

5-Year Strategy Plan

Strategic Planning and Advisory Team:

AYUSH JOSHI (20443560)

STALLON PINTO (88077979)

TEJAS MITTAL (98470776)

YASHI PRAKASH (78826617)



Agenda



01. Current State Analysis

02. STEEEP Analysis

03. Competitive Analysis

04. Key Challenges

05. Strategic Impact Matrix

06. Recommendations

07. Implementation

08. KPIs

Current State Analysis

Company Overview

DairyCo is a **global dairy producer** with over 50 years of history, known for its leading cheddar, milk, cream, and cultured products. It operates in **over 50** countries, with more than 50% of its revenue derived from the U.S. market. Although DairyCo is a well established brand with an extensive customer base, it could benefit from **aligning** its values towards a more **ethical** model.

Industry Threats & Trends

New Threats from Substitutes: The dairy industry faces **increasing competition** from plant-based **alternatives** like almond, oat, and coconut milk, growing 4-6% annually. Innovations in **plant-based** cheese and yogurt are expanding their market share.

Health & Sustainability Trends: Consumers are **shifting** to non-dairy **alternatives** for perceived health benefits and lower environmental impact. Functional dairy trends, such as probiotics and low-sugar options, are also rising in popularity.



Product Portfolio

DairyCo's **portfolio** includes cheese (market leader in cheddar), butter, fluid milk, cream products, and other dairy ingredients. Although this is an extensive portfolio, there is a **lack** of products for health conscious customers.

Cheese and butter sales remain **strong**; however, fluid milk faces **significant challenges** due to declining consumer demand, as many people are switching to plant-based alternatives.

Holtman Capital's Report

Critique: DairyCo's strategy is **unsustainable** in a low-margin, low-growth industry.

Issues: Declining profitability, eroded brand power, rising costs, stagnant milk consumption (U.S., U.K., New Zealand).

Investor Concerns: The report questions DairyCo's ability to **maintain** dividends and sustain long-term growth, making investors cautious about **potential declines** in share value due to financial instability.

STEEEP Analysis (including company financials)

Social	Technological	Economical	Environmental	Ethical	Political
<ul style="list-style-type: none"> - Growth in plant-based alts. (esp. in Gen-Z) driven by ethical, environ, health reasons - Growth in healthy alts. (lactose free, organic, A2, nutrient enriched milk) - Decline in milk consumption (42% in recent decades) - Declining popularity of cereals - Social media trends: increasing appeal of plant based alternatives - Increased popularity of private label brands by cost conscious buyers - Convenience driven purchases (home delivery, D2C) 	<ul style="list-style-type: none"> - Lab grown dairy tech- disruptive potential with sustainable, animal-free dairy proteins - Reduction of reliance on labor through automation - Increasing D2C models disrupting existing retail - Product innovation with prebiotics, probiotics, fat-free, and vitamin functional ingredients - Tech-driven supply chain enhancement - Extended shelf-life and biodegradable packing - Production innovation e.g. protein extraction and fermentation - Social media, marketing tech – enhanced AI-driven insights 	<ul style="list-style-type: none"> - Inflation and rising commodity prices – incl. transport, packaging, raw material - US Labor inflation outpacing price adjustments; lower margins. - Labor shortage– 12+ months to resolve - High CAD-USD and overall currency volatility - Low-margin, stagnant industry. Drop in ROC from 8% to 3.5% (b/w '19 and '22)- signalling underperforming investments - Canada– strong post-COVID recovery; Brazil– high export potential; NZ, EU– inflation, weakened demand, unfavourable legislation - Emerging markets (e.g. India, Mexico) offer growth opportunities - 	<ul style="list-style-type: none"> - High GHG emission, water use, land degradation via dairy production - Shift to sustainable, plant based alts - Regulatory pressure on sustainability compliance - Climate change impact on supply stability (unpredictable weather patterns) - Pressure for water conservative and ethical farming - Opportunity for eco-friendly brand positioning. Carbon offsets and renewable energy investment can attract eco-conscious investors, consumers - Waste management and recycling initiatives - Opportunity to enhance efficiency, shelf life to improve margins, environmental performance 	<ul style="list-style-type: none"> - Consumers demand humane practices. Industrial farming poses reputational risks - CSR initiatives like community engagement enhance brand image - Growing demand for organic, hormone free, non-GMO products. Misleading can lead to harm in brand equity - Need for fair trade and ethical supply chain - Building partnerships with sustainable local producers creates social impact and brand equity - Nutritious, sustainable, transparent products builds trust with eco and health conscious buyers - Plant based and/or lab-made dairy products aligns with shift in ethical consumption - Important to address investor criticism via to rebuild trust 	<ul style="list-style-type: none"> - Vulnerable to trade policies, tariff in 50+ countries - Emerging markets (Brazil, India) offer growth prospects but regulatory hurdles - High dependence on farming subsidies to reduce costs - Evolving global legislation (incl. FDA, EFSA), w.r.t animal welfare, carbon emission, etc. - Russo-Ukrainian war – far-reaching effects on commodity prices, supply chain disruptions - Restrictive labor policies (e.g. immigration) in US reduces labor supply - Stricter labor laws squeeze margins - Plant-based farming incentives offer competitive pressure - Govt. relations and PPP aligns ops with sustainability and food security

