

# YOGURT CATEGORY DYNAMICS THROUGH THE WIC LENS

Presented by:  
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General Mills

May 2014

# BEFORE WE BEGIN...

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- General Mills manufactures yogurt, including Yoplait<sup>®</sup>, Mountain High<sup>™</sup> and Liberté<sup>®</sup>
- General Mills is the #1 manufacturer of branded, federally-eligible WIC products – resulting in expertise in business analysis related to WIC
- Partnered with California WIC for the first (& only) yogurt pilot in 2009
- All analysis uses external, credible data including ACNielsen and NHANES
- Sources and data will be cited on appropriate slides

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# PRESENTATION ROADMAP

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- WIC Final Rule
- Benefits of Yogurt
- California WIC Yogurt Pilot
- Category Size
- Yogurt Consumer
- Manufacturers
- Greek & Organic
- Flavors
- Container Sizes
- Large Size Segment
- Pricing
- WIC Implications

# WHAT YOU WILL LEARN TODAY

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- A lot of yogurts meet federal WIC requirements
- Calcium is a nutrient of need, especially among WIC women
- Yogurt is a highly popular calcium source
- Yogurt may be a suitable option for participants who are or believe they are lactose intolerant
- Vitamin D intake among all WIC participants is extremely low – and not all yogurts have vitamin D
- Flavor variety is a key consumer need in yogurt
- Greek and Organic yogurt is significantly more expensive than traditional yogurt
- 32oz tubs and 16oz multipacks are best options for WIC to maximize the 1 quart benefit – but there are significant cost differences between the two options

# YOGURT: WIC FINAL RULE

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- Yogurt allowed at state agency option
- Timing: Beginning April 1, 2015
- Amount: 1 quart/month as a partial substitute for milk
- Nutrition Requirements:
  - ❑ Must conform to FDA Standard of Identity (SOI) for yogurt
  - ❑ For those age 2 and older may not contain more than 2% milk fat; whole fat allowed for kids under age 2
  - ❑ Reduced fat, low fat or nonfat
  - ❑ Plain or flavored
  - ❑ 17g or less of total sugar per 100g ( $\leq 40$ g of total sugar per 1 cup)
  - ❑ Fortified with vitamins A and D, and other nutrients at state agency's option
  - ❑ May contain sugar substitutes approved by FDA
  - ❑ Container size at state agency option

# YOGURT: WIC FINAL RULE

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- Per USDA FNS: yogurt with fruit is allowed (as long as it meets the federal sugar limits)
- Does not allow:
  - ❑ Yogurts sold with accompanying mix-in ingredients such as granola, candy pieces, honey, nuts and similar ingredients
  - ❑ Drinkable yogurt

# FLEXIBILITY IN THE FINAL RULE LEAVES STATE AGENCIES WITH MANY DECISIONS

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Should we:

- Allow yogurt at all?
- Allow Greek, Organic and/or Light?
- Require vitamins A and/or D?
- Restrict to certain manufacturers/brands?
- Allow flavors?
- Restrict sugar beyond Final Rule?
- Allow artificial and/or non-nutritive sweeteners?
- Restrict net weight only to 16/32oz to maximize the 1 quart benefit?



Good News

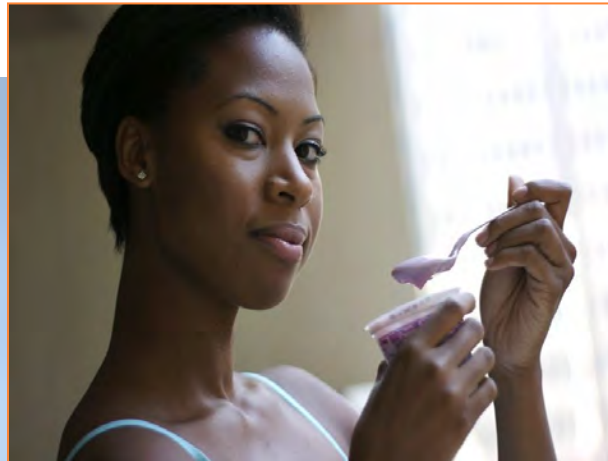
Many yogurts  
qualify!





Bad News  
Many yogurts  
qualify!

# WHY ADD YOGURT?



# NUTRITIONAL BENEFITS OF YOGURT

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- Per the IOM “Time for a Change” report:
  - ❑ “for women, mean calcium intakes were low, far below the Adequate Intake (AI) in most cases.”<sup>1</sup>
- Yogurt Provides Many Benefits Beyond Calcium:
  - ❑ Similar nutrient profile as milk
  - ❑ Low-fat dairy choice
  - ❑ Acceptable for multicultural participants
  - ❑ Acceptable for many with lactose intolerance
  - ❑ Highly popular
  - ❑ Widely available

# YOGURT IS NUTRIENT DENSE & MAY HELP INCREASE CALCIUM INTAKE

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- Most yogurts provide 3 of the 4 “nutrients of concern” identified in the Dietary Guidelines for Americans
  - ❑ **Calcium**
  - ❑ **Vitamin D**
  - ❑ **Potassium**
- **40% of WIC women\*** are not meeting their daily calcium recommendation
- Almost **1 in 3 of WIC kids\*** are not meeting daily recommended calcium intakes
- Yogurt tends to be an **incremental** calcium source – it does not replace other calcium sources

# VITAMIN D MAY BE AN IMPORTANT WIC REQUIREMENT IN YOGURT

## Vitamin D

- **98% of WIC women** are not meeting daily vitamin D requirements
- **83% of WIC children** are not meeting daily vitamin D requirements



