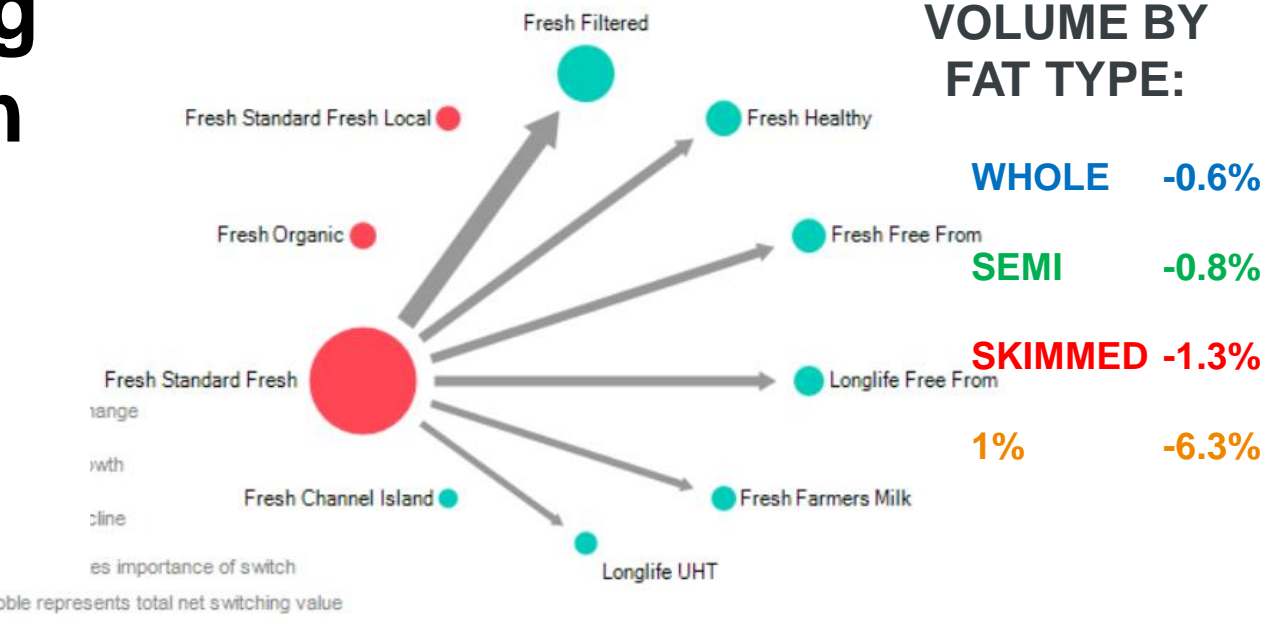
Total milk
(latest 12wk)