Competitive Analysis

Plant-Based Growth: Alternatives like almond, oat, and soy milk continue to gain market share, especially in health-conscious and environmentally aware segments.

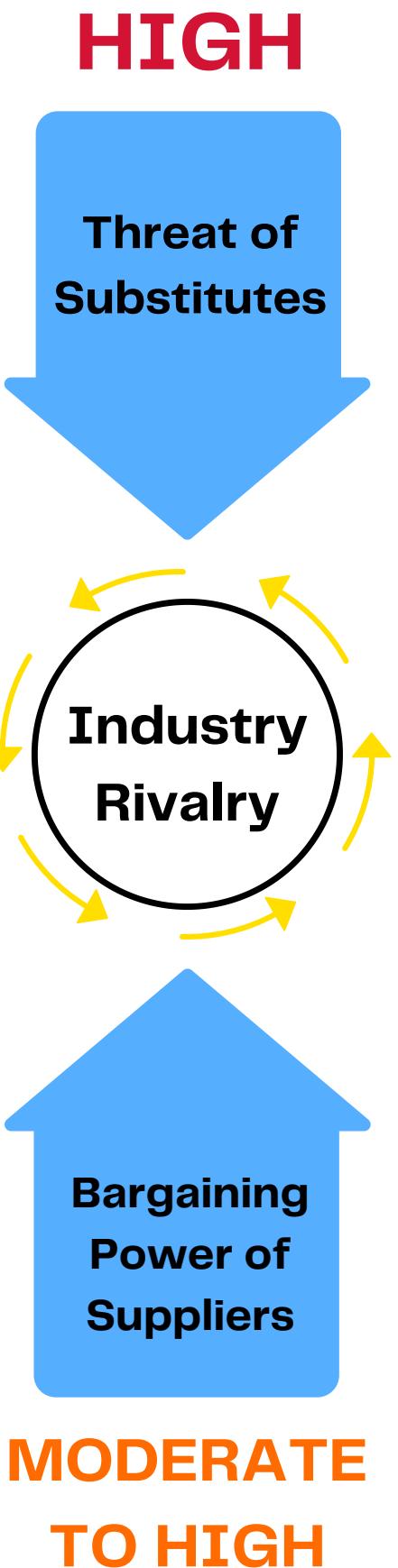
Lab-Based Milk: Emerging threat from lab-grown milk (e.g., Perfect Day), which offers dairy proteins without the environmental impact of traditional milk.

