

Marketing Scenario

Food Science Career Development Event – 2009

Memorandum

TO: Product Development Group
FROM: Market Research & Opportunity Group
SUBJECT: Meeting Market Needs for a Yogurt Parfait

TASK: Using the materials, ingredients, pricing, and nutritional information provided, design a yogurt parfait appropriate for sale in three metropolitan airports.

In the past two decades, the dairy industry has seen a dramatic rise in the consumption of yogurt and yogurt products. It is estimated that per capita consumption of yogurt in the U.S. has risen from nearly 2.5 pounds to 7.4 pounds over the last 20 years. In fact many items, from cereals to snack foods to beauty products, now promote the inclusion of yogurt in a product's formulation. In August 2009 it was reported that the yogurt market now accounts for \$3.8 billion in sales in the U.S.

While the increase in yogurt consumption in the U.S. is encouraging, there is still a large opportunity area in the yogurt category. This is supported by the fact that consumers in some countries eat nearly 20 times the amount Americans eat. Time magazine reported that in 2005, three out of four U.S. households spooned, drank, and squeezed an average of 5 pounds of yogurt per year as compared to an average of 40 pounds per person eaten by French consumers. We believe there is still growth and profits that can be realized within the yogurt market.

Researchers have said that the significant growth in the American yogurt industry has been fueled in part by new products such as drinkable, squeezeable, and multi-component yogurt products such as yogurt parfaits. (The word parfait is a relatively general term used to describe any number of types of layered foods.) The "3-A-Day" dairy initiative has no doubt provided additional benefits to the yogurt market. Many variations on spoonable yogurt have turned what was once seen by many as a colorless health food into an everyday indulgence. Items such as low-fat yogurt parfaits have become a staple within the yogurt market.

Low-fat yogurt contains many health benefits. Yogurt is high in calcium and is a good source of protein. Yogurt that contains live active cultures may help fortify the immune system and those with prebiotics and probiotics aid in normal digestive functioning. Non-fat and low-fat dairy foods contain several nutrients in which Americans generally fall short. By combining low-

fat yogurt with items, a parfait product is able to offer all of the health benefits of low-fat yogurt combined with other possible benefits such as anti-oxidants from fruit or whole grains from granola. Adding other items can also add an additional sense of sweetness to the parfait.

In addition to being healthy, yogurt products offer other benefits as well. A yogurt parfait, such as we are asking you to create, is convenient, can be reasonably priced, and is suitable for consumption as a snack at all times of day. According to the NPD Group, a firm that tracks America's eating habits, yogurt consumption grew by 60% as a snack and lunch-time meal from 1995 to 2002. Harry Balzer, Vice President of the NPD Group, says that one of the appeals of yogurt is its convenience. According to Balzer, pizza, the "food of the day" in the mid-80s, has now been replaced with yogurt. Balzer went on to say that "yogurt is a product that has a position throughout the day...I don't think there is another food that can make that claim." Furthermore, sales of products such as yogurt parfaits do not vary significantly as a result of the season of year. Yogurt no longer has to carry the status of a "diet food." Instead, it can be marketed for its significant health benefits as well as its convenience and portability.

We still perceive yogurt as an emerging market in the U.S. and believe that we can profit by including yogurt-based products in our inventory. When done correctly, a layered product containing yogurt and other ingredients such as, but not limited to, fruit, granola, and flavorings, are a winning combination. Currently, it is estimated that 70% of yogurt consumers are women. As a wholesale manufacturing company, we believe it is important to explore new consumer segments as well as marketing towards women. In looking at the best place to target a yogurt product produced by our company, we believe the convenience kiosks in the three local metropolitan airports (Washington Reagan, Baltimore Washington International [BWI], and Dulles) offer the best opportunity for profit. By positioning our products in these airports, we are targeting business travelers who come through these airports at all times of day by providing a healthy snack option.

The results of some preliminary consumer panels suggest that flavor is the top desired attribute in a yogurt parfait, followed closely by convenience, portion control, and health. You must be able to make a minimum profit of 40% and include at least 20-25% mark-up to account for production, marketing, and distributions costs. The marketing department has set a price ceiling of \$4.00 for the finished product. This item will be a single serving offering with a targeted serving size of 8-12 ounces and a maximum total calories of 350.

Your challenge will be to: (1) develop a yogurt parfait using ingredients provided in the ingredient list, (2) select and package the product using one of the packaging options, (3) identify the price point for selling the item (4) generate a “Nutrition Facts” label for the formulated product, (5) assemble an ingredient list based on the formulation, and (6) create a principle display area of the package containing all relevant and required information. We recognize that the nutritional label will have to be developed by the graphics design department. So, for your initial presentation of the product you develop, you may prepare a separate nutrition label on a larger piece of poster board instead of attaching it directly to the product. However, be sure to bring your larger label to your presentation. Your principal display area should still be affixed to whichever packaging option you select.

Good Luck!!