

YOPLAIT YOGURT:

THE CONSUMER RESPONSE TO ITS SWEETENER STRATEGY

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EXECUTIVE SUMMARY

Yogurt is a popular food, having healthful properties that appeal to three out of four consumers (Mintel Brand study). Today it comes in many flavors and varieties.

In early 2009, in an effort to gain broader appeal, Yoplait, the leading U.S. yogurt brand, replaced high fructose corn syrup (HFCS) with sucrose in most of its formulations. Yoplait made this change in response to a belief that consumers demanded it and that this change would help the company gain market share.

This case study explores the impact that changing sweeteners had on the sales of Yoplait's products. After examining the popularity of Greek yogurt, general growth in the yogurt category, sales performance, pricing and the type of sweetener used, we found the following:

- The yogurt category is definitely experiencing growth, through the popularity of Greek yogurt (holding a 43 percent share). Its appeal lies in its comparatively low calorie count and additional protein per serving.
- As Chobani, a Greek yogurt, has grown its sales and expanded its distribution, it has taken sales disproportionately away from Yoplait.
- When looking at Yoplait's sales, it seems that sweetener type didn't have much of an impact. In fact, when looking at its top 20 Universal Product Codes (UPCs), the change in sweetener was not evident. Pricing didn't have any measurable impact on sales, but the reason seems to be because consumers think that Greek yogurt and regular yogurt are not the same.
- There is no link between sweetener type and sales in the yogurt category.



**YOGURT IS A POPULAR FOOD...
THAT APPEALS TO THREE OUT
OF FOUR CONSUMERS.**

BACKGROUND

Changing sweetener type was an interesting strategy for Yoplait, because recent research from Mintel suggests that consumer concern about the type of sweetener in a product is fairly small, both among consumers generally and yogurt buyers specifically. For example, fewer than one in 20 consumers is likely to list HFCS as an ingredient they seek to consume less of. Given that Yoplait was the yogurt category leader with more than 40 percent market share at the time of its switch from HFCS to sugar, it seems curious that the company would reformulate simply to curry the favor of such a small segment of the yogurt consumer base.

THE GOAL OF THIS EXERCISE WAS TO BETTER UNDERSTAND WHAT HAS BEEN DRIVING SALES IN THE YOGURT CATEGORY FOR THE PAST SEVERAL YEARS AND, WITHIN THAT PICTURE, TO SETTLE THE QUESTION ONCE AND FOR ALL: IS TYPE OF SWEETENER A PURCHASE DECISION DRIVER FOR YOGURT?

Yoplait made the sweetener switch over three years ago, so there is a significant amount of data to examine. Yoplait's sales results in the wake of the switch are plain to see, and they are not at all good. Looking at the four-year period ending March 16, 2013, Yoplait saw its annual sales decline, despite its product category showing a near double-digit growth over the same period. While Yoplait had led the category with a 15-share point lead on its nearest rival, Dannon, the company is now in a virtual dead heat with Dannon. Greek-yogurt maker Chobani is only a few points behind.

Yoplait's sales growth following the sweetener switch was so poor that it should have rendered the question of whether sweetener type is a purchase driver in the yogurt category as moot; yet as recently as late summer 2013, Yoplait was touting "no high fructose corn syrup" in television and digital advertising, suggesting that the total removal of HFCS from the product portfolio was of interest to its consumers. This is despite the fact that so many of Yoplait's consumers were now buying other brands in the category.

To determine the impact, if any, on Yoplait's sales after switching sweeteners, we used Nielsen Company's retail scan data for Yoplait and several other key yogurt brands. The goal of this exercise was to better understand what has been driving sales in the yogurt category for the past several years and, within that picture, to settle the question once and for all:

Is type of sweetener a purchase decision driver for yogurt?

GIVEN THAT YOPLAIT WAS THE YOGURT CATEGORY LEADER WITH MORE THAN 40 PERCENT MARKET SHARE AT THE TIME OF ITS SWITCH FROM HFCS TO SUGAR, IT SEEMS CURIOUS THAT THE COMPANY WOULD REFORMULATE SIMPLY TO CURRY THE FAVOR OF SUCH A SMALL SEGMENT OF THE YOGURT CONSUMER BASE.