MODERATE

High Barriers: Significant capital investment required for production, distribution, and regulatory compliance (especially in traditional dairy).

Brand Loyalty: DairyCo's well-established brand presence globally creates a strong deterrent for new players.

Plant-Based Alternatives: Entry is easier for plant-based companies, but DairyCo's scale, distribution, and resources provide a protective moat.



Retailer Pressure: Large retail chains (Walmart, Kroger) demand lower prices and better terms, but DairyCo's scale and global presence help balance this.

Consumer Shifts: Increased demand for plant-based, organic, and functional dairy products gives buyers more choices, raising their bargaining power.

MODERATE

Supplier Concentration: Large dairy cooperatives (e.g., Dairy Farmers of America) control milk pricing and availability, making suppliers powerful.

Volatile Input Costs: Feed, fuel, and other commodities are prone to price fluctuations, increasing supplier leverage.

Regional Flexibility: DairyCo has more flexibility in emerging markets like India, where fragmented supply chains offer opportunities for negotiation.

Key Challenges

01 Engagement and Wellbeing on Campus

There is a lack of a centralized, engaging space on campus that promotes holistic wellness, combining physical, mental, and social well-being activities tailored to the diverse needs of the student population.

02 Brand Association

The absence of a strong brand presence in campus wellness initiatives leads to missed opportunities for continuous student engagement.

03 Demonstrating Value

Challenge in driving new customer engagement and showcasing the effectiveness of their performance wear in enhancing well-being, due to limited opportunities for product trials and experiential marketing on campus.

04 Brand Association

The absence of a strong brand presence in campus wellness initiatives leads to missed opportunities for continuous student engagement.

Strategic Impact Matrix

Summary of issues		Dependence on US Markets	Decline in Traditional Dairy Products	Shrinking Margins	Lack of Brand Identity
Recomm-endations	Diversify Supply Chain				
Product Diversification					
Strengthening B2B & Introducing D2C					
Brand Management					



= Most Impactful



= Least Impactful

Recommendation 1: Supply Chain Diversification

DairyCo faces **increasing operational challenges**, including rising production costs, supply chain inefficiencies, and market disruptions. To combat these issues, the company must implement a **supply chain diversification** strategy. By relocating production to **strategic low-cost regions**, DairyCo can achieve long-term cost efficiency, capitalize on favorable trade agreements, and access emerging markets, while simultaneously enhancing the resilience of its supply chain. This approach will streamline operations and drive profitability.

Impact

Cost Reduction: Moving production to lower-cost regions reduces labor and operational expenses, boosting profit margins.

2. **Market Diversification:** Expanding to new regions opens access to emerging markets, reducing reliance on the U.S.
3. **Supply Chain Resilience:** Diversifying production improves flexibility, reducing risks from disruptions and shortages.
4. **Operational Efficiency:** Producing closer to key markets lowers transportation costs and improves responsiveness.
5. **Trade Benefits:** Leveraging regional trade agreements reduces tariffs and enhances global competitiveness.



Mexico



Vietnam



Poland

Strategic Markets

Proximity to the U.S: Reduces transportation costs and lead times.

USMCA: Tariff-free trade with the U.S. and Canada.

Labor Costs: Competitive manufacturing labor rate at \$4.80 per hour.

ASEAN Trade Access: Expanding into fast-growing Southeast Asian markets.

Low Labor Costs: Ideal for labor-intensive production.

Strategic Location: Access to key Asian markets.

EU Market Access: Central hub for distribution across Europe.

Dairy Infrastructure: Well-established production capabilities.

Lower Costs: Competitive labor rates compared to Western Europe.

Recommendation 2: B2B and Digitization

- How can creative, diversified B2B collaborations drive innovation, and unlock new revenue opportunities beyond the traditional dairy market?

