

12th GLOBAL DAIRY CONGRESS

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Tetra Pak Group





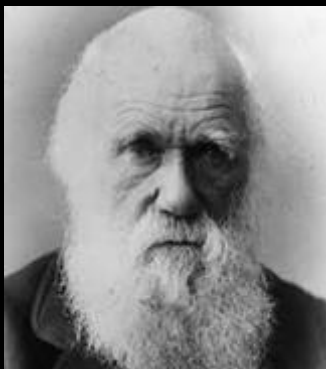
Polling Question

What do you think is the biggest challenge facing the dairy industry today in the value chain?

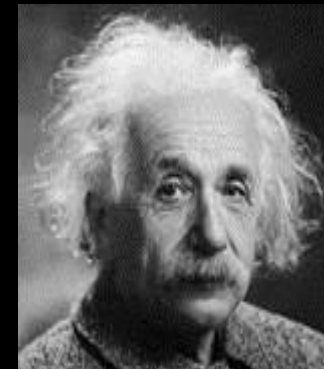
1. Increased competition
2. Shifting retail scene
3. Lack of innovation to crack new opportunities



The speed of change is increasing...



It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is the most adaptable to change
Charles Darwin, 1809-1882



We cannot solve our problems with the same thinking we used when we created them
Albert Einstein, 1879-1955

Global drivers of change towards 2030

Demographic Patterns



Population growth & ageing
Mega cities

Digitalization & Technology



Digital & social continues to grow.

Generation C



Gen C
creation, curation, connection & community

Regulations



Food ingredient & environment
regulations increasing.

Economic Shifts



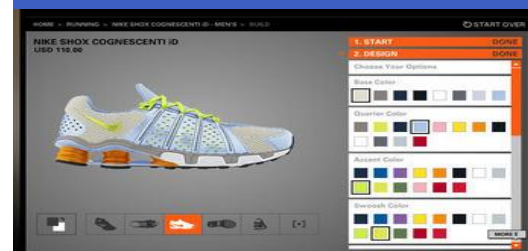
Globalization 2.0; economic power
shifts to Asia

Industry 4.0



Industry 4.0
Production & information technology
within networked factories

Mass Customization



Manufacturing & automation innovations
to replace mass-production

Environment & Resources



sustainable cultures
Disruptors & innovators will be
winners in resource-efficient future

CHALLENGES and WORRIES of the dairy value chain



The dairy value chain

Farmer



- Movement of dairy across borders
- Removal of quotas
- Profitability and price pressure
- Change of farm structure

Producer



- Commoditisation of basic dairy categories
- Margin erosion and pressure
- Customisation needs of consumers

Retailer



- E-commerce:**
- Traditional retailers become one option for consumers out of many
 - Shift in power towards the consumers

