

## MSU Product Center

*For Agriculture and Natural Resources*

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### **Fruit-containing yogurt products - Few opportunities**

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

- **Ethnicity** will provide few opportunities to raise sales from products in this product line.

#### **Specific opportunities**

- Gains from sales to different ethnic groups appear to be limited. Suppliers who focus on ethnic flavors and varieties will have some opportunities to raise sales.
- Supermarkets will continue to be the dominant retail outlets for fruit-containing products.
- Mass merchandise retail stores will provide selective opportunities by increasing sales of multi-pack products that are sold at low price.
- Convenience stores are the other retail outlets that can provide selective opportunities to expand sales from fruit-containing yogurts. These stores usually carry food items that are convenient for the consumer. Manufacturers of fruit-containing yogurt foods/drinks can expand sales of single-serve products aimed at young customers. Currently, the market share of these products in convenience stores is very small. In the future, sales growth through this market channel will depend on the availability of refrigerated shelf space.
- Other retail outlets such as specialty food retail stores, drug stores, gas stations, and coffee shops, may also be attractive channels for these products. There may also be a potential to use vending machines to expand sales, mainly at schools.

#### **New product examples**

- Yoplait USA - Lowfat Yogurt Value Pack in strawberry banana bash and raspberry rainbow flavors for children, 4 oz. carton package.
- Aldi - Lowfat Yogurt Mousse, raspberry and orange-creme flavors.
- Dannon – Dannon Frusion real fruit and yogurt smoothie, wild berry, banana-berry and strawberry-kiwi, 4-ct. pack of personal-sized bottles.

#### **Special issues**

- The product line will have high competition with other functional drinks including the newly emerging healthy breakfast beverages.
- With the introduction of a wide variety of new products through the supermarket channels, one challenge manufacturers will face from using this channel is the availability of refrigerated shelf space. There are many products other than yogurt (e.g., milk, beer, carbonated drinks, fruit juices, etc.) that are competing for refrigerated space. This may limit sales growth through this channel.
- Mass merchandise retail stores will also provide some opportunities by increasing sales of multi-pack products that are sold at low price. But, again, their limited space may not allow them to carry a wide variety of fruit-containing yogurt drinks. Instead they will be focusing on leading brands and selected private label products.
- There are many brands and private label products in the fruit-containing yogurt food sub-category. But fruit-containing yogurt drinks are relatively new in the U.S. market. So, given the present consumption trend, individual manufacturers appear to have broad opportunities of developing private label products in this category.

#### **Key to success**

- Because of the product's high health benefits (both from dairy products and fruits), and high consumer demand for variety, flavor and convenience, fruit containing dairy product suppliers have many opportunities to raise sales from products that are appealing to the health-conscious and convenience oriented consumer.

#### **Sources**

Mintel, Global New Product Database. <http://www.gnpd.com>.

\_\_\_\_\_, Yogurt drinks, US, March 2004.