GROWTH IN THE YOGURT CATEGORY

Over the four years ended March 16, 2013 (*reference period*), the refrigerated-yogurt category has grown dramatically—from \$4.6 billion in sales for the year ended March 2010, to just under \$6.1 billion in 2013 (see Figure 1). This number represents a compound annual growth rate

(CAGR) of 9.5 percent. As a point of comparison, according to *Progressive Grocer*, all supermarket spending grew by a CAGR of 2.6 percent from 2009 to 2012, so the yogurt category grew more than three times as quickly as the average supermarket category over the past four years.¹

FIGURE 1: YOGURT CATEGORY SALES

	Yoplait	Dannon	Chobani	Stonyfield	All Other	Yogurt
MARCH 2010	\$1,915,170,113	\$1,220,478,927	\$105,595,517	\$239,109,854	\$1,156,200,328	\$4,636,554,740
MARCH 2011	\$1,999,668,374	\$1,349,112,584	\$340,189,172	\$270,584,433	\$1,261,063,077	\$5,220,617,640
MARCH 2012	\$1,871,840,404	\$1,402,566,272	\$802,737,245	\$254,777,211	\$1,450,537,306	\$5,782,458,438
MARCH 2013	\$1,718,799,894	\$1,530,460,562	\$1,022,308,157	\$226,409,341	\$1,592,765,892	\$6,090,743,845

SHIFTS IN THE CATEGORY LEADERBOARD

Over the four years we gathered data, the category *ranking* has shifted only slightly, in that Chobani has passed Stonyfield to move from fourth place to third, and Yoplait and Dannon are first and second, respectively. Movements *within* the category share have been profound, however, and looking by type, Greek yogurt has been the source of all of the growth. Figure 3 shows that with a dependence on regular yogurt, Yoplait has given up nearly 14 share points, with Chobani picking up all of it (and more), while Dannon has lost a little more than a share point to the rest of the category.

FIGURE 2: YOGURT CATEGORY SHARE, 2010

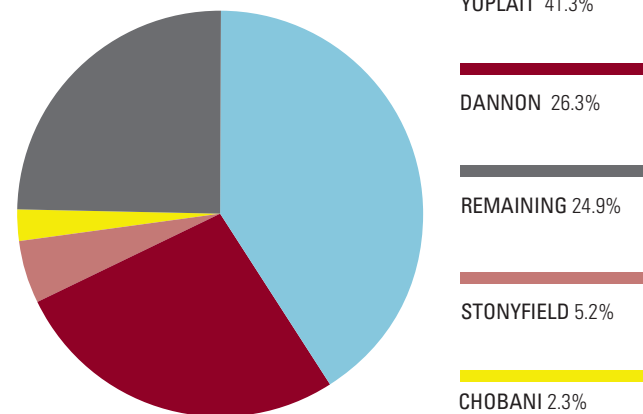
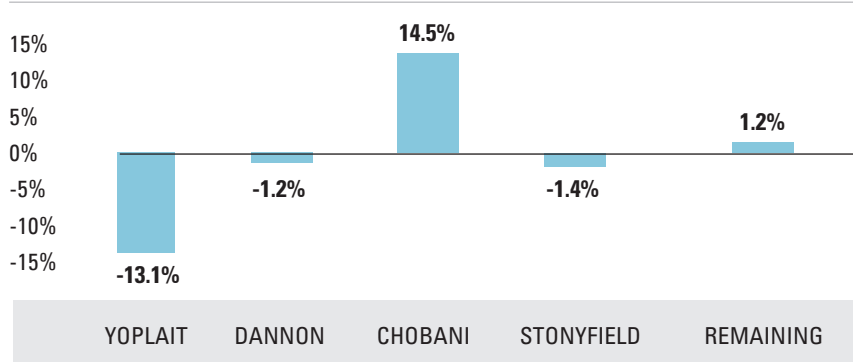


FIGURE 3: CHANGE IN YOGURT CATEGORY SHARE, 2011-13



KEY TAKEAWAYS

- The yogurt category has grown three times faster than the average supermarket category.
- Brands like Chobani have experienced growth from the popularity of Greek yogurt.