Consumer

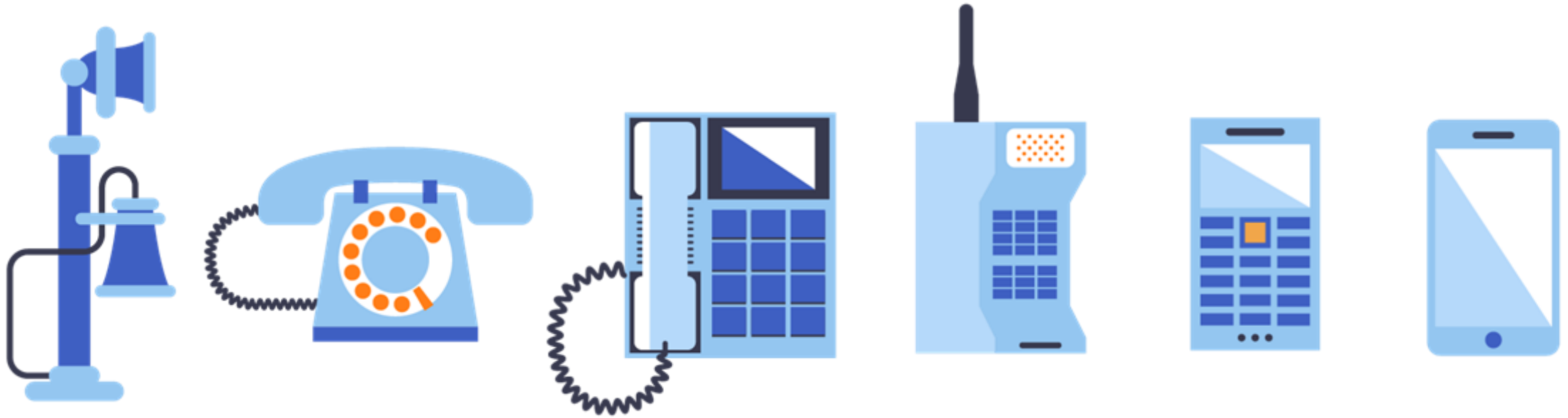


- Long Healthy lives
- The real age of: Consumer is King

Challenges and “worries”



How do we evolve?



OPPORTUNITY



Crack new categories

Beyond your niche

Seek expertise



Cracking new CATEGORIES



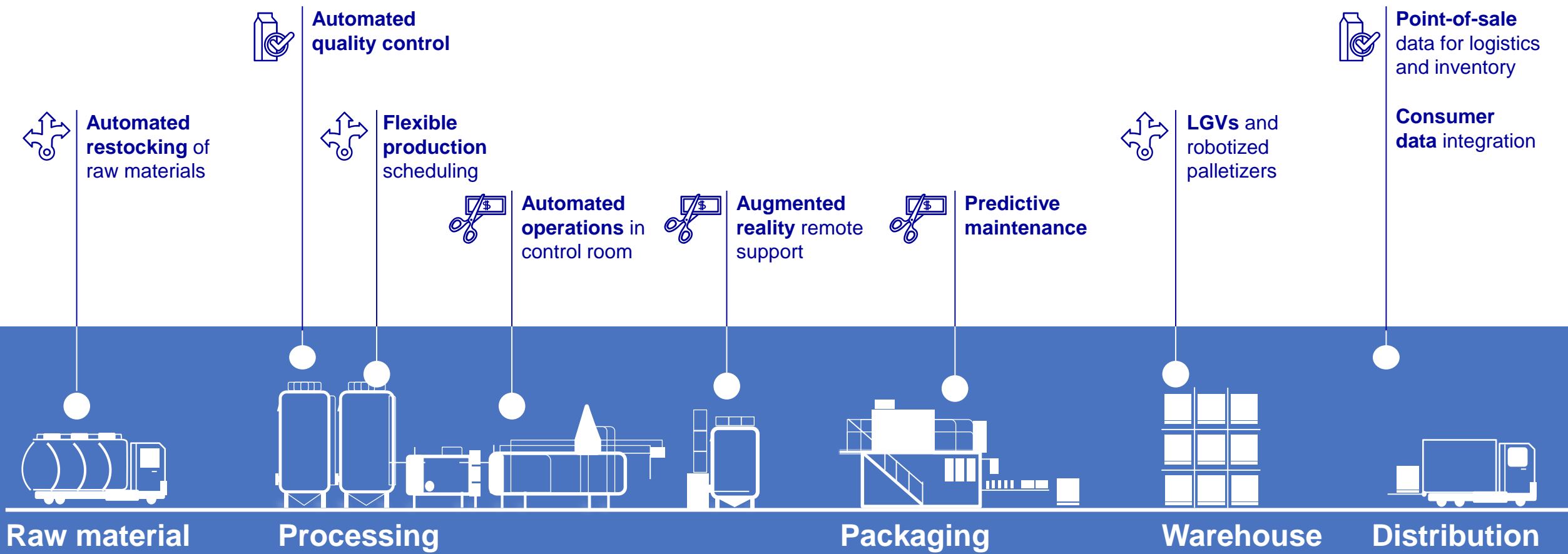
Think BEYOND Your Niche



Seek EXPERTISE



End to end... from raw material through to distribution



← **Cross-site benchmarking, planning optimization and market-based capacity allocation** →

