

Strategic alliance set to accelerate Arla's growth in ANZ performance nutrition market

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Arla Foods Ingredients is aiming to enhance its presence in the rapidly evolving performance nutrition market of Australia, New Zealand, and the Pacific Islands by partnering with Alchemy Agencies, a leading distributor of food and beverage ingredients in the region. This collaboration combines Arla's exceptional portfolio of whey and dairy-based nutrition solutions with Alchemy's local market expertise, strong distribution network, and established industry relationships.

In an exclusive interview with NUFFOODS Spectrum, Alexander Leufgen, Head of Asia-Pacific at Arla Foods Ingredients, shares his insights on the company's growth ambitions in the region, the changing demands of consumers in sports nutrition, and how Alchemy Agencies is well-positioned to deliver value in one of the world's most health-conscious markets.

What key strategic factors led Arla Foods Ingredients to select Alchemy Agencies as its distribution partner for Australia, New Zealand, and the Pacific Islands?

Having the right distribution partner is essential to Arla Foods Ingredients's ambitions to expand our performance nutrition sales in Australia, New Zealand and the Pacific Islands. Alchemy Agencies is a leading regional distributor of food and beverage ingredients, including in the growing performance nutrition sector, with a long and successful track record. With multiple approved third-party logistics warehousing across Australia and New Zealand and supply chain management tailored to our needs, it's an excellent fit for us.

Considering that the ANZ region has a high per capita spend on sports nutrition, how do you anticipate this partnership will address the changing consumer demands in this market?

Sports nutrition has moved beyond the niche of elite athletes and bodybuilders and is now firmly in the mainstream. This broader consumer base not only seeks functional benefits but also convenient and great-tasting solutions. Our premium ingredients enable manufacturers to create delicious, easy-to-use products – including bars, shakes and ready-to-drink beverages – with the scientifically validated benefits for performance and overall health these consumers demand.

Of the five Arla brands included in this agreement, which product or products do you expect to see the most significant demand in the ANZ market, and what are the reasons behind this expectation?

The new deal covers five key brands in Arla Foods Ingredients' range of premium performance nutrition ingredients: Lacprodan®, Capolac®, MicelPure®, Nutrilac® PB-8420 and Nutrilac® MFGM. These all offer innovative, sustainable solutions for consumers looking for high-quality whey- and dairy-based performance nutrition to enhance their health and wellbeing.

How does this new partnership support Arla Foods Ingredients' wider objectives in Southeast Asia and Oceania? Are there any upcoming innovations or product expansions you might be able to share?

Arla Foods Ingredients' collaboration with Alchemy Agencies will play a key role in our broader objectives for expanding sales across Asia-Pacific. This is a region with significant market opportunities for us. Research suggests that increasing prosperity in the region is driving demand for food and beverage products delivering high-quality protein, which is not currently being fully met.^[1] Our premium whey and dairy ingredients offer an ideal solution, especially in segments like performance nutrition.

We are already well established in China, where our long-standing and highly successful distribution partnership with Brenntag Group company Zhongbai has enabled us to grow our market share significantly. Building on this, in 2023 we signed an extended agreement with Zhongbai to cover three key whey segments in China with high growth potential, including performance nutrition.

This May, we expanded our distribution partnership with the Brenntag Group into Vietnam, Thailand and Indonesia – Southeast Asia's three largest food and nutrition markets. This will enable us to meet demand for high-quality, innovative products in a wide range of categories, including sports nutrition, health foods, infant nutrition, dairy and bakery.

What specific value does Alchemy Agencies bring to this collaboration in terms of technical expertise, market reach, and relationships within the performance nutrition sector?

Alchemy Agencies brings deep local expertise, dedicated business managers in each market, and a stellar reputation for gaining sales and creating brand value. It also shares our values in working with the best products and partners and supporting innovation to improve the consumer experience. Another key point of difference with Alchemy is that its constitution ensures it is owned by shareholders who are actively involved in the business. This enables the development of strong relationships, which is vital for supporting our long-term growth goals.

^[1] US Dairy Export Council, "USDEC sparks innovation opportunities in SE Asia with U.S dairy proteins", 18th January, 2024

Shraddha Warde

shraddha.warde@mmactiv.com