

A report presenting best practise
"Business innovation through smart
specialisation"

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Skålldals Lilla Ekomejeri – the advantages of diversifying your business

In recent years, there has been considerable variation in the price of milk for Sweden's dairy farmers. Many dairy farmers have chosen to shut down their farms and milk production. Some of them, on the contrary, have invested in building up a completely new business case and increased their profitability. By refining parts of their milk and setting up a new business model they have found a successful way forward. A good example is Skålldals Lilla Ekomejeri. By diversifying their business, they have reduced their vulnerability and increased their profitability.

A simple idea that grew into a strong concept

By pasteurizing their own milk directly on the farm, new opportunities have opened for the small-scaled dairy. There is a growing demand for locally produced dairy products. As the globally owned dairy industries are growing even bigger, the consumer asks for products with identity, and wants to know the origin of the product. And due to this expressed new demand "farm milk" found its way to the regional market. At first, you found the products in the local retail store and at the farmhouse shops. Soon you found "farm milk" in retail stores, specialty shops and cafés in the immediate area and in the city center.

After a while Skålldals Lilla Ekomejeri expanded the product range offering other dairy products such as yogurt, sour milk, fresh cheese and meat from the farm. By adding value to the milk and offering more products, it has also opened up for collaboration with other small-scaled producers making for example ice cream, pastries and bread. The challenge is to achieve sufficient profit in a low margin product segment. In their agreement with receiving duty towards Arla Foods they have the possibility to keep a certain volume for themselves. This gives them trading space to test new business models that provides higher profit. It also gives the benefit of direct contacts with customers and creative product development.



Do you want to learn more?

Please contact:
Cecilia Faktus,
Lokalproducerat i Väst,
E-mail: cecilia@lpiv.se