Bringing an **Industry 4.0** approach to make it all happen



Connected workforce

Advanced analytics

Virtualisation

Connected equipment

Cloud

Big Data

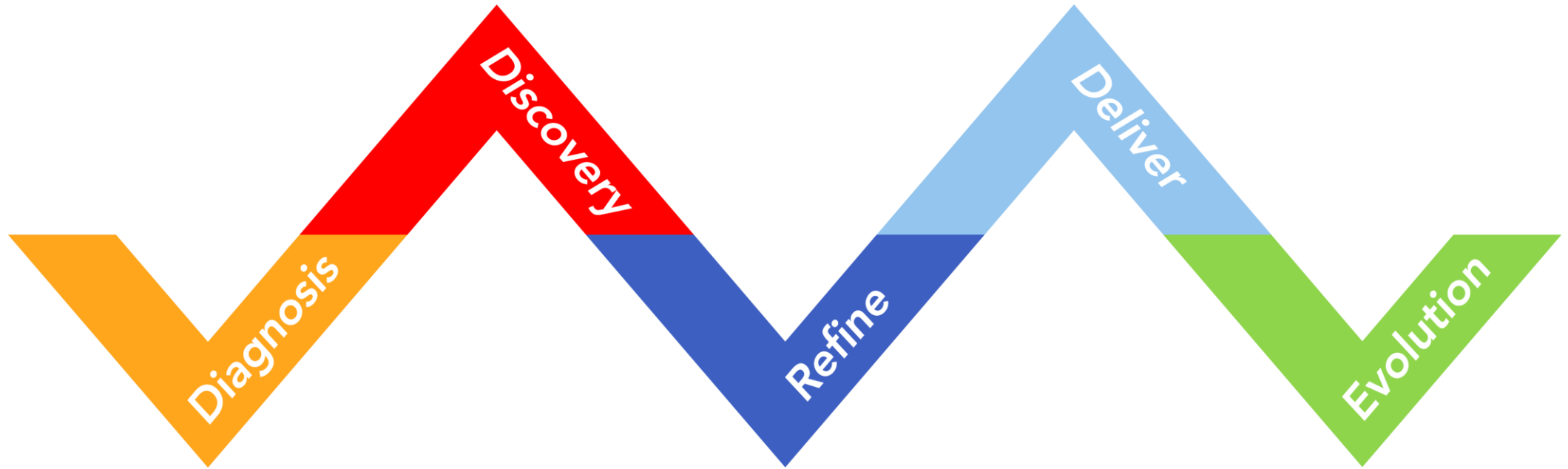


So, how do we bring this to life...?



Example

Our collaborative innovation journey



IDEATION

Co-creating opportunities through design thinking



INSIGHTS

Creating inspiration for innovation



NEED STATES

Uncovering the emotional and rational needs of consumers today



BRANDING

Inspiring brands to shine



PORTFOLIO

Matching your needs and opportunities to our solutions



PROTOTYPING

Bringing our ideas to life



DESIGN

Design Intelligence to enhance brands



SHELF IMPACT

Making stand out decisions at the moment of truth



PROMOTION

Boosting new and existing products through promotion



Always tailored to customer's particular needs or challenges

CHALLENGE IDENTIFIED:

How CAN we ENTICE BUSY CONSUMERS Looking For a HEALTHY, NUTRITIOUS ENERGY-GIVING DRINKING YOGHURT PRODUCT WHICH FITS THEIR SNACK ROUTINES?

Diagnosis

Discovery

Refine

Deliver

Evolution



Natural hit: "I know energy drinks work but how can something so intense be natural and good for my health?"



Beyond coffee: "When I'm on the road I always feel I either compromise on taste or quality. Why can't I have both?"