Vol -1.0%

Val + 0.6%



Declining occasion



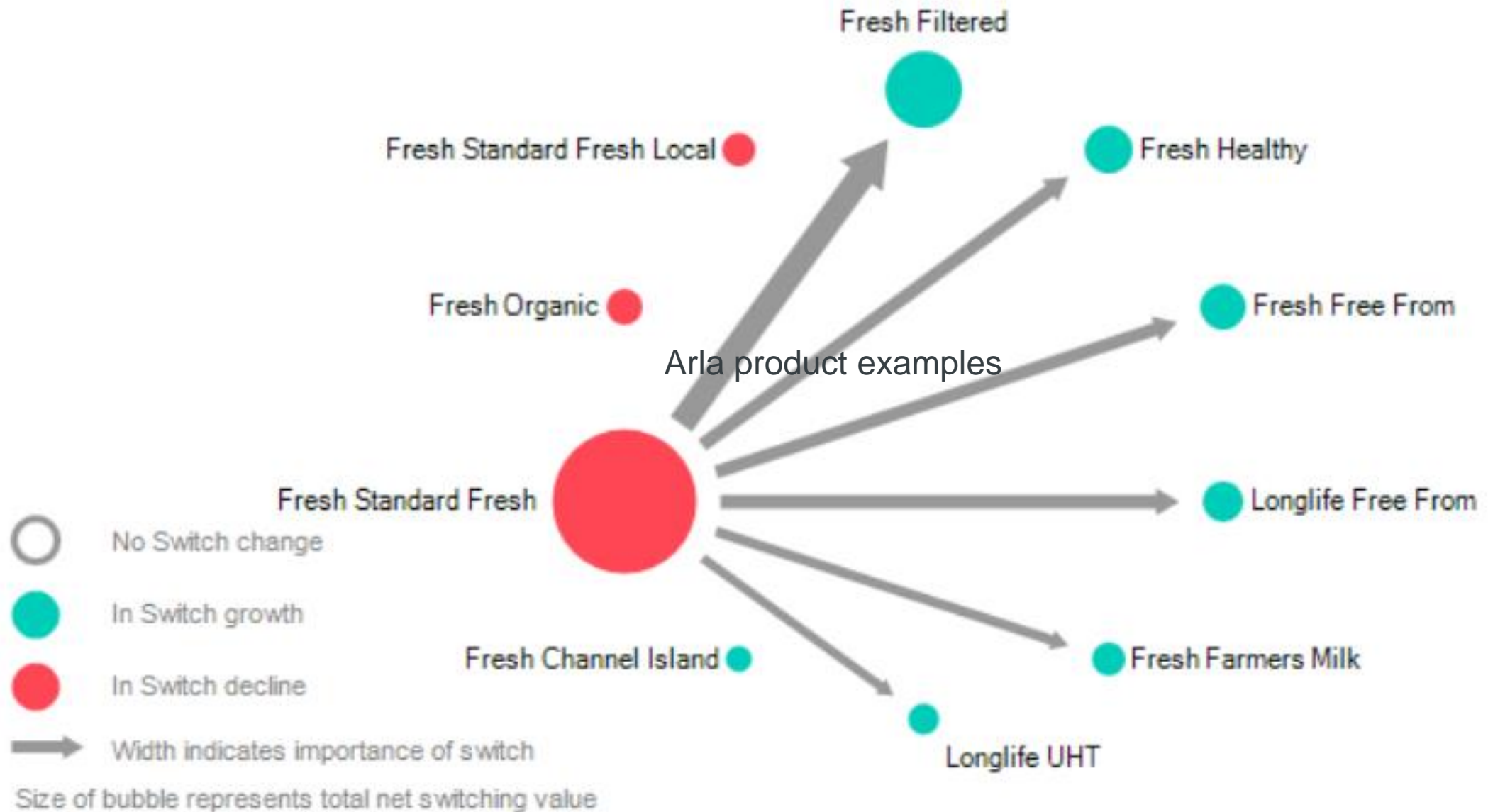
Standard fresh

Added value

- Old fashioned
- Commoditised
- Health and sustainability credentials under threat



Consumer switching patterns- milk



How do we answer consumer demands?



