

# Understanding the Consumer of the Future



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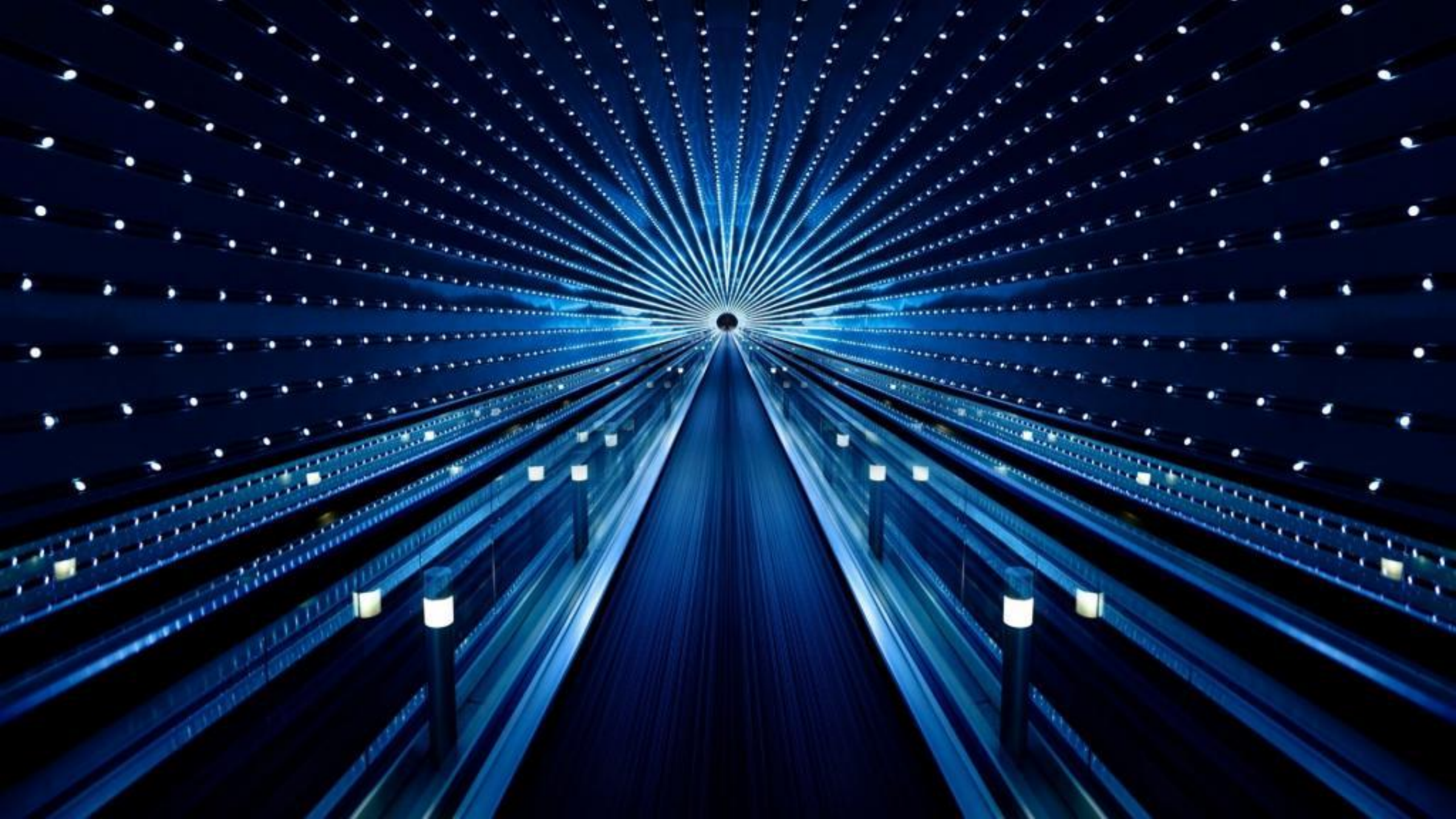
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# The changing consumer & shopper landscape









