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## ARLA FOODS SWOT & PESTLE ANALYSIS

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**Company Name :** Arla Foods

**Company Sector :** Food Processing, Dairy

**Operating Geography :** Denmark, United Kingdom, Europe, Global

**About the Company :** Arla Foods is a Scandinavian cooperative with its headquarters based in Viby, Denmark. Arla Foods was formed after the merging of two companies- Sweden's Arla and Denmark's MD Foods in the eve of the new century. Arla Foods' connections with the UK began at the end of the century when Lurpak butter was introduced to the UK market. The significant breakthrough in Arla Foods plc and Express dairies plc came when the two companies merged and formed Arla Foods UK plc. According to their business strategy, Good Growth 2020 is a corporate scheme aiming to add value in people's lives by establishing their position as a leading-global dairy company. Arla Foods is the fifth-largest dairy company in the world and owned by more than 12,500 dairy farmers. Arla amalgamates traditional expertise and prominent technologies to ensure its products remain closer to nature- from 'farm to fridge'. The company spearheads 95% and 65% of the dairy production markets in Denmark and Sweden yet these countries constitute only half of Arla Food's annual sales as of 2020.

Arla Foods' USP or unique selling proposition lies in being one of the world's leading suppliers of powdered milk products, adding 15% of sales, and a premium producer of butter, specifically under its 100-year-old Lurpak brand. Fresh milk products are the company's largest product component, generating sales up to more than 40%. Arla's mission statement reads, "To secure the highest value for our farmer's milk while creating opportunities for their growth." Arla's vision is "To create the future of dairy to bring health and inspiration to the world, naturally."

**Revenue :**

10.5 billion – FY ending 31st Dec 2019 (y-o-y growth ~0%)

10.4 billion - FY ending 31st Dec 2018

**SWOT Analysis :**

The SWOT Analysis for Arla Foods is given below:

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>1.Fastest growing FMCG brand in European markets</li> <li>2.B2B sales to other companies</li> <li>3.Delivering a sustainable business performance</li> </ul>	<ul style="list-style-type: none"> <li>1.Closure of Gefleortens dairy factory</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>1.Digitalizing through e-commerce platforms</li> <li>2.Growing dairy demand in developing markets</li> <li>3.Increasing flexitarian options</li> <li>4.Diversifying into plant-based alternatives</li> <li>5.Expansion in high potential MENA markets</li> </ul>	<ul style="list-style-type: none"> <li>1.Global climatic change deterioration would affect the milk production capacity</li> <li>2.Negative consequences of Brexit in UK market</li> </ul>

**PESTLE Analysis :**

The PESTLE Analysis for Arla Foods is given below:

<p style="text-align: center;"><b>Political</b></p> <ol style="list-style-type: none"> <li>1.Instability in European markets post-Brexit</li> <li>2.Increasing cost of business due to trade wars</li> </ol>	<p style="text-align: center;"><b>Economical</b></p> <ol style="list-style-type: none"> <li>1.Impact of fluctuations in foreign currency exchange rates</li> <li>2.Economic slowdown and declining dairy consumption</li> </ol>
<p style="text-align: center;"><b>Social</b></p> <ol style="list-style-type: none"> <li>1.Changing attitude towards high quality food production and consumption</li> <li>2.Increasing concern towards animal welfare and impacts of dairy in environment</li> <li>3.Transformation of consumer preference to plant-based alternatives</li> </ol>	<p style="text-align: center;"><b>Technological</b></p> <ol style="list-style-type: none"> <li>1.Adoption of new technology to increase farm productivity and efficiency</li> <li>2.Use of artificial intelligence (AI) to predict milk intake</li> </ol>
<p style="text-align: center;"><b>Legal</b></p> <ol style="list-style-type: none"> <li>1.Product quality and safety issues resulting in product recall</li> </ol>	<p style="text-align: center;"><b>Environmental</b></p> <ol style="list-style-type: none"> <li>1.Environmental factors impacting milk production</li> <li>2.Changing products labels to tackle food waste</li> <li>3.Focused to create positive impact on environment through sustainable business</li> <li>4.Helping farmer owners practice sustainability farming</li> </ol>

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