‘NEW DAIRY’

‘GOOD DAIRY’

GREAT DAIRY

ADDED VALUE

‘FORTIFIED’



Modern dairy
falling into
consumer trends

The natural
choice-
Organic milk

ESL milk
Fresher for
longer

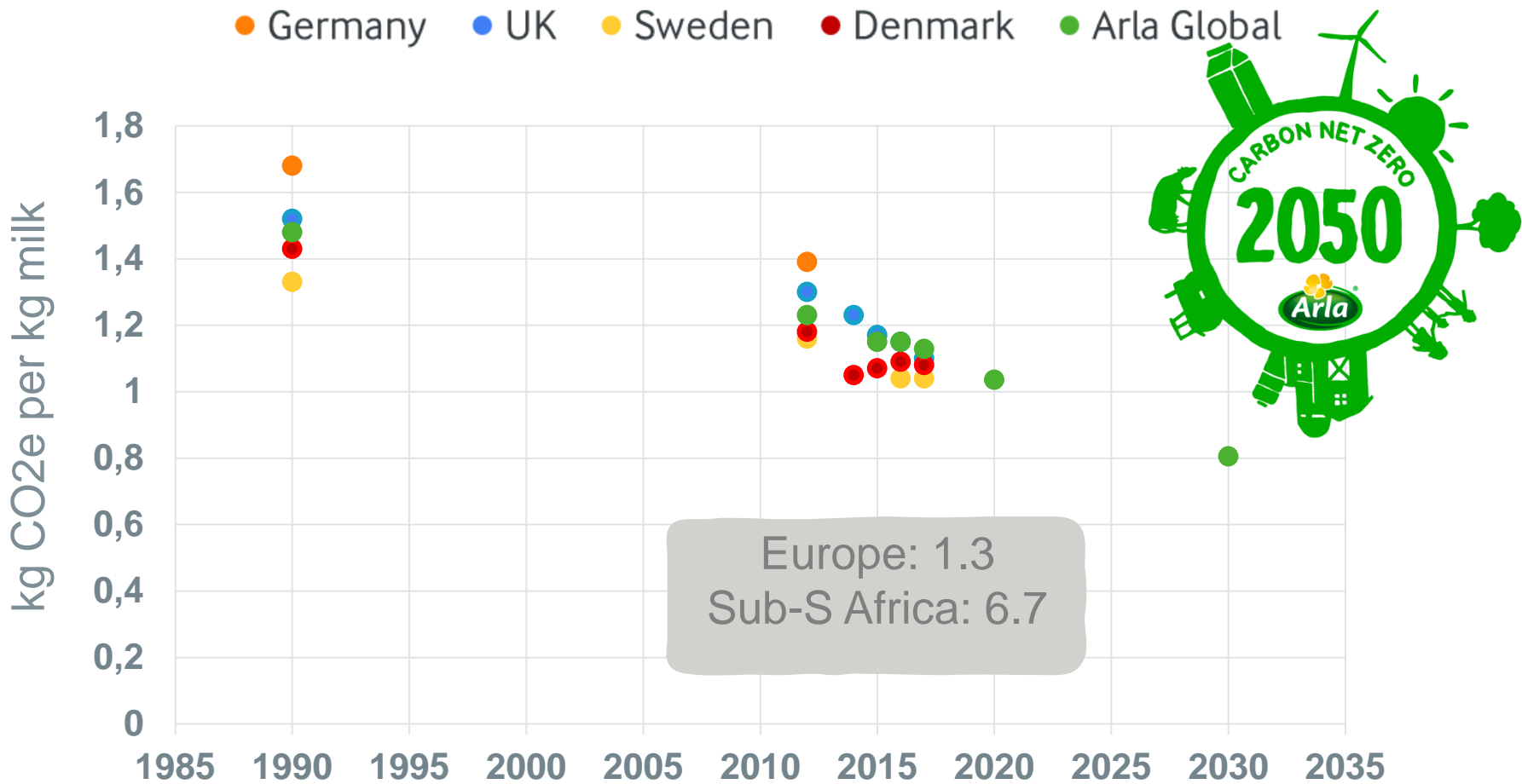
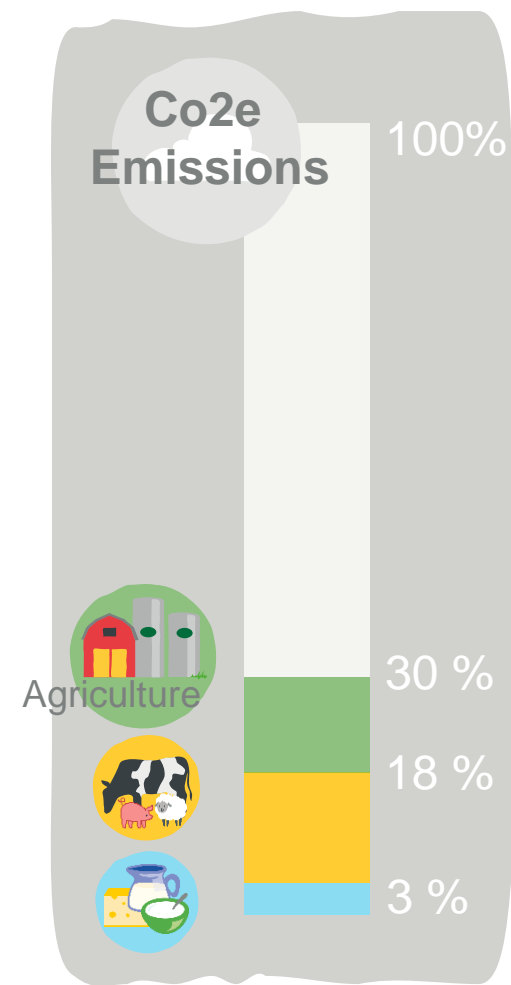
Skimmed milk
tasting like
semi

