



‘Collaboratively Building a Sustainable Future for the Dairy Industry’

Workshop 1 on the theme of sustainability

Host: Ulster University Business School

Date: Wednesday 30th June 2021

Time: 2.00 to 3.30pm BST

Venue: Zoom

Contact point: b.quinn@ulster.ac.uk

Overview

This was the first of a series of workshops organised by the DEX (Dairy Evolution NeXt)* which is a UK and Ireland dairy industry collaborative network managed by Ulster University, University College Cork, Exeter University and Dundalk Institute of Technology. DEX is funded by the Economic and Social Research Council (ESRC) and the Irish Research Council (IRC). The network aims to add value to the Dairy Industry in the UK and Ireland through bringing together multidisciplinary academic experts, industry and policy stakeholders to identify industry challenges and co-create priority research themes which will inform future initiatives and innovative solutions. Market challenges such as Brexit, Covid-19 and changing consumer needs, will require the dairy industry (including producers, processors, cooperatives and farmers) to rethink their business models and develop new sustainable solutions for uncertain business conditions.

The objectives of the workshop were to:

- Introduce the DEX project and outline how you can become involved in a diverse community of researchers and practitioners focused on fostering innovation, sustainability, value-addition and digitalisation within the dairy industry.

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- Provide expert talks from academics on how to understand the theory and practice of sustainable business models and how market intelligence can aid the development of sustainable business models in the dairy industry.
- Bring together a panel of dairy industry leaders and academics to discuss challenges facing the dairy industry and identify key actions needed to remain competitive and ensure long term growth.

The workshop was recorded, and is available at: <https://youtu.be/3gsqXUG7g-8>

Participants

There were 81 registrations for the event. Of these, the breakdown of organisational types included:

- 24 participants from higher education, within Northern Ireland, Republic of Ireland, UK and internationally (professors, lecturers and PhD researchers);
- 20 participants from industry bodies (such as Bord Bia, National Dairy Council, Dairy Council Northern Ireland, NI Grain Trade Association, and Climate NI);
- 20 participants from central government departments (InvestNI, DAERA/CAFRE, Teagasc, AFBI)
- 14 participants from the dairy industry, (including processors and farmers).
- 3 participants did not disclose their organisation.

Workshop format

Due to ongoing Covid 19 restrictions, the workshop took the form of a webinar held via Zoom. This consisted of two academic guest presentations and a panel discussion comprising of industry and academia. A biography of each speaker is given at the end of this report.

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Presentations

Presentation 1: This was delivered by Dr Kristel Miller, Senior Lecturer in Strategy, Ulster University Business School and was entitled: *'Understanding the Theory and Practice of Sustainable Business Models'*.

Presentation 1 synopsis: It is increasingly recognised that business success, growth and longevity cannot be sustainable if they are operating in an unsustainable economy. In its simplest form, a business model describes the rationale of how an organisation creates, delivers and captures value. In order to develop a sustainable business model, an organisation needs to consider value in terms of not only economic value but seek to embed environmental and social value throughout their business model. Whilst economic value is imperative to ensure business viability in the short and long term, this needs to be balanced with providing positive benefits for the environment, through for example efficient resource utilisation or changing processes to limit pollution. Furthermore, organisations can and should play a key role in providing social value where considerations are given to improve human well-being and growth of society through actions such as community development initiatives. Agenda 2030 and the advent of Covid-19 has raised awareness of the importance of organisations developing more sustainable business models where all actors play an important and collective role in helping the competitiveness of sectors and firms at the micro level, as well as then helping contribute to a more sustainable economy overall.

Presentation 2: This was delivered by Professor Geoff Simmons, Professor of Consumer Behaviour and Insight, Food and Drink Business Development Centre, Ulster University, and was entitled *'Market Intelligence for Creating Sustainable Business Models in Dairy'*.

Presentation 2 synopsis: There are a number of key consumer trends in food, including the growth of meat-free products, the demand for products linked to health and well-being and

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food consumption moving online. There are various sources of data available to dairy companies, for market intelligence purposes. Dunnhumby data has particular advantages as it indicates actual purchasing behaviour, repeat buying, and sales rates. Market intelligence assists dairy companies in their strategic and marketing planning activities, NPD, and supports category management and enables consumer segmentation and customer relationship management. Firms must have the capacity to interpret market intelligence data in order to support NPD. Market intelligence data helps to add experiential components to dairy products and can help to foster social connections with consumers.