THE ELEPHANT IN THE ROOM: GREEK YOGURT

WITH GREEK YOGURT BEING THE SOURCE OF THE EXPLOSIVE GROWTH IN THE YOGURT CATEGORY, IT'S IMPORTANT TO UNDERSTAND THE DYNAMICS IN THIS CATEGORY AND THE KEY BRANDS IN IT.

According to a June 2013 report in *The Wall Street Journal*, "Greek-style yogurt now makes up 43 percent of the overall \$6.1 billion U.S. yogurt market, up from just 2 percent in 2007." The key player in the Greek-yogurt category has been Chobani, having sales of \$1 billion in 2012. Both Dannon and Yoplait were slow to react to consumer demand for Greek yogurt, and did so at about the same time in 2010; but by 2012, Dannon's Oikos brand had already grossed over \$400 million in sales, while Yoplait's Greek-yogurt sales grossed only \$145 million. In 2013, Yoplait was still trying to find a Greek-yogurt combination that would appeal to consumers in order to regain some of those lost sales.

With its distinctive, creamy thick texture, Greek yogurt packs more protein per serving, which has a strong appeal for healthy eaters. It's interesting to note that Yoplait changed its sweetener type to appeal to these health-conscious consumers and gain market share, yet this did not work.

WHEN ASKING CONSUMERS ON AN UNAIDED, OR TOP-OF-MIND, BASIS ABOUT THEIR FOOD CONCERNS, **ONLY 2.9 PERCENT LISTED HFCS SPECIFICALLY AS AN INGREDIENT THAT THEY ARE TRYING TO AVOID**, COMPARED WITH 21.3 PERCENT OF CONSUMERS WHO LISTED SUGARS OF ANY KIND.

Mintel recently conducted a large-scale survey of American consumers as part of sponsored research from the Corn Refiners Association that might shed some light on why a strategy that's focused on sweetener type would be ineffective. In the survey, Mintel asked 2,400 consumers about their attitudes and concerns about ingredients in the foods they eat. The survey included aided questions as well as unaided questions, and it found that almost 80 percent of consumers are concerned with *overall* sugars in food/beverages. When asking consumers on an unaided, or top-of-mind, basis about their food concerns, only 2.9 percent listed HFCS specifically as an ingredient that they are trying to avoid, compared with 21.3 percent of consumers who listed sugars of any kind.

KEY TAKEAWAYS

- Greek yogurt's low calories and protein-packed ingredients appeal to health-conscious eaters.
- Yoplait changed sweetener type to appeal to these same healthy eaters, yet did not regain market share.

YOPLAIT SALES PERFORMANCE

So with consumers being interested in watching the sugars they eat, it would follow that perhaps a change in sweeteners would have a positive impact on sales. To find out, an analysis of how the switch affected Yoplait's sales is in order.