Break-fast fan: "I miss breakfast every morning because I stay in bed dreaming about travelling."

Busy mums: "When you go back to work, time is more precious than ever – I'm looking for things that make life easier in and out of the house."



52% of consumers globally sip a drink while walking or driving OR eat on the go weekly or more often

"Everything my baby eats or drinks is important – she is growing and developing so fast and what she eats and drinks provides the building blocks." said by a mom of a toddler.

30% of Canadian breakfast eaters say that breakfast products that require little or no preparation are important to them.

one SHOT eNERGY

HiPSTER

COOL

BARISTA QUALITY

LUXURY

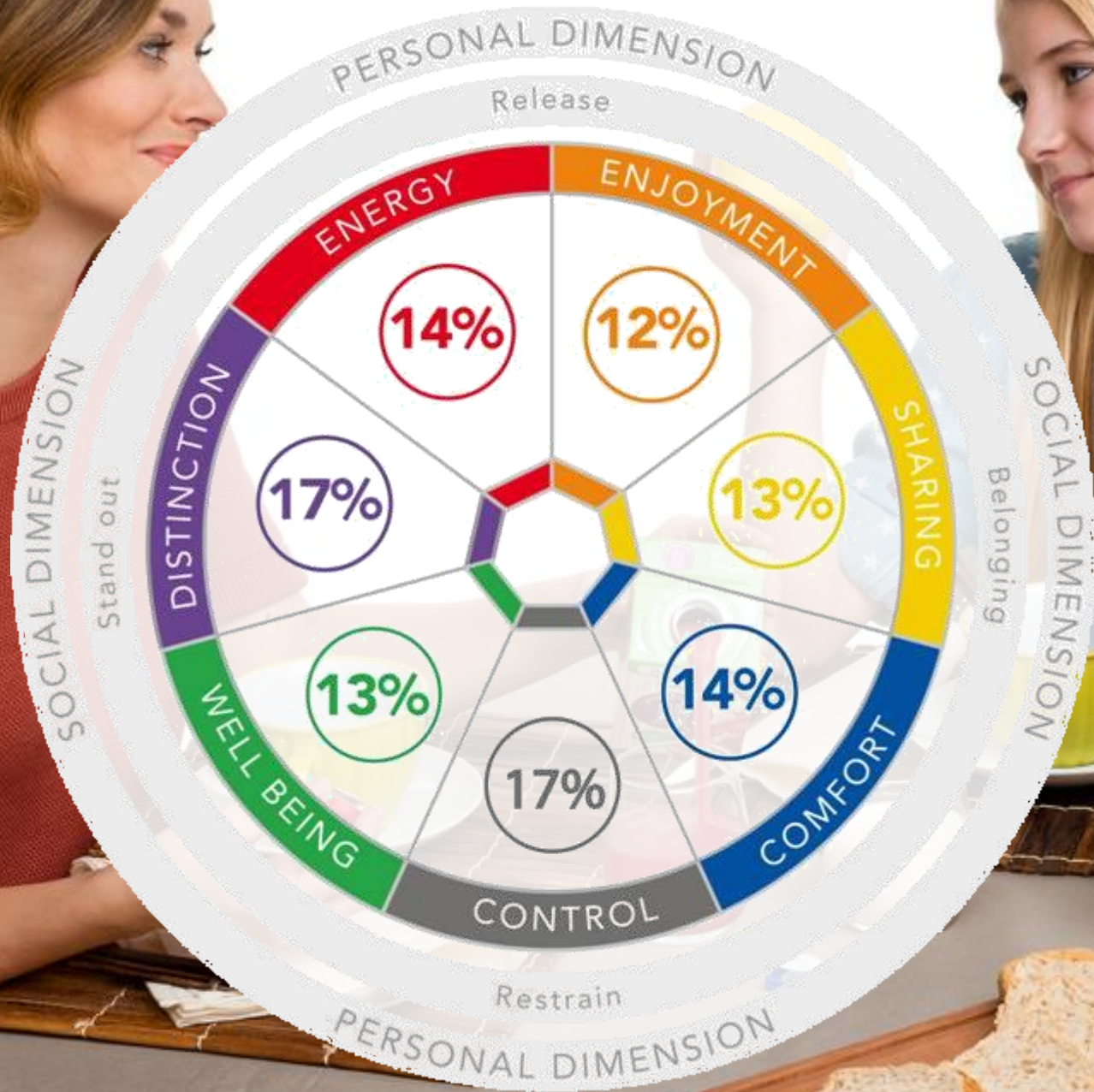
WORLD CLASS BREAKFAST

EUROPE

ENGAGING

SAY CHEESE

HELPING HAND





Understanding how consumer motivation drives decisions



14%

ENERGY



Market case...example

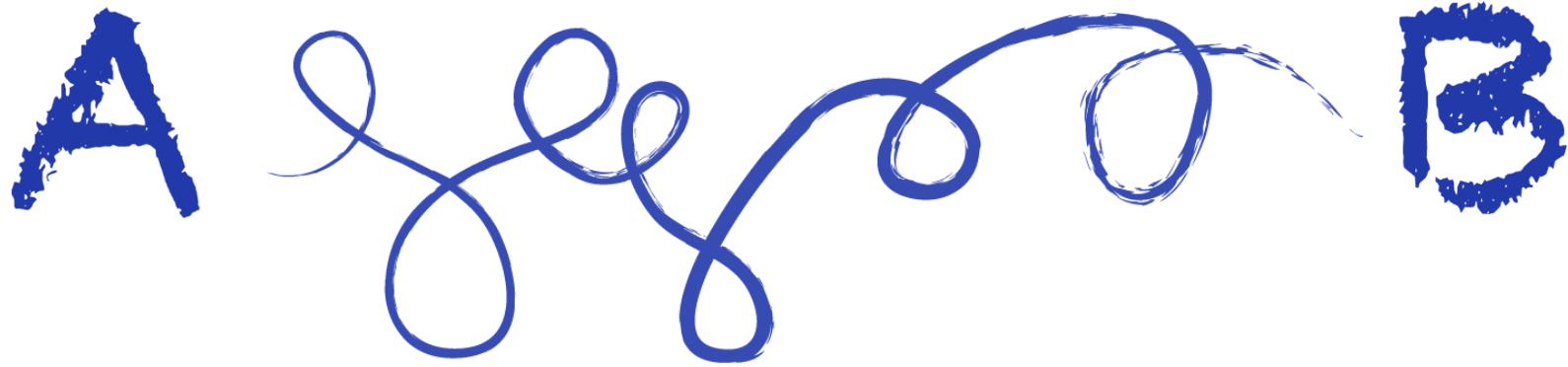
Overcrowded market



No differentiation



Simplified approach...end to end





End to end approach



GO FOR THE BIGGER CHUNK



AMBIENT* DRINKING YOGHURT/ *HEAT TREATED AFTER FERMENTATION. IN SOME MARKETS THE TERM 'YOGHURT' MIGHT BE RESERVED TO PRODUCTS CARRYING LIVE CULTURE.



Example: Ambient drinking yoghurt from Yili, China

Courtesy of Yili

Tetra Top® opens up new opportunities by adding particulates

Package and Product



Tetra Top 200 Mini Taishan A38

Ambient drinking yoghurt with peach and oat pieces.

Shelf life: 5 months

Positioning

Premium priced product.

Main target group is health oriented young adults

Place

Available in modern supermarkets and convenience stores

Marketing



In store promotions, TV commercials, Product placement

Competition

No direct competition, since no one else is offering ambient drinking yoghurt with big fruit pieces and oat.

Key Value Driver

Big fruit pieces! Functional package for drinking yoghurt
The Tetra Top package has a very strong position in premium drinking yogurt category in Greater China.



Capturing the **OPPORTUNITY**



Thank you