Strategic Partnerships



- Collab w/ meal kit providers to supply **pre-measured dairy ingredients**
- Collab with **RTE brands** and **cafes** to produce **proprietary A2/nutrition** enhanced dairy products

Address Supply Chain and Inflationary Challenges



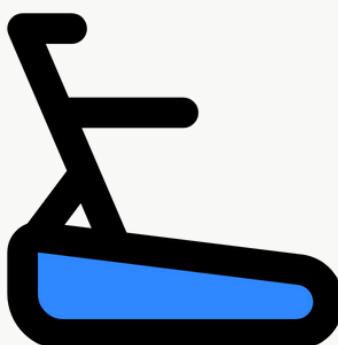
- **Direct, B2B supply agreements** (e.g. w/ hotels and airplane catering) to ensure constant revenue streams
- **Bulk contracts, long-term supply** agreements to hedge against price volatility

Reducing Labor Dependency via Co-Production



- **Co-manufacturing agreements** to bypass US labor challenges
- **Joint warehousing** with B2B partners to optimize inventory management

Innovative
B2B
Strategies



- Partner with gyms and fitness brands to develop high protein and post-workout recovery bundles



- Supply dairy ingredients to the cosmetic industry, e.g. for whey-based cosmetic products



- Dedicated B2B platform to offer personalized bulk order management, and recipes

Recommendation 3: Brand Management



Launch a “Drink Real Milk Campaign”

- Reinforces DairyCo as a high-quality dairy producer. Appeals to traditional dairy consumers while educating younger audiences on the nutritional differences between real milk and alternatives.



Promote Ethical and Health-Conscious Products

- Enhances DairyCo's image as an innovative, sustainable, and ethical brand that caters to health-conscious, diet-conscious, and ethically-driven consumers.



Strengthen Direct-to-Consumer (D2C) E-commerce Strategy

- Increases consumer engagement, improves margins by bypassing retail channels, and strengthens DairyCo's ability to market its innovative product lines directly to targeted audiences.



Sustainability-Focused Product Line and Branding

- Positions DairyCo as an innovator and leader in sustainable dairy production, which will not only retain environmentally-conscious consumers but also attract new ones.



Rebuild Trust Through Transparent Communication

- Strengthens consumer trust by showing accountability and commitment to improvement, helping to counteract any damage from reports like Holtman Capital's.

Recommendation 4: Product Diversification

Category	Products	Pros	Cons	Feasibility (1-5)
Nutrient-enriched Dairy	High-protein cheese, probiotic yogurt, A2 milk, Keto-friendly dairy products	<ul style="list-style-type: none">– Meets demand for health-focused products.– Functional benefits (gut health, lactose-free)	<ul style="list-style-type: none">– Higher R&D costs– Needs consumer education on benefits	
Lab-Based Dairy	Lab-grown milk and cheese	<ul style="list-style-type: none">– Sustainable and ethical.– Aligns with future trends and early mover advantage.	<ul style="list-style-type: none">– High upfront costs– Speculative market with evolving demand	
Premium Organic	Organic creams, butter, and cheeses	<ul style="list-style-type: none">– Captures premium, eco-conscious market.– High-margin products.	<ul style="list-style-type: none">– Higher production and sourcing costs– Supply chain complexity	
Lactose-Free & Functional Milk	Lactose-free, fortified, or A2 milk	<ul style="list-style-type: none">– Strong demand for lactose-free alternatives.– Addresses health concerns.	<ul style="list-style-type: none">– Niche market compared to traditional milk– Moderate R&D cost	

Implementation (rec. 1, 2)

Diversification:

Lab-Based Milk (High Risk, High Reward)

- 1 **Acquisition:** Acquire a lab-based milk company to accelerate R&D and leverage their technology.
- 2 **Pilot Production:** Begin small-scale production to refine the product and optimize costs.
- 3 **Consumer Testing:** Conduct market trials in select niche markets.
- 4 **Branding:** Develop a strong sustainability-focused brand identity.
- 5 **Scale & Expand:** Ramp up production and expand distribution to mainstream retailers.
- 6 **Global Market Entry:** Target international markets with demand for sustainable products.