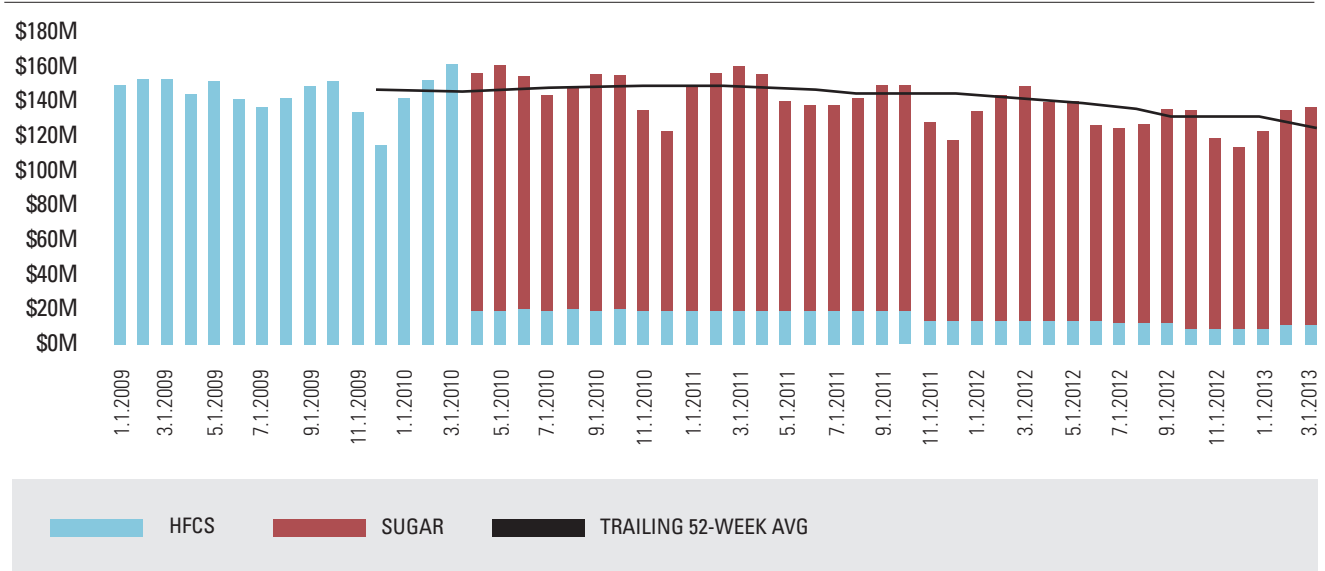
STEP 1: THE TIME SERIES

A first step to examining Yoplait's sales is to perform a simple time-series analysis, which is depicted in Figure 4. At quick glance, we can see that Yoplait sales stayed flat for the first year following the sweetener switch and then started to decline. This is remarkable, given that the category was growing by almost 10 percent per year through this time. This picture of decline would look even steeper if we were examining share of category sales instead of actual sales.

One other important point highlighted by this visual is that when Yoplait changed sweetener type from HFCS to sucrose in April 2010, it did it for *most of, but not the entire*, product portfolio. The switch accounted for about 85 percent of the sales volume of the prior month.² On a technical point, we can see a slight seasonality to Yoplait's sales (which mirrors the category as well), where sales are regularly down around the November to December holiday period. The trailing 52-week average sorts out that volatility and helps to highlight the decline in average sales beginning in early 2011.

This time-series result doesn't shed much light—performance is undoubtedly poor, but the decline actually picks up one year after the switch—suggesting that sweetener type didn't have much, if any, effect on sales; however, there is no strong indication either way.

FIGURE 4: YOPLAIT SALES BY SWEETENER TYPE, 2009-13



STEP 2: A CLOSER LOOK AT THE YOPLAIT PRODUCT PORTFOLIO

By continuing to advertise the switch away from HFCS even years after the switch was made, Yoplait is suggesting that this fact must have some broad appeal rather than being of interest to “niches” of consumers. The company thinks this would impact many or most of its consumers. We will test that hypothesis by focusing on a select group of Yoplait’s top products (the top 20 varieties), which should, by definition, be popular with Yoplait’s “core” consumers.

It should be no surprise that the leading brand in a diverse category like yogurt has a significant number