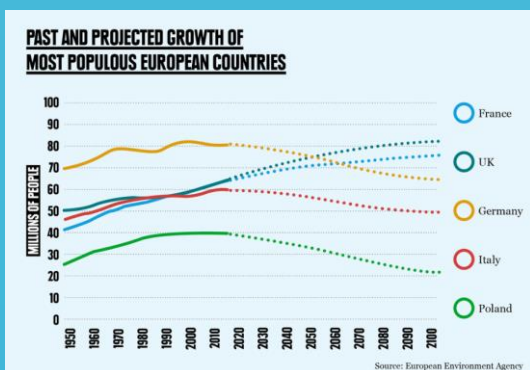




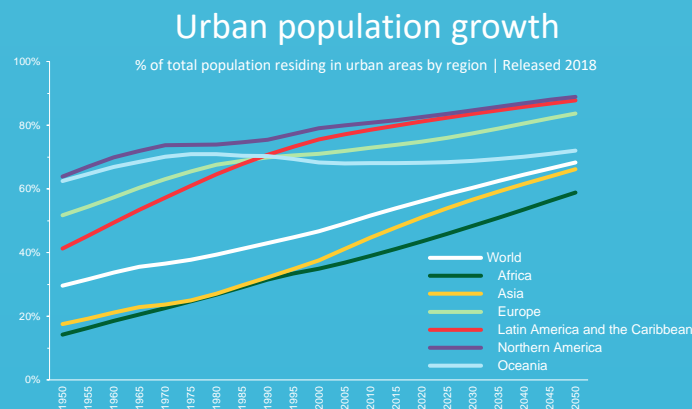


# UK demographics & future trends

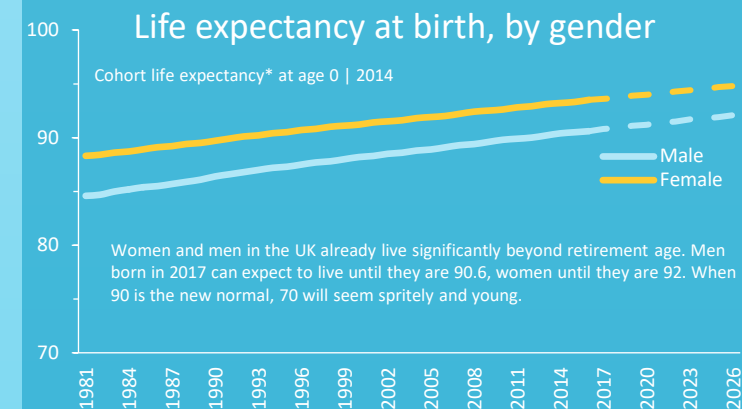
## Population growth



## Urbanisation



## Aging



## Smaller households



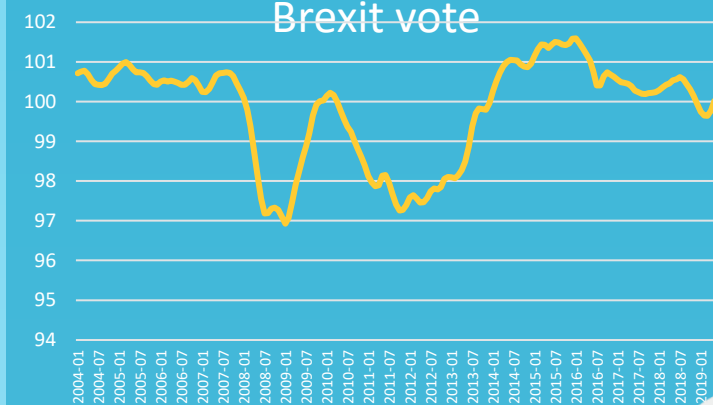
## Diverse



**2016 and mid-2026,**

- 5.2 million people will immigrate long-term to the UK
- 3.2 million people will emigrate long-term from the UK

