The dairy industry is changing rapidly. To succeed, dairy businesses need to be dynamic, drive category innovation, embrace technology and stay ahead of changing consumer demands.

There are a range of global factors driving this change: demographic patterns, digitalisation, environment and resources, and Industry 4.0, to name a few.

Each factor presents different challenges to the cogs in the global dairy value chain, from farm to fork. For example, farmers at the start of the chain are being heavily impacted by the global forces affecting the movement of milk.

Demographic evolution is also a key factor affecting the overall value chain, with a particular impact on the producers. Mega cities are becoming ecosystems in themselves forcing the value chain to evolve, pushing the producer to adapt to meet rising demands.

As consumers are becoming progressively more demanding and the customisation of products and categories is increasing, dairy producers are facing falling profits on previously standardised and stable categories.

In order to counteract this, producers need to become more efficient by implementing a range of digital solutions.

Adopting a holistic approach using insight driven production, connected plants and automation producers can combat the negative impact of change and streamline the supply chain.

Another force pushing the value chain to change dramatically is consumers online activity. This is transforming the retail scene as well as shopper experience, altering the entire shopping journey. The fast growth of online grocery is having a disruptive influence on business strategies and the physical expansion of retailers. Consumers are also becoming more demanding of the brands and categories they consume, seeking products that are customised to meet their needs. They want to fulfil their aspiration of a healthy, rounded lifestyle and therefore require products that will provide them with guilt-free wellbeing. Producers need to adapt and provide new products to meet these new needs.

With trends in mass customisation and consumers increasingly wanting to differentiate and experience new things, we’ve identified some areas that we can work on as an industry to turn these challenges into opportunities.

1. **Cracking new categories**
   To meet the changing needs of consumers, dairy producers can look for new opportunities by diversifying into new categories, or driving the evolution of existing categories. This ensures flexibility in the supply chain and the invention of relevant products.

2. **Think beyond your niche**
   In light of demographic changes, it is important that dairy producers think beyond their core area of product offering and identify gaps in the market, where they can expand to tap into the needs of the consumer.

3. **Seek expertise**
   To navigate the changes in the dairy value chain, no one can succeed alone. Whether a small, medium or large business, irrespective of the geographic location, you need knowledgeable partners that can help to optimise operations from start to finish. Expertise from end-to-end, across product development, processing, packaging and digitalisation, is vital.

   End-to-end expertise integrates processing, packaging, automation and technical services. It means looking across an entire operation to identify opportunities to extract as much value as possible. The result is not just added convenience, it is also increased efficiency, quality and reliability.

   As an example, we identified a whitespace in the ambient drinking yoghurt category, and went on to explore different ways to understand the potential in this category. We looked at R&D capabilities, product development, packaging and processing technology to be able to offer our customers the best solutions to enter this category and to guarantee a high level of quality.

   This has resulted in a seamless end-to-end solution for ambient drinking yoghurt and we have now also created a capability for the inclusion of fruit and cereal particles. This addition is of significant value to consumers and increases the willingness to pay a higher price.

   We can all see how quickly change is happening, and that only dynamic businesses are the ones that will succeed. Our industry needs to look at the value chain holistically and adopt an efficient end-to-end approach in order to stay ahead.