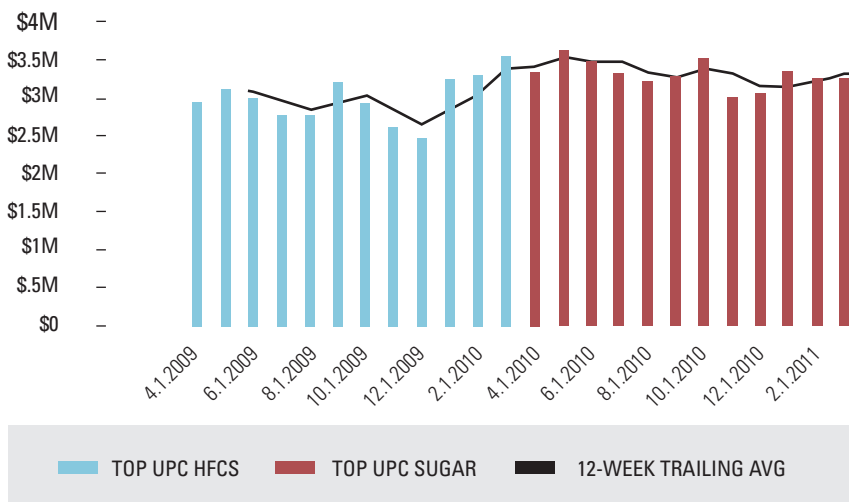
of varieties—each represented by a unique UPC. In Yoplait’s case, its complete product family covers just over 300 unique UPCs that, according to Nielsen, have shown sales activity over our reference period. These 301 product varieties cover a wide range of flavors, packaging types, sizes and configurations.

Since the net effective growth in Yoplait’s sales for the top 20 UPCs was from only 20 percent of the UPCs, this would seem to contradict the premise that the change in sweetener type would have a broad-based consumer appeal and a positive impact on sales. The lack of widespread positive sales impact, particularly upon the stars of the Yoplait product portfolio,

counters the idea that consumers are influenced by or even notice change in sweetener type.

Delving even deeper, we don’t see anything to suggest that any of the top 20 UPCs showed a noticeable change in sales trend before/after the switch. In fact, when examining the sales-growth trends for the top 20 UPCs, we find that whatever trend was evident before the switch continued after the switch. As the following graphic highlights, the top UPC for sales growth before and after the sweetener switch (which alone accounted for nearly half the net sales growth of the entire top 20 UPCs) had shown four-week sales numbers increasing sharply *just before* the sweetener switch. The same dynamic is evident when looking at the other three UPCs that showed positive sales growth over the period as well as for the remaining 16 UPCs in the portfolio.

FIGURE 5: YOPLAIT TOP UPC SALES GROWTH, 2010-11



KEY TAKEAWAYS

- Sweetener type didn’t seem to have an effect on sales.
- Looking at Yoplait’s top 20 UPCs, there was no change in sales trend before or after the switch.

THE 80/20 RULE, OR THE UNIVERSAL LAW OF PRODUCT PORTFOLIOS THAT SUGGESTS 80 PERCENT OF PRODUCT SALES COME FROM JUST 20 PERCENT OF A PRODUCT’S UPC, VERY NEARLY HOLDS TRUE FOR YOPLAIT.