Nutrient-Enriched Dairy (Low Risk, High Reward)

- 1 **R&D:** Develop high-protein, probiotic-enriched products like cheese and yogurt.
- 2 **Pilot Launch:** Test products in health-focused retail channels.
- 3 **Marketing:** Promote health benefits (e.g., gut health, high protein) through targeted campaigns.
- 4 **Product Expansion:** Introduce new variants, such as lactose-free, low-fat options.
- 5 **Mass Production:** Scale production and increase distribution to mainstream markets.

Implementation (recs. 3, 4)

Brand Management:

1 Launch a “Drink Real Milk Campaign”

Develop a powerful marketing & social media campaign positioning DairyCo's milk as the authentic choice over plant-based alternatives. Emphasize the message, “Oat milk and soy milk are not real milk—they are oat-based beverages. Drink real milk.” Highlight the nutritional superiority of real milk, noting that plant-based beverages do not provide the same benefits. Leverage FDA Commissioner Scott Gottlieb’s statement, “An almond doesn’t lactate”, to clarify that plant-based alternatives are not equivalent to real milk.

2 Promote Ethical and Health-Conscious Products

Develop and expand DairyCo's lab-based, organic, and plant-based product lines, focusing on nutrient-enriched options that align with modern consumer values (health and ethics).

3 Strengthen Direct-to-Consumer (D2C) E-commerce Strategy

Develop and expand DairyCo's lab-based, organic, and plant-based product lines, focusing on nutrient-enriched options that align with modern consumer values (health and ethics).

4 Sustainability-Focused Product Line and Branding

Rebrand DairyCo's product lineup to focus on sustainability by launching lab-based, organic, and nutrient-enriched dairy products. This will align with rising consumer demand for eco-friendly and ethically sourced foods.

5 Rebuild Trust Through Transparent Communication

Address any negative press or brand damage head-on with transparency about DairyCo's business practices, especially regarding sustainability and labor issues.

B2B and digitization

1 Identify Key Partners

Target meal kits, foodservice chains, fitness brands, and cosmetic/pet industries for collaborations.

3 Establish Strategic Agreements

Develop long-term supply contracts to ensure revenue stability and hedge against inflation.

5 Leverage Regional Co-Manufacturing

Partner with regional producers to optimize labor costs and scale efficiently.

7 Launch a Dedicated B2B Platform

Provide partners with personalized order management, bulk discounts, and data-driven recommendations.

Monitor & Optimize Performance

Use AI-driven analytics to track demand, adjust inventory, and improve partner retention.

Implementation Timeline

Implementation Plan	July	Aug	Sep	Oct	Nov	Dec	Jan
Phase 1: Planning and Setup Activities: Appoint Campus Ambassadors, hire core team members, secure partnerships, finalize schedules for activities							
Phase 2: Launch and Initial Activities Activities: Launch the club with a huge opening event. Follow up with- Mindful Mondays, Wellness Workshops Wednesdays, etc							
Phase 3: Expansion and Engagement Activities: Introduce lululocal Adventures & Sustainability projects. Organise Mind-Body Wellness Retreat							
Phase 4: Pinnacle Event Preparation Activities: Begin planning for lululift Your Spirit on Campus- logistics, marketing, community involvement							
Phase 5: Pinnacle Event Execution Activities: Host event, engage students. Post-event evaluations, feedback, review KPIs							

*Have a Launch Event on World Health Day

*Host the Pinnacle Event twice a year- December & February

Key Performance Indicators

Engagement Rate

Metric: Percentage of members actively participating in events and using the club wellness room

Membership Growth

Metric: Number of lululemon club membership sign ups

Merchandise Sales

Metric: Track any increase in lululemon merchandise sales attributed to club exposure and discounts offered at events

Social Media and Community Engagement

Metric: Engagement with the #lululifyourspirits hashtag and related content

THANK YOU!