

## MSU Product Center

*For Agriculture and Natural Resources*

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### **Dairy - Cultured – Many opportunities**

#### **Market drivers that provide many opportunities**

- Cultured products that appeal to the demand drivers of **convenience**, **ethnicity**, **indulgence** and **wellness** have **many** opportunities for new product introductions.

#### **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. This creates a barrier to new market entrants.
- Yogurt drinks are a growing market, and are particularly appealing to the demand drivers of convenience and wellness.
- Sucralose yogurt products could appeal to health conscious consumers.
- New flavors could be used to appeal to ethnicity and indulgence.

#### **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.
- Aldi Fit & Active nonfat yogurt, available in vanilla and plain flavors.
- Yoplait Whips chocolate mousse style yogurt available in chocolate cherry, chocolate raspberry, and chocolate. The product is Kosher.
- Brown Cow lowfat yogurt smoothie available in strawberry flavored.
- Yoplait Go-Gurt, frozen yogurt product.

#### **Special issue**

- 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 multiple product attributes into one product. Pay attention to the competition. Consider an alliance with an established firm.

#### **Sources**

Mintel. Smoothies.

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

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

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