

VIEW FROM THE TOP



"Consumer trends continue to evolve. The marketplace has seen a positive shift regarding the acceptance of nutrition products. The boundaries have expanded beyond sports nutrition into a more dynamic lifestyle nutrition focus."

Doug Simon

President, Agropur US Operations

➤ Quebec-based Agropur has been operating since 1938. The cooperative, with around 3,161-member dairy farmers, has made over 140 mergers and acquisitions, and by 2018, its annual sales totaled CAD\$6.7 billion (US\$5.14 billion).

➤ Agropur entered new sectors of the dairy industry to its original product lines (cheese, butter and milk powder). Yogurt and fluid milk were added in 1971 and fine cheeses in 1978. Agropur also expanded its operations into Ontario in 1995, western Canada in 1998, the US in 2008 and Atlantic Canada in 2013.

➤ Agropur is the largest dairy-processing cooperative in North America and ranked among the Top 20 Global Dairy. In 2017, Agropur posted CAD\$6.4 billion in sales, a 7.7 percent year-over-year increase, and CAD\$444 million in earnings from operations. Agropur's earnings from operations are up 30.4 percent over the past 5 years.

What are the market opportunities and challenges that you see?

The dairy markets have been volatile, but we see the markets turning upwards with increasing demand for cheese and other dairy ingredients, both in the US and around the world. I have to point out that global trade and global economic conditions influence dairy markets, hence the volatility that we see. I expect that in the short term, these economic fluctuations will pose a challenge. There are opportunities and risks. But in the longer term, the demand for dairy will continue to grow, permitting very favorable markets for the US produced cheese and whey ingredients.

Can you mention some of the innovations in your pipeline and R&D investment platforms?

To stay ahead of the competition, we must continue to invest in our research and development efforts. Today's consumer seeks nutrition options that emphasize clean label, taste and convenience; CPG manufacturers continue to push for low-cost options. These are challenges that everyone in the industry needs to address using innovative solutions. As suppliers, we must understand the consumer trends and steer our innovation efforts to help our manufacturing partners

meet the end consumer needs. Agropur does this is by defining authentic science-based solutions. We use pre-clinical research studies to establish the efficacy of our ingredients and assist customers in making accurate claims. Additionally, we work with experts in nutrition and medical sciences to help promote scientific research on whey proteins. Furthermore, our research and development teams are dedicated to thoroughly understanding the biological and nutritional value of milk components and explore the process technologies to extract these value-added ingredients.

Regarding expansion plans, what are your thoughts both organic and through acquisition?

Our focus has been and will always be meeting the needs of our customers and being strategic in our investments towards complementary growth areas. Agropur is committed to continuing its expansion in the North American market. Our recent Lake Norden, SD expansion is an excellent result of this mindset, and it will have a positive impact on the growing dairy industry and dairy farmers in the region. Agropur has an ongoing expansion project in our Grand Rapids, Michigan beverage contract manufacturing facility with a focus on automation and efficiency. This customer-centric project will have an overall positive impact on the level of support we can provide.

Are there any consumer trends and business opportunities that you can identify?

Consumer trends continue to evolve. The marketplace has seen a positive shift regarding the acceptance of nutrition products. The boundaries have expanded beyond sports nutrition into a more active lifestyle nutrition focus. Due in part to this new found interest among the mainstream, we are seeing a trend towards consumers' need for transparency regarding sustainability, origin and curiosity surrounding clean-label, minimally-processed foods.

As a leader in the dairy industry, we are excited for the opportunity to address consumers' new appetite for knowledge about the food they eat. Collaboratively, the dairy industry is working together to more accurately portray and communicate on the sustainable nature of dairy

products such as manufacturing techniques that reduce carbon footprint. Additionally, we strive to continuously showcase what we truly believe, which is that milk has the amazing power to deliver; impeccable taste and nutrition, naturally. Regarding business opportunities, these lie in delivering nutrient-dense, clean, convenient, and delicious dairy products.

Which new ingredients are on the rise, and concerning that what are the opportunities for the company?

Consumers understand that dairy is nutritious, and dairy-derived ingredients are integral to a healthy lifestyle. As a dairy company, we are tuned-in to personalized dietary sensitivities, such as lactose intolerance. Consumers look for nutritious products that aid in preventative health measures. As an ingredient manufacturer, our first step in developing purified dairy-derived ingredients was delivering nutrition.

Now, we are challenged with developing solutions for the future, which requires focus on functionalities and health concerns. While lactose-free options are actively addressing a portion of the population, we are also researching ways to eliminate the allergen concerns too, especially for ingredients used in infant formulas and medical foods. We are at an advantage with our products coming from milk - nature's perfect source - we are challenged with bringing out the best from it.

What are some advances in traceability and sustainability?

At Agropur, we take operational excellence seriously and to make true, actualized progress, we have identified four focuses that we can continually measure and improve upon.

Agropur has technologies in place that allow for 99 percent of our organic by-products to be reutilized and bring value to food and nutritional products. Examples are whey protein and deproteinized whey.

Another area identified for waste management optimization is packaging. Our focus here is to maintain function and quality while reducing thickness, analyzing alternative eco-friendly materials and reducing volume. ▼



**WANT TO READ FURTHER?
SUBSCRIBE TODAY!**

THE WORLD OF
food ingredients

THE PRODUCT DEVELOPER'S NO. 1 CHOICE

- Cutting edge content.
- Free of PR puff.
- Powerful in food, beverages and nutrition.
- Best design, most charts and graphs.
- Supported in unique content from Innova Market Insights.

SUBSCRIBE NOW