Added minerals
and vitamins



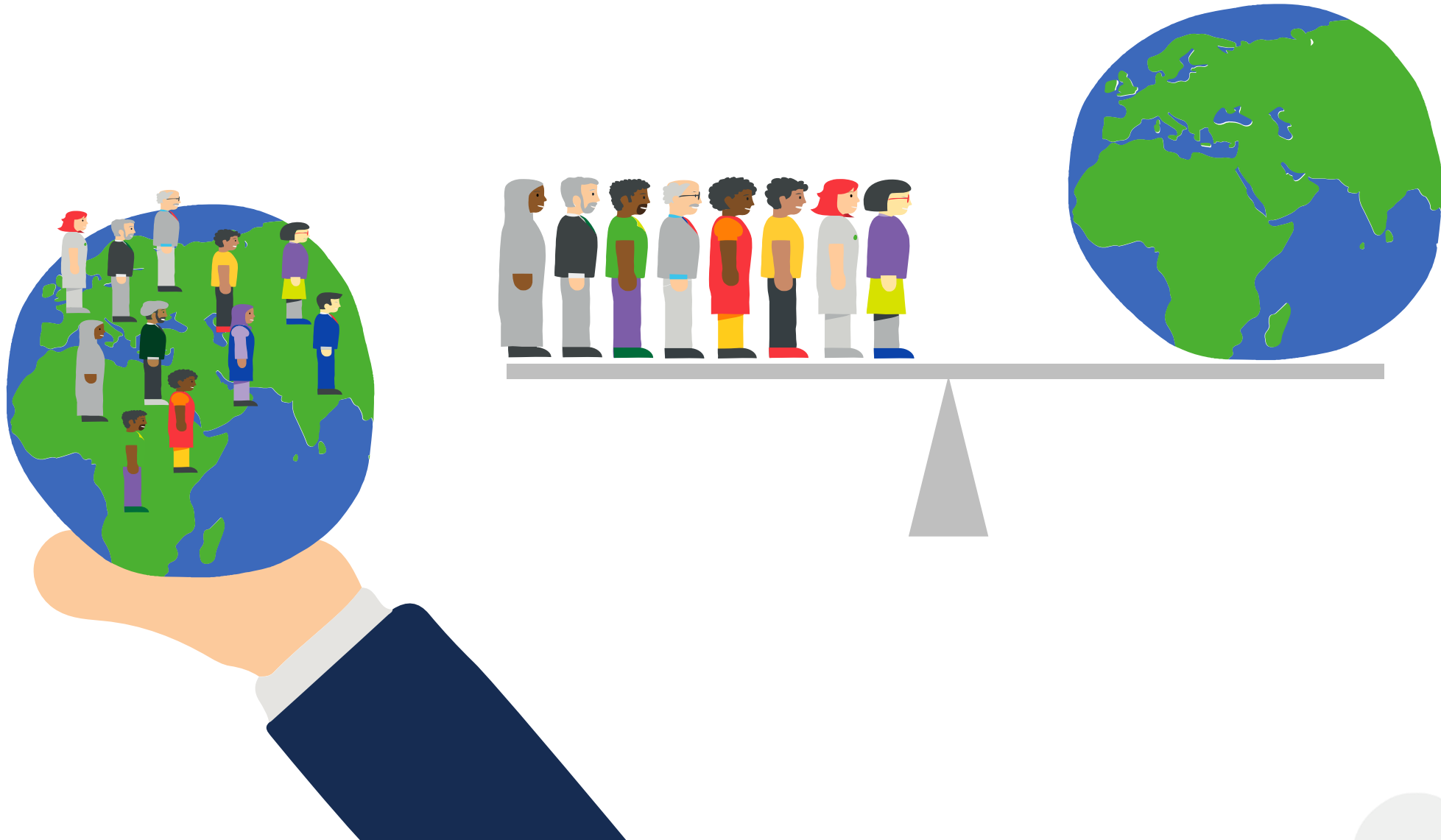
Climate impact from milk (dairy)