## Consumer Confidence fallen since Brexit vote





# HEALTH REDEFINED









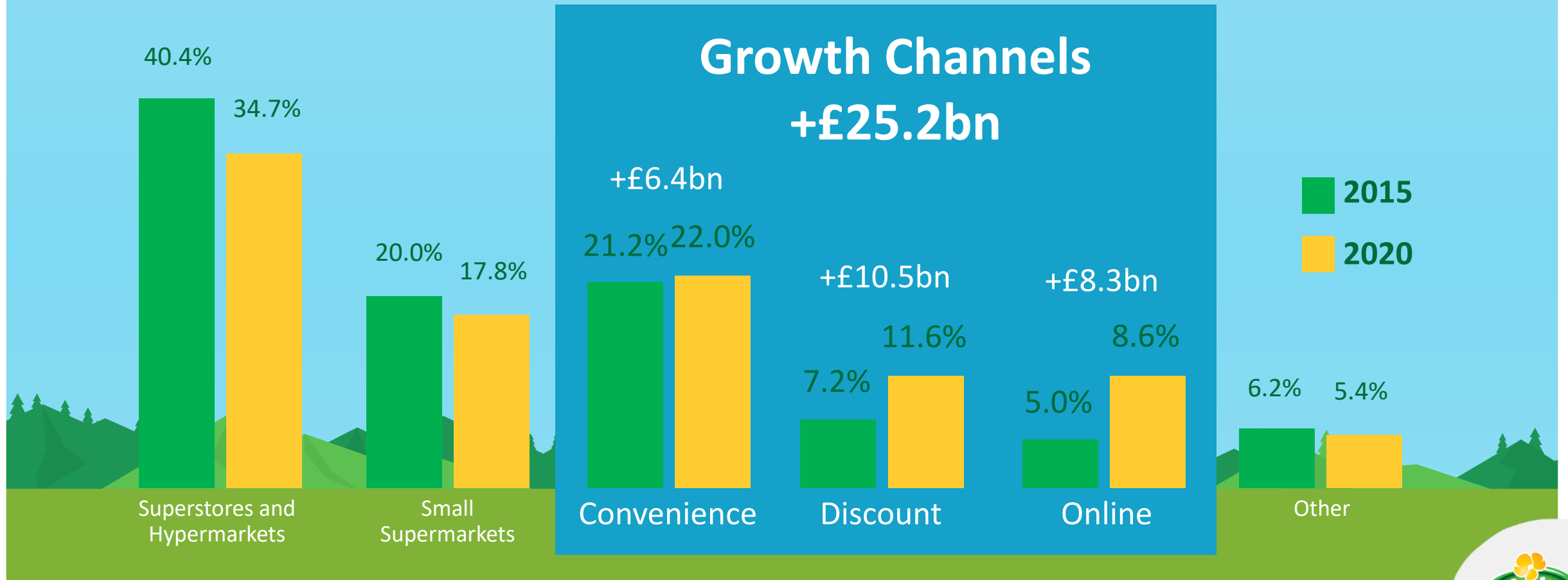






# SHOPPING is changing

Giving rise to new disruptive growth channels





# Major retailers are evolving rapidly to stay competitive

## Simplifying & cutting cost



## Becoming more systematic



## Building new competencies

### RISK MANAGEMENT



## Stepping up focus on own label



## Consolidating and diversifying



## Choosing supply partners



# The shape of Arla's business is changing

(Big 4: 76% of NR in 2012, 64% in 2019)

Revenue





# Key challenges

Milk Category  
Profitability

*Kite*

THE FUTURE OF THE LIQUID  
MILK PROCESSING SECTOR

## Sustainability



## Brexit



## Anti Dairy

**HUMANE MILK  
IS A MYTH**

The dairy industry took all her babies & all her milk.  
Now it will take her life for meat, leather & byproducts.  
She is 6 years old. Her natural lifespan is 25 years.



## Plant Power



# MISCONCEPTIONS

## ARE AFFECTING CONSUMPTION IN UK



24% of people are proactively cutting dairy intake



46% of 16-24 year olds claim to have had an adverse reaction to milk



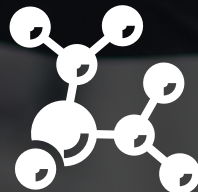
56% never think about their dairy consumption



Alternatives are growing by 15%



20% of consumers believe that whole milk contains more than 80% fat



55% of UK women believe that their milk contains hormones





Socialist Worker  
**SYSTEM  
CHANGE  
NOT  
CLIMATE  
CHANGE**  
One solution:  
revolution  
swp.org.uk

Don't Burn  
FUTURE

RENEWABLE ENERGY  
... I'M A  
NO FRACKING  
NOT CLIMATE CHANGE  
swp.org.uk

SYSTEM CHANGE  
NOT  
CLIMATE CHANGE

The next generation of consumers are  
getting increasingly concerned



# This is impacting their perception of dairy

## HEALTH

53% of global consumers try to stay healthy by eating in moderation (2018)



## ANIMAL WELFARE

Over 1000x as many launches in 2018 vs. 2002\*



*\*Product claim to protect animals, fish or birds*

## CLIMATE



Climate change is already a reality that can be measured?<sup>1</sup>



1) Source: IPSOS: Share of Danes that thinks the effects of climate change can be seen already now.

