

## **MSU Product Center**

*For Agriculture and Natural Resources*

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### **Dairy - Cultured – Few opportunities**

#### **Market drivers that provide few opportunities**

- The only demand driver for cultured dairy products that have **few** that appeal to **value**.

#### **Specific opportunities**

- The firms that dominate the yogurt market are large and have excellent distribution systems. They also possess the financial resources to advertise and market their products.
- The Federal Milk Marketing Order system makes competing on price difficult.
- There may be some potential in the area of yogurt drinks. This market is still developing and there may be ways to compete on price in this area of the cultured dairy industry. However, the market is maturing rapidly.

#### **New product examples**

- From 1999 through 2003, there were 653 product introductions in the yogurt industry, and there has been an upward trend in new introductions. The most popular product positioning claims were low/no/reduced fat, organic, all natural, and low/no/reduced calories. Health claims are more important than appealing to value
- Wal-Mart Great Value – Nonfat Yogurt Smoothie, retails in 11 fl.oz. containers and is available in Mixed Berry and Peach flavors.
- Aldi Fit&Active – Strawberry Cheesecake nonfat yogurt, contains 40 percent fewer calories than regular yogurt and contains vitamins A and D.
- Target Archer Farms – Cherry Vanilla nonfat yogurt, sweetened with sucralose.

#### **Special issues**

- Entry into the market may be difficult. In 2003, Dannon and Yoplait accounted for 64 percent of all retail sales. Joint ventures may be necessary, especially with firms that offer private label products.
- Federal Milk Marketing Orders make price competition difficult.
- Finding shelf space in supermarkets may be difficult; however, there may be opportunities in offering private label products to retailers.

#### **Key to success**

- Consider whether or not it would be possible to combine value with other attributes such as wellness and indulgence. Consider partnerships with established firms.

#### **Sources**

Mintel. Smoothies.

\_\_\_\_\_. Yogurt.

\_\_\_\_\_. Yogurt Drinks.

\_\_\_\_\_. Global New Products Database.