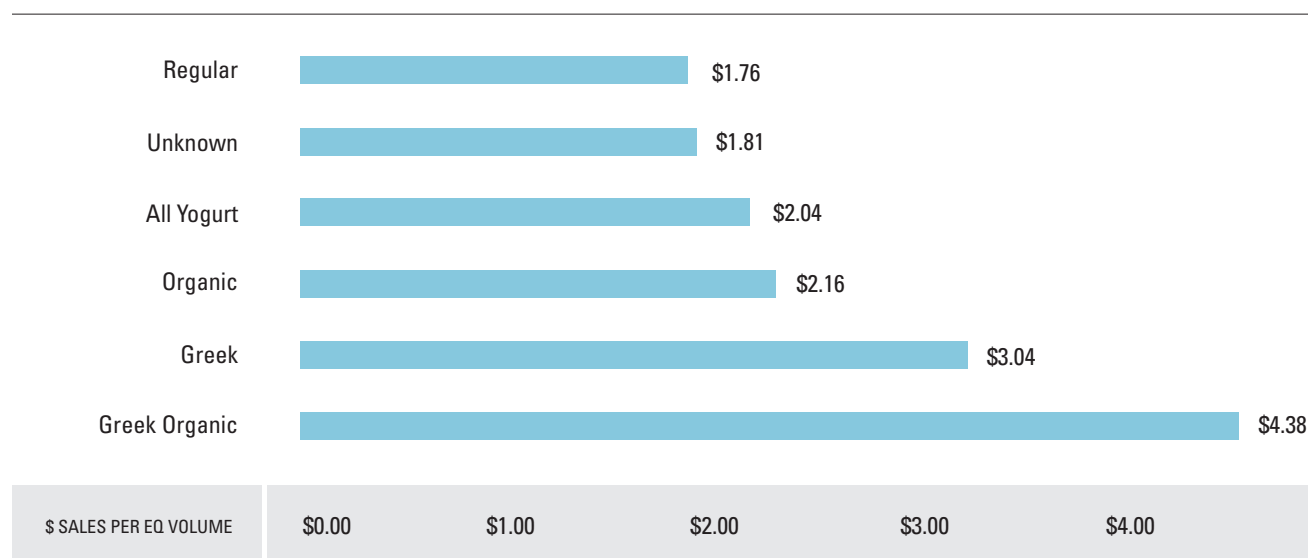
Of the 301 UPCs that showed any sales over the reference period, the top 60 UPCs accounted for 72.2 percent of the sales volume in our first reference year, and the top 20 UPCs account for 35.8 percent of Yoplait sales.

▶ When examining the top 20 UPCs from the 52 weeks prior to the switch, we find that the average four-week sales for these top 20 UPCs increased slightly, from \$2.8 million to \$2.9 million, an increase of 3.4 percent.

▶ Looking more closely, we see another interesting twist on the 80/20 rule. In this case, four (or 20 percent) of Yoplait’s top 20 UPCs provided just over 100 percent of the annual sales growth, while the other 16 top products netted out to a very small loss in annual sales.

A LOOK AT PRICE AS COMPARED TO OTHER TYPES OF YOGURT

FIGURE 6: 2013 YOGURT SALES PRICE, BY TYPE



We looked at sales performance, so it follows that we should take a look at price. Did price affect yogurt sales? To find out, we examined yogurt sales as a proportion of unit volumes to determine a *price per equivalent unit*, and compared that variable for the category across all four yogurt types. As the graphic in Figure 6 illustrates, the results are startling. By weight, Greek yogurt carries a much higher price than regular yogurt. In fact, for the latest available data (52 weeks ending March 16, 2013), the price for Greek yogurt overall was \$3.04 per equivalent unit, which is 173 percent of the price per equivalent unit of regular yogurt, priced at \$1.76.

While Greek yogurt carries a premium price over regular yogurt, price changes don't seem to have any measurable impact on sales. Consumers do not view these products similarly enough for the price of one to affect the sales of the other. Additionally, price has not affected consumers switching from regular to Greek-yogurt products.

KEY TAKEAWAYS

- Price did not affect sales, or consumers switching from regular to Greek yogurt.
- When comparing Greek and regular yogurt, consumers don't see them as the same.

CONCLUSION

THERE IS NO LINK BETWEEN SWEETENER TYPE AND SALES IN THE YOGURT CATEGORY.

Having set out to establish what, if any, link exists between type of added sweetener and yogurt, we can now see conclusively that sweetener type does not drive yogurt sales.

Yoplait changed sweetener type to improve market share, but in looking at its sales results after the change in sweetener, we can see that changing sweetener type did not positively affect yogurt sales. While there was a slight increase in Yoplait's sales during the first 12 months after the sweetener switch, the sales level turned sharply downward in years two and three post-switch (2012-13). This happened even though the yogurt category overall was enjoying double-digit growth.

To better understand the sales trend, we examined more closely the top 20 UPCs that account for nearly one-third of Yoplait's sales volume. The change in sweetener was imperceptible among this top 20—the *heart of the product portfolio*.

While Yoplait promoted the sweetener switch as consumer driven, they were, in fact, late to the game. Needing an angle to reach the population of health-conscious consumers that Greek yogurt targets, Yoplait chose sweetener type as its difference maker and it failed to help regain market share.