Dairy has an impact

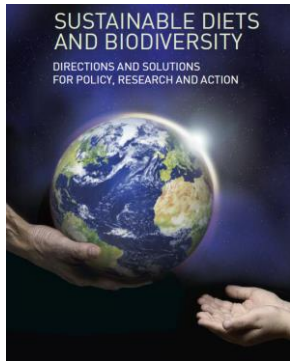
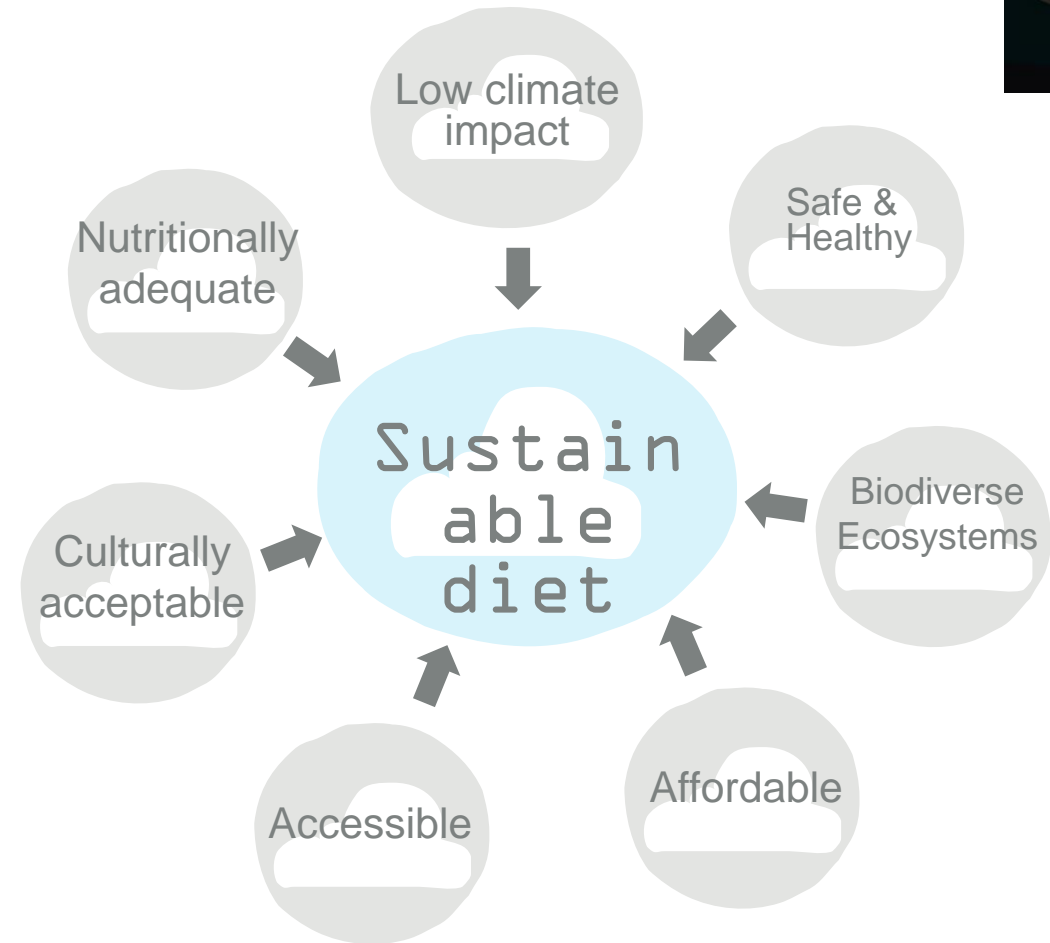
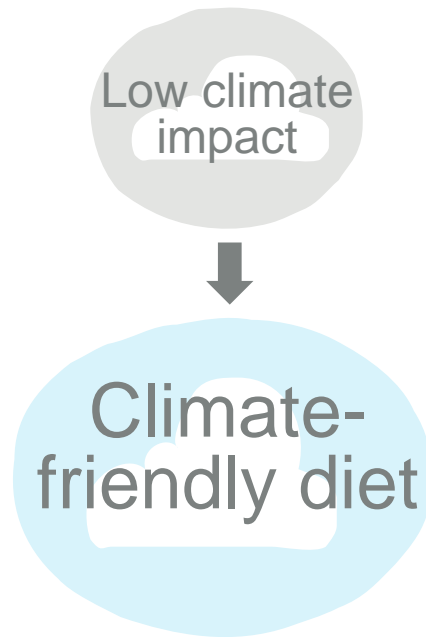


