



# Yellow Cheese

Case

## **Arla Foods (C):** Uncovering Organic Growth Opportunities for the Yellow Cheese Business

Laurent Ponty, Senior Marketing Director, had just returned from a meeting with Jais Valeur, Group Executive Director. The time was 06:58 A.M. Starting early was natural as he always had a busy schedule. Laurent and Jais had been going through last year's financials and recalled that Arla had been facing declining market shares on the Nordic yellow cheese markets<sup>1</sup>. Besides the declining market share, competition from private labels had increased, and was becoming an increasing threat towards Arla's branded products.

Laurent concluded that the increasing demand for private label products could either be due to competitors lowering prices or because products on the market appeared very similar to consumers. Moreover, tough competition from private label products had, besides stealing market share from Arla, pushed margins further down.

Laurent's many years in the yellow cheese business had taught him that the yellow cheese market is complex. In fact, customer preferences are very different across segments in the market. Currently, Arla's yellow cheese business has 1,723 different products, within 27 different brands on 29 different markets.

Emptying his first cup of coffee while observing the first people arriving to the headquarters, Laurent was reminded of the 2015 strategy. It said: *"We want to create the best dairy company for 250+ million consumers in Northern Europe/UK. We want to pay the highest possible milk price and achieve a turnover of 75 billion DKK"*. He wanted to make sure that growth in the yellow cheese segment contributed to reaching this goal.

After considering the challenges on the yellow cheese market, Laurent recalled Jais' last words: *"We need to strengthen our branded yellow cheese business on the Nordic market. The yellow cheese market is a very profitable area for us, and it is important to find a solution of how to bring back growth into the segment by 2015"*.

Laurent was determined to bring back growth to Arla's yellow cheese business within 3 years. However, due to time pressure you were asked to look into the issues to come up with a solution. Laurent briefed you on a conference call and afterwards you received the following confidential mail:

<sup>1</sup> The Nordic market is defined as Denmark, Sweden, and Finland. Norway is not included due to import quotas.



To: you@arlafoods.com  
Cc: ma@aarhuscasecompetition.com; md@aarhuscasecompetition.com  
Bcc:  
Subject: Bringing back growth to the Nordic yellow cheese market  
Time: 08:15 A.M. 18<sup>th</sup> of April 2012



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Hello

As you have proved yourself through previous assignments, I would like you to come up with a solution, on how to bring back growth into Arla's Nordic yellow cheese business. It is important for us to turn around the declining market share on the Nordic markets, as the yellow cheese business is very profitable for us. Just to be clear, what we call yellow cheese is typically hard cheese in block or slices used for breakfast, sandwiches or cooking. (For example Klovborg, Hushållsost, Oltermani)

You could consider looking into markets, segments, channels, products, R&D and so on - but that is by no way an exhaustive list. Be creative!

I have arranged an interview between the task force and myself or Tina Nykjær, Senior Global Brand Manager, which can take place from 12 P.M. to 3 P.M. Please let me know when and whom you would prefer to meet, by responding to [ma@aarhuscasecompetition.com](mailto:ma@aarhuscasecompetition.com) promptly.

I expect you to hand in your findings no later than tomorrow the 19<sup>th</sup> of April at 08:15 A.M. I will arrange a meeting between your task force and the board afterwards where you should present your proposal.

The solution should be presented in PowerPoint. Your presentation should last no more than 10 minutes, which will be followed by a 15 minutes Q&A session.

I enclosed some files to get you started, but you might need to find data on your own as well.

Best Regards,

Laurent Ponty

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Attached files:

- Yellow cheese presentation
- Euromonitor reports of Finland, Denmark and Sweden
- Brand perception & attributes for Sweden, Denmark and Finland
- Volume and price on products and brands for Sweden, Denmark and Finland
- Market article "The European Cheese Market - The game is changing" by Rabobank Equity Research

# Time table: Yellow Cheese Case

# Deadline	Description	Must Include	Media
1 11:30 A.M. Wed	<ul style="list-style-type: none"> <li>The task force must announce the person they want to interview. Time slots are distributed based on first come, first served.</li> </ul>	<ul style="list-style-type: none"> <li>Requested interviewee'</li> <li>Requested time</li> </ul>	E-mail to ma@aarhuscasecompetition.com
2 08:15 A.M. Wed	<ul style="list-style-type: none"> <li>Hand in your solution on how Arla should turn around the stagnating growth on the Nordic yellow cheese market.</li> </ul>	<ul style="list-style-type: none"> <li>Presentation of the solution (no slide limit)</li> </ul>	PowerPoint (no slide limit)
3 12:00 P.M. Thu	<ul style="list-style-type: none"> <li>Preliminary Round</li> </ul>		Oral
4 04:00 P.M. Thu	<ul style="list-style-type: none"> <li>The Finals</li> </ul>		Oral

## Judging Criteria: Four equally weighted factors

25%	25%	25%	25%
Presentation	Problem analysis	Solution	Questions from jury
<ul style="list-style-type: none"> <li>Slide layout and visual presentation</li> </ul>	<ul style="list-style-type: none"> <li>Identifying the underlying problems</li> </ul>	<ul style="list-style-type: none"> <li>Is the problem statement answered</li> </ul>	<ul style="list-style-type: none"> <li>Quality of answers</li> </ul>
<ul style="list-style-type: none"> <li>Body language</li> </ul>	<ul style="list-style-type: none"> <li>Extracting relevant information</li> </ul>	<ul style="list-style-type: none"> <li>Feasibility and implementation</li> </ul>	<ul style="list-style-type: none"> <li>Personal confidence</li> </ul>
<ul style="list-style-type: none"> <li>Member participation</li> </ul>	<ul style="list-style-type: none"> <li>Usage of pyramid principle</li> </ul>	<ul style="list-style-type: none"> <li>Creativity</li> </ul>	<ul style="list-style-type: none"> <li>Precise and clear answers</li> </ul>
<ul style="list-style-type: none"> <li>Time management</li> </ul>	<ul style="list-style-type: none"> <li>Identifying future perspective</li> </ul>	<ul style="list-style-type: none"> <li>Reflection upon risk</li> </ul>	<ul style="list-style-type: none"> <li>Participation of team members</li> </ul>