In hindsight, we are able to see a number of examples (Yoplait being one) in which food and beverage brands reformulated products, particularly in cases in which they switched from HFCS to sucrose, only to realize later that consumers couldn't see the difference or at least didn't respond to it. Looking at consumer-attitude data from Mintel, we can see that strategies based on appealing to the 3 percent of consumers who are interested in reducing HFCS in their diets are unlikely to lead to dramatic sales growth. There have been instances over the past few years (Miracle Whip, Capri Sun and Hunt's Ketchup) of brands' eventually reversing course, after realizing (often after considerable expense) that basing marketing strategies upon functional ingredients doesn't pay off.

This is because consumers are more concerned about the total amount of sugar in a product than the specific type of sweetener used. In this case, there is no link between sweetener type and sales in the yogurt category.

WHILE YOPLAIT PROMOTED THE SWEETENER SWITCH AS CONSUMER DRIVEN, THEY WERE, IN FACT, LATE TO THE GAME. NEEDING AN ANGLE TO REACH THE POPULATION OF HEALTH-CONSCIOUS CONSUMERS THAT GREEK YOGURT TARGETS, YOPLAIT CHOSE SWEETENER TYPE AS ITS DIFFERENCE MAKER AND IT FAILED TO HELP REGAIN MARKET SHARE.

METHODOLOGY

Case-study content was not part of any informal or proprietary discussions with Yoplait, Dannon or Chobani. The comments and conclusions in this case study reflect the views of the authors and do not necessarily express the views of General Mills and Sodiaal (owners of the Yoplait food brand), Groupe Danone (producer of Dannon) or Chobani Inc.

This analysis draws on data commissioned from Nielsen Company. This point-of-sale scanner data was aggregated into four-week periods and covers the Nielsen U.S. Retail Sales All Outlets Combined (including Wal-Mart). Data was collected covering four years (208 weeks) ending March 16, 2013, which is the reference period.

This period coincides with the Yoplait sweetener switch in March/April 2010, to reflect one year pre-switch and three years post-switch.

Four specific yogurt brands were selected to be reviewed individually, and the rest of the category is viewed as a group. Detailed data is provided for the two traditional category leaders, Yoplait and Dannon, as well as Greek-yogurt innovator Chobani and organic-yogurt maker Stonyfield. Since Nielsen provides a category total, we are able to solve for “all other competitors” and use them as a comparator as well.

Yogurt sales are also examined on a type basis; Nielsen recognizes four of those, based on two dimensions: Greek/regular and organic/not organic. One of the reasons Stonyfield was included in our peer set was to gain some insight into the organic- and Greek organic-yogurt types, which none of the three leading brands offered. Given that we are not able to recognize the yogurt types of approximately 25 percent of the category, it's possible, if not likely, that the organic- and Greek organic-yogurt categories are underrepresented.



NIELSEN SCAN DATA IS A POWERFUL TOOL FOR LOOKING AT PRODUCT CATEGORY SALES TRENDS, AND THE SALES PERFORMANCE OF SPECIFIC BRANDS AND SKUS BY VALUE AND VOLUME.

Since this case study was distributed in 2014, the Corn Refiners Association released Sweetener360, a research project that brings together quantitative attitudinal research, purchase behavior data and video interviews to create an unprecedented segmentation analysis of more than 10,000 consumers. The Sweetener360 research covers nutritive and non-nutritive sweeteners and delivers unique consumer insights down to the category and brand level.

Visit **CornNaturally.com/360WP** to download the white paper and sign up for a free presentation to review the findings. It's yours for free.



FOOTNOTES

1. Supermarket sales growth from Progressive Grocer.

2. Note that the remaining yogurt UPCs that were sweetened with HFCS were all discontinued and/or switched to sucrose in May 2013, but the impact of that switch is beyond our data reference period.

Case study was sponsored by the Corn Refiners Association. For more information, visit CornNaturally.com.

ABOUT THE AUTHORS

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