Sustainability is about balance

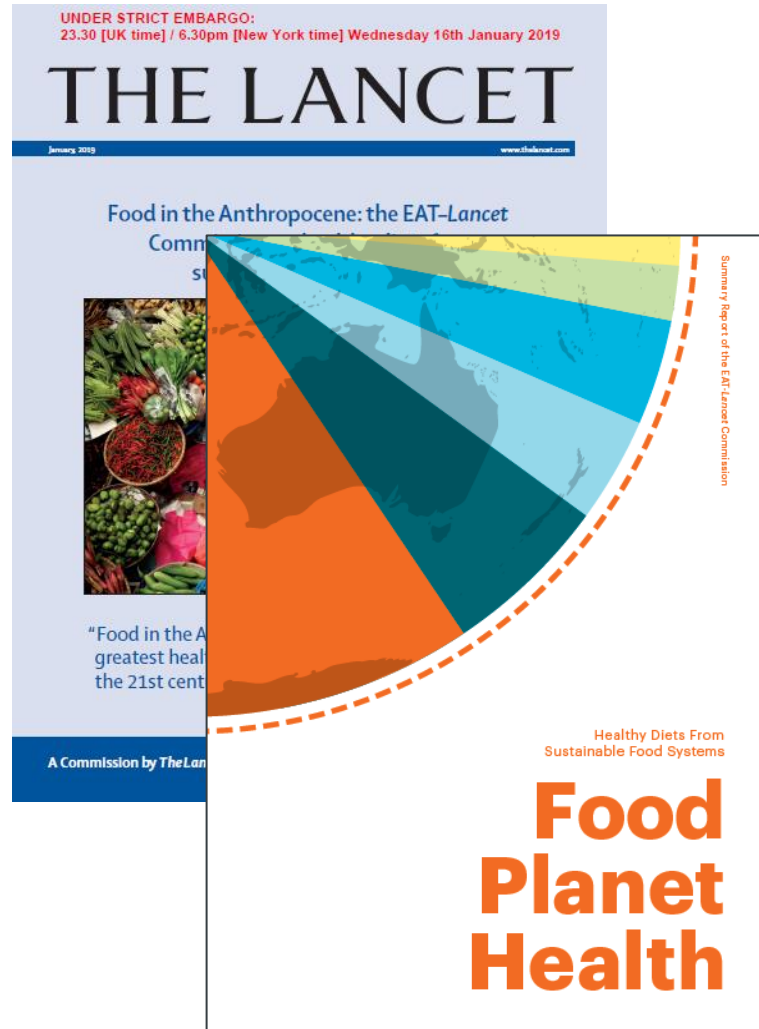
PLANET health & PEOPLE health



Climate friendly \neq Sustainable



EAT-Lancet report – a first attempt

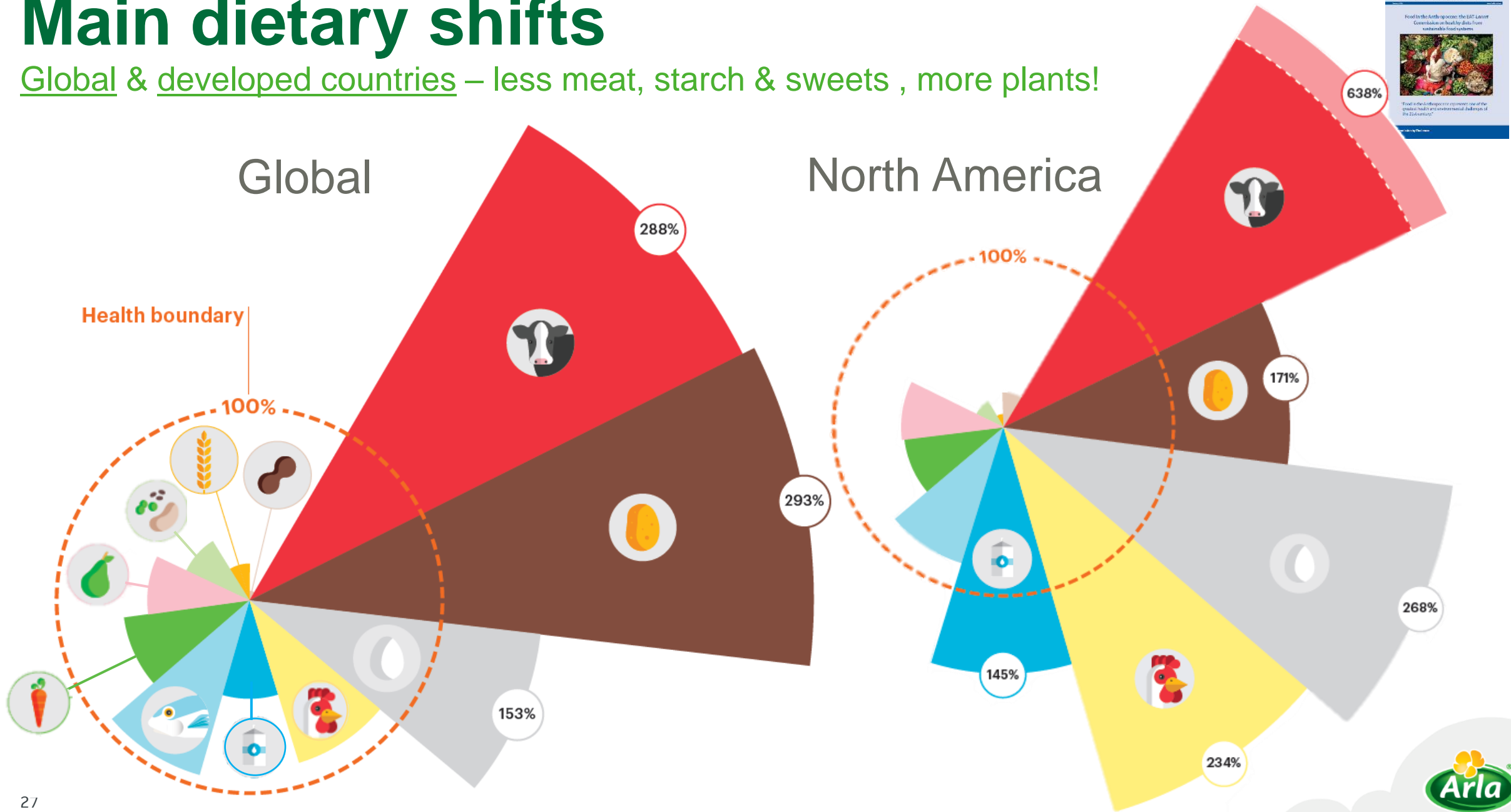


EAT-Lancet GOAL:
"Achieve Planetary Healthy Diets for Nearly 10 Billion People by 2050!"



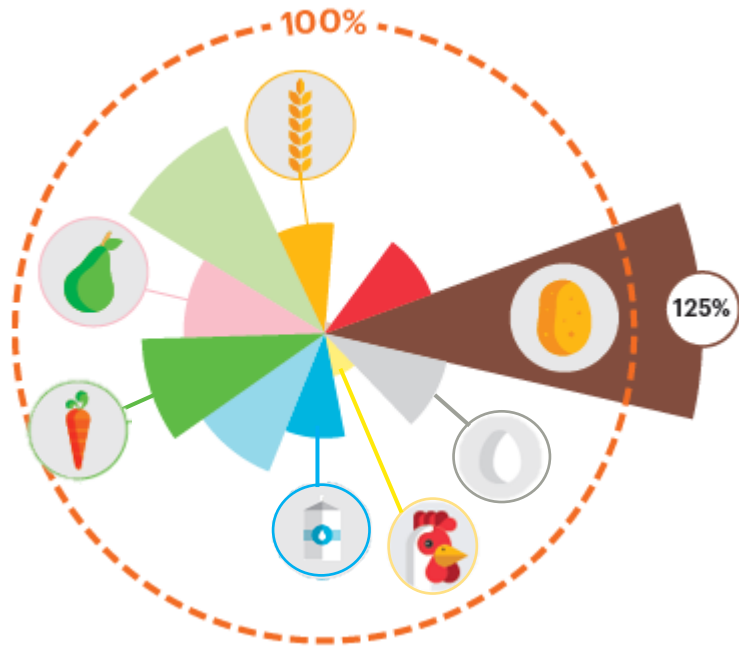
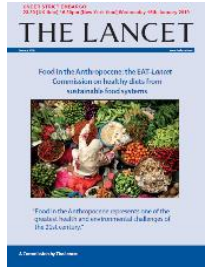
Main dietary shifts

Global & developed countries – less meat, starch & sweets , more plants!