Panel Discussion

The panel discussion was chaired by Dr Mike Johnston. CEO, Dairy Council for Northern Ireland. Three Panel Members were Donald Moore, Executive Director of Global Dairy Platform, Jay WaldVogel, Senior Executive of Dairy Farmers of America and Dr Lynsey Hollywood, Manager of the Food and Drink Business Development Centre, Ulster University Business School.

Key takeaway points of panel discussion

The dairy industry has significant impact globally, with 1 billion people relying on the industry for their livelihoods. It is the largest agricultural commodity group by value and the third largest by volume.

The dairy industry is facing a number of global market challenges, including Covid19, climate change, changing consumer demand, and changing legislative requirements. The industry is also facing great pressure from special interest groups on the issue of plant-based alternatives and a lack of acceptance of evidence and distrust of the scientific community. This is leading to increased pressure from an environmental perspective.

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The increasing compliance costs farmers are facing relating to sustainability is a major concern. There is no additional financial support available for farmers to cover these increased costs of monitoring and measurement. Farmers may be forced to pass on that cost through the price of products however, there are concerns across the farming community as to whether consumers will be willing to pay a premium price. The commodity nature of dairy is a factor in keeping prices low.

Within the industry there is a growing belief that adapting practices to embed sustainability should not be viewed as a marketing tool in order to achieve a competitive advantage but that sustainability considerations are important to ensure longevity of farming practices and therefore should be a basic requirement across the sector in the future.

It is important that there is a global commitment across the whole dairy supply chain to embed sustainability. A national or regional approach is also imperative, so that consumers see the impact at a more local level. The industry needs to have a coordinated and consistent approach to sustainability at the international, national, and company brand level.

There is a need to be equally aware of the various dimensions to sustainability. In relative terms there is a lot of attention given to the environmental impact of dairy but there is not enough attention given to the economic, societal and nutritional benefits.

There is an opportunity for the dairy industry to position itself for growth through taking a more proactive approach to sustainability. The industry needs to think more creatively about how value can be added to the product to meet the needs of a diverse consumer base rather than focusing on the added cost associated with embedding more sustainable practice. For example, there are consumers who will pay more for added value and are interested in the story behind products and knowing that products are not depleting resources in the



environment. More investment is needed in innovation throughout the dairy sector and adding value to what has traditionally been viewed as a commodity product. This is particularly important in light of increased competition from plant-based, vegan alternatives. For example, recent data for categories such as cheese indicates a decrease in manufacturer brands compared to an increase in food retailer own brands. There is a need to make consumers aware of how dairy processes are sustainable and educate consumers through front of pack labelling.

Universities have a role to play in helping the dairy sector leverage the value which can be obtained from introducing new sustainable practices and how these practices may help to reduce costs in the long term. Universities also play a key role in informing the industry on future trends and long-term developments which can aid their strategic planning. An example of one current effective university-industry collaboration is the Global Research Alliance on Agricultural Greenhouse Gases which consists of a group of academics across 54 countries supported by governments (Chaired by Sinead Watters, Teagasc).

Workshop Summary

The workshop identified a number of key challenges which the dairy industry is currently facing in relation to the costs of sustainability and increasing competition from plant-based alternatives. A consistent, multi-level approach is needed to promote sustainability. The industry has the opportunity to take a more proactive approach to sustainability, focused less on cost but more on value-add, based on solid market intelligence. Universities have an important role to play in helping identify the long-term developments that may impact the dairy industry.

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Further activities and ways to get involved with DEX

We welcome academics, policy makers and industry to join the DEX network in order to collaboratively engage in knowledge exchange on how we can improve the competitiveness of the dairy sector across the UK and Ireland. As part of the network we will be running a number of future workshops on prominent themes impacting the dairy sector and will engage in future collaborative research funding proposals in order to tackle key issues which can aid the competitiveness of the dairy sector. Also, if you wish to present on a topic of interest, please reach out to any of the DEX team. You can find details of the DEX team and how to become more involved in the network on the DEX LinkedIn group. We also will have a website live in a few weeks.

DEX website: www.DEXnetwork.co.uk (live by end of August 2021)

DEX LinkedIn: <https://www.linkedin.com/company/dex-network/> (register your interest in the network by joining here).

DEX contact points: Professor Barry Quinn, Ulster University (b.quinn@ulster.ac.uk), Dr Kristel Miller, Ulster University (k.miller@ulster.ac.uk), Professor Joe Brogue, University College Cork (J.Bogue@ucc.ie), Dr Lana Repar, University College Cork (lane.repar@ucc.ie), Dr Miying Yang, Exeter University (m.yang2@exeter.ac.uk) and Dr Jennifer Fegan, Dundalk Institute of Technology (jennifer.fegan@dkit.ie).

