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Reviving Danone in the Plant-Based Milk Sector: Strategic Alternatives for Pea Milk

"Not everything is good in the garden. Can we talk about plant-based dairy? ... I'm thinking particularly Silk in the U.S. has been a problem for a while."¹

Warren Ackerman, Barclays analyst
2024 Barclays Global Consumer Staples Conference

In January 2024, after four years at Danone, Ivan Reedⁱ received a big promotion to senior director of commercial strategy across all sales verticals for Danone's plant-based food and beverage portfolio. However, this promotion came at a difficult time for the sector. After growing at a CAGR of 14.5% between 2019 and 2022, plant-based dairy sales declined by 0.5% between 2022 and 2023.² In 2023, plant-based was considered an underperforming unit for Danone, and while by late 2024 Danone was having some success in turning around its European plant-based brand Alpro, the North American brand Silk remained a laggard.^{3,4} Faced with weakening demand for plant-based milk, Danone discontinued two of its newest product lines, Silk Nextmilk and So Delicious Wondermilk, which had been designed to win over dairy milk drinkers by replicating milk's taste and molecular composition in a way plant-based milks had not done before.⁵

When Reed first came to Danone, he thought he was becoming part of a trend that was a fundamental shift in consumer preferences toward sustainability. But by 2024, as Danone focused on a strategy of portfolio management that involved divesting underperforming businesses like Horizon Organic and Wallaby Organic, Reed needed to persuade upper management to not give up on Silk and other plant-based milk by showing that the sales decline of his product lines could be reversed.⁶ At the same time, Silk faced an increasingly concerning threat from Ripple, a fast-growing pea-based milk brand that claimed to offer comparable protein levels to dairy milk while being significantly better for the environment than Silk.⁷ With

ⁱ Ivan Reed is a fictional character.

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