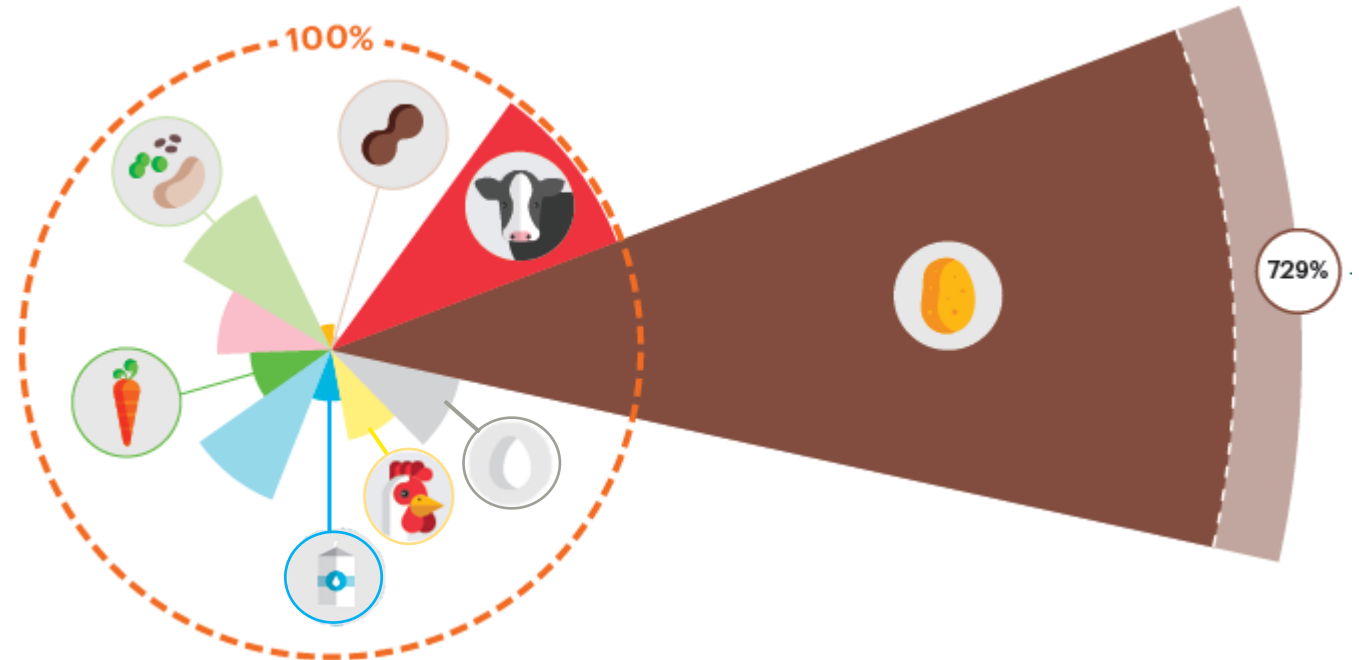


Main dietary shifts

Developing countries – less starchy foods, more everything else!



South Asia

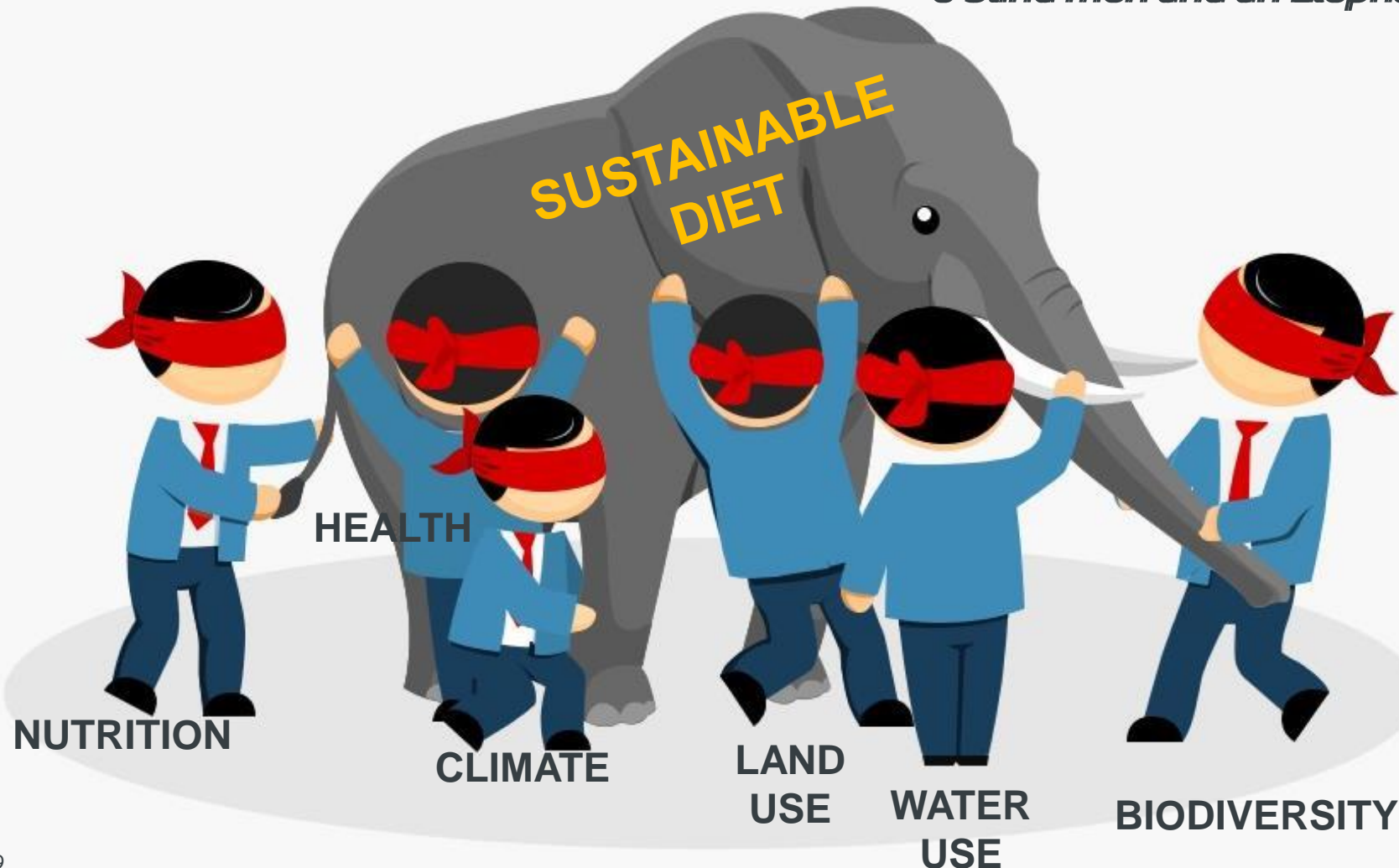


Sub-Saharan Africa

What constitutes a sustainable diet?