The next workshop will be organised by our partners at Dundalk Institute of Technology. It will take place in late September, and will discuss policy interventions and support for the dairy industry and particularly in light of the twin challenges of Brexit and Covid.

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Speaker Biographies



Dr Kristel Miller is a senior lecturer in strategy and innovation. Her research focuses on the areas of business models, innovation management, university-industry knowledge transfer, technology commercialization and competitiveness. Kristel's research is recognised as being of an internationally excellent standard. She is currently involved in a number of research projects on the agri-food industry including crisis management processes and innovation within agri-food

SMEs. She has presented her work at various international conferences and published in internationally recognised journals such as Journal of Business Research, Technovation, Production Planning and Control, Journal of Production Economics and Studies in Higher Education. Kristel is the co-editor of the Irish Journal of Management and is a member of Innovation Caucus (ESRC and Innovate UK). She is also on the organising team of the special interest group on business models within the European Academy of Management. Kristel also works directly with organisations to help them develop their innovation capabilities.



Professor Geoff Simmons is a Professor of Consumer Behaviour and Insight. Before joining Ulster University in 2020, Professor Simmons was a Professor of Management and Director of Research at Queen's Management School, Queen's University Belfast. His research is recognised as being of a world leading and internationally excellent standard. He is primarily interested in understanding digital technology innovation implications for business and society, with specialisms in SME

marketing strategy and the food industry. He has published sixty publications, in high profile outlets such as the Harvard Business Review and the Financial Times top 50 Journal, Research Policy. Geoff has won best paper awards at the British Academy of Management and Irish Academy of Management conferences. His research has attracted over £1 million pounds of external funding, involving work with Tesco, Danske Bank UK and Dunhumby UK.



Dr Mike Johnston is CEO of the Dairy Council Northern Ireland. Mike has extensive experience of the dairy industry and has been in his current role for over 30 years. He also currently holds the position of Northern Ireland Director for Dairy UK. He holds a masters and PhD in marketing from Ulster University. He is a Visiting Professor at Ulster University Business School. Mike holds several honorary positions, including Vice

Chairman of the Standing Committee on Marketing for the International Dairy Federation and a Board member of the European Milk Forum. In 2013 he was awarded an honorary Doctorate by Ulster University. And in 2016, he was awarded an MBE in New Year's Honours List in recognition of his services to the dairy industry.

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Donald Moore is the Executive Director of the Global Dairy Platform, based in Chicago. Global Dairy Platform is a not-for-profit industry association representing the global dairy sector. Its membership includes 100 leading cooperatives, companies, associations, scientific bodies, and other partners. It has operations in more than 150 countries and collectively produces more than one third of all the world's milk. Its work programme spans Nutritional Security, Sustainability, Dairy Development, Marketing/Communications and it engages on behalf of the dairy sector with the United Nations agenda. Donald also serves as Chairman of the Dairy Sustainability Framework and as a member of the UN Global Agenda for Sustainable Livestock Guiding Group. He is the past Chairman of the International Agri-Food Network and the Private Sector Mechanism to the United Nations Committee on World Food Security. Before joining GDP in



Jay Waldvogel is the Senior Vice President for Strategy and International Development at Dairy Farmers of America. Dairy Farmers of America is one of the world's largest milk marketing cooperatives. It is owned by more than 12,500 dairy farmer-members representing more than 7,500 dairy farms in 47 states. DFA markets members' raw milk and sells milk and dairy products, food components, and ingredients to wholesale buyers both domestically and internationally. Jay has more than 30 years of experience in the global dairy industry with leading dairy companies such as Campina in Europe and Fonterra Co-operative Group in New Zealand. He has held senior positions in finance, operations, marketing, strategy, mergers and acquisitions, sales and general management. Jay currently serves on a number of industry leadership groups and company boards.



Dr Lynsey Hollywood is the Manager of the Food & Drink Business Development Centre within the Ulster University Business School and the Course Director for the MSc Food Design and Innovation. In this role Lynsey works closely with local and international food businesses on research and innovation as well and on the development and delivery of a suite of teaching programmes to support the needs of the Food & Drinks industry. In 2009, Lynsey completed her PhD in food marketing investigating segmentation within the liquid milk market. Lynsey is currently the Principal Investigator on several Safefood funded projects addressing food safety and was also the Principal Investigator on the Food Standards Agency investigation into the healthfulness of food retail promotions in Northern Ireland. Lynsey has published the results of her research on these themes.