# The demand for dairy products continues to grow

Global dairy category is growing 2.3% per year

Still growth of 1% per year for dairy in Europe

Specifically within some segments





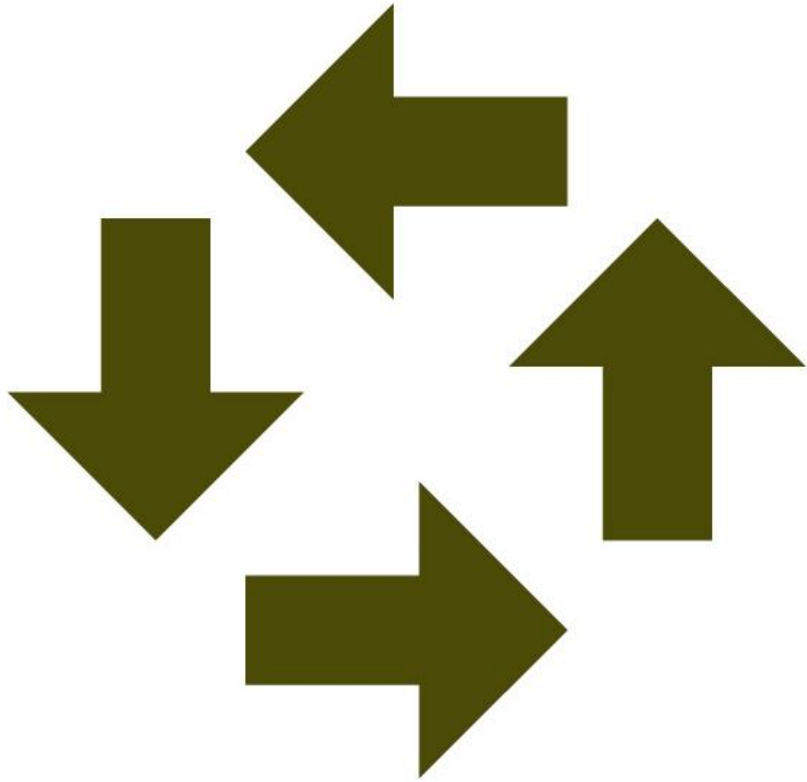
# DAIRY IS BIG AND IMPORTANT

Dairy is the 3<sup>rd</sup>  
biggest Category  
in retail

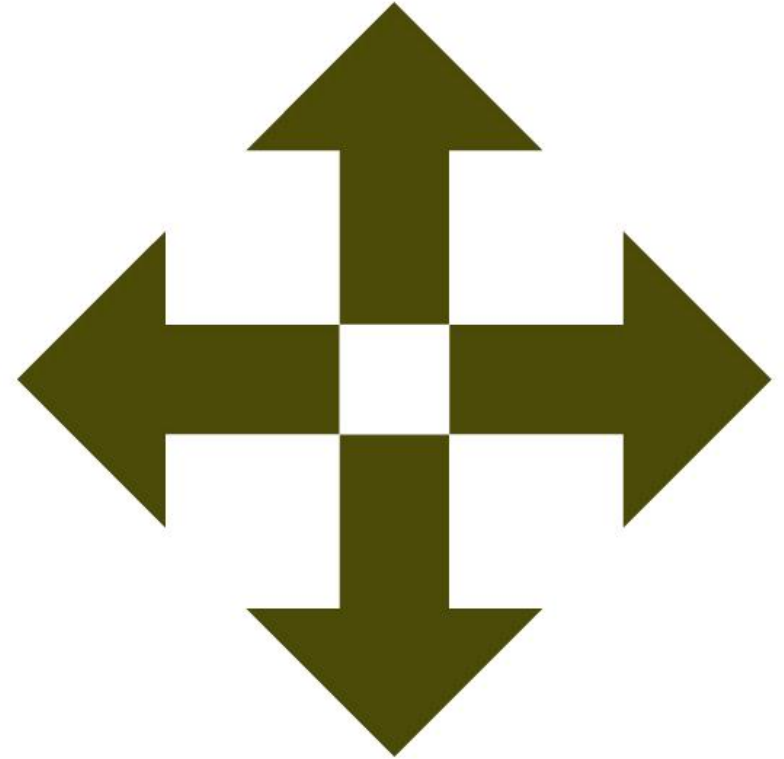
Included in  
69% of all meal  
occasions

Over 95%  
household have  
Dairy in their  
fridge

## IDEALLY PLACED FOR CAPTURING EVOLVING CONSUMER NEEDS



**PROTECT**



**PROMOTE**

**INTERNAL**

**V**

**EXTERNAL**





Passive

Active





# Key focus areas to protect & promote dairy farming

## Sustainability



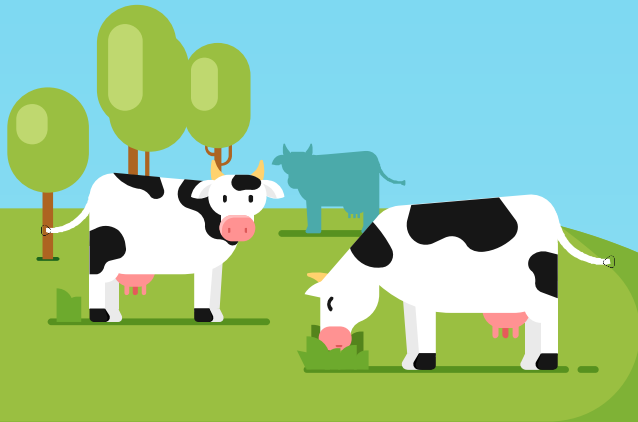
## Farm Data



## Welfare



# For Arla the farm agenda is central to the future of the dairy category





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