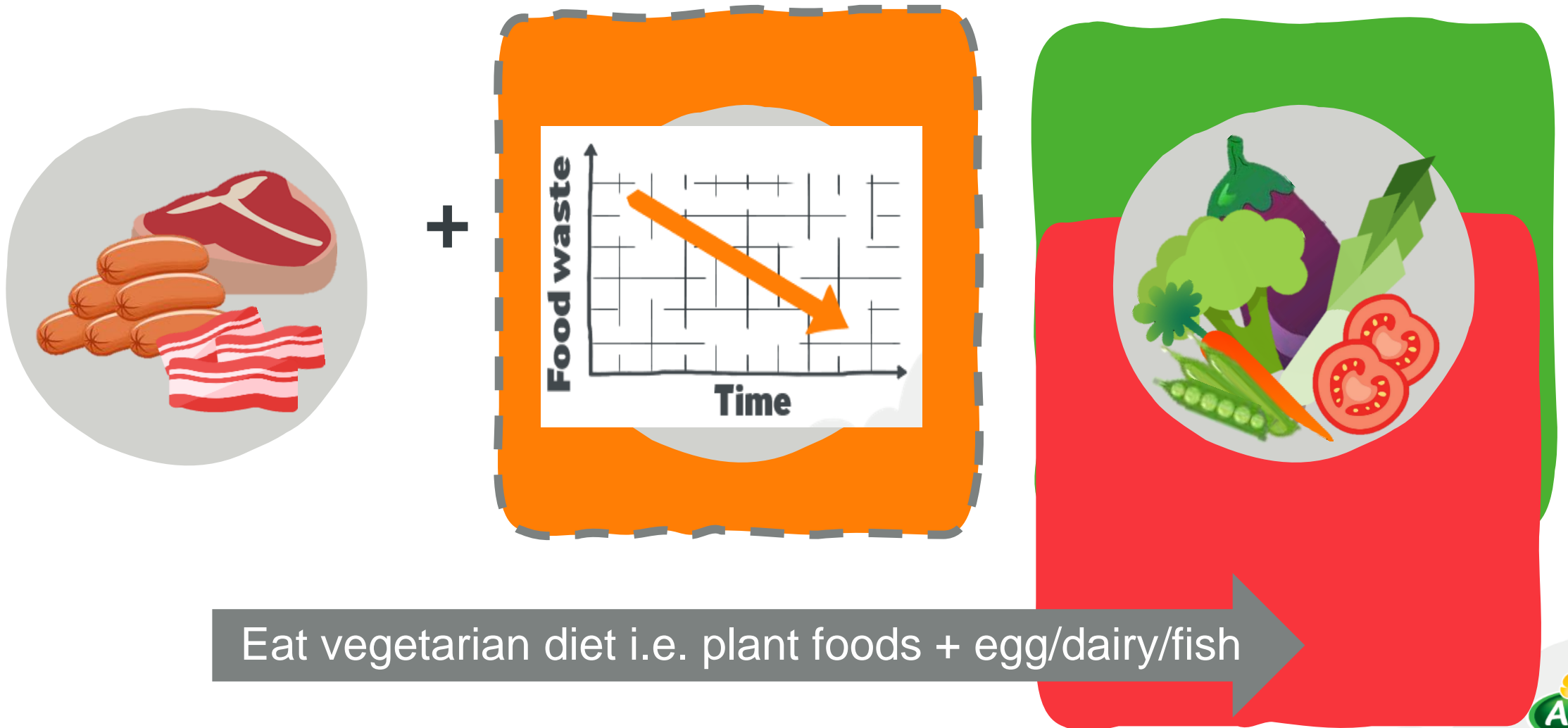
Scientific immaturity – we don't fully know yet!

6 blind men and an Elephant



Dairy's role in sustainable diets

SUSTAINABILITY view on DAIRY



UK – Focus on waste reduction initiatives



- Estimated 7% of the milk produced in the UK went to waste down sinks
- Signed WRAP Agreement
- Committed to waste & plastic reduction at all steps of supply chain
- Arla will switch from use-by to best before labelling on its branded fresh milk in 2020 on all Branded SKUs.



Nigeria- The Mikly Way Partnership

Supporting sustainable development



- Project primarily funded by loans that are provided by the Central Bank of Nigeria and guaranteed by the local state. Arla will invest in milk collection centres.
- Number of farmers: 1,000
- Partners in Milky Way Partnership Nigeria: Kaduna State and the Nigerian Government, Arla Foods, NGO Care, the Danish Agricultural and Food Council, the Nigerian cooperative MILCOPAL and the Nigerian pastoralist organisation Coret.
- The Milky Way Partnership Nigeria is supported by Danida and The Danish Ministry of Foreign Affairs



Bangladesh

Sustainability - Affordability



In a country in which 56 per cent of children are underweight and malnutrition is prevalent, Arla is determined to give everyone access to affordable, nutritious dairy products.

Bangladesh's demand for milk is growing. However, with local dairy production only meeting 40 per cent of its requirement

Arla Foods, and Bangladesh's leading dairy cooperative, MilkVita, are joining forces to support the sustainable development of the country's dairy sector.



Empowering Bangladeshi women to bike nutrition to their nation

Dano Pushti



- Dano® Daily Pushti. Fortified filled milk powder, in 20 gram sachets, at an affordable price. The first product of its kind in Bangladesh.
- Equipped with a bicycle and with a tablet and Dano Daily Pushti sachets in their backpacks, a growing team of female microentrepreneurs is reaching people in rural parts of the country, cycling from village to village.
- These determined, women gain knowledge and an accreditation through training and earn reliable income, helping lift them out of poverty.
- The launch was a big success. Reaching consumers in the country's cities proved straightforward but with almost 70 per cent of the population residing in the rural and remote areas, coupled with poor infrastructures and limited distribution networks, an innovative, alternative sales model was called for.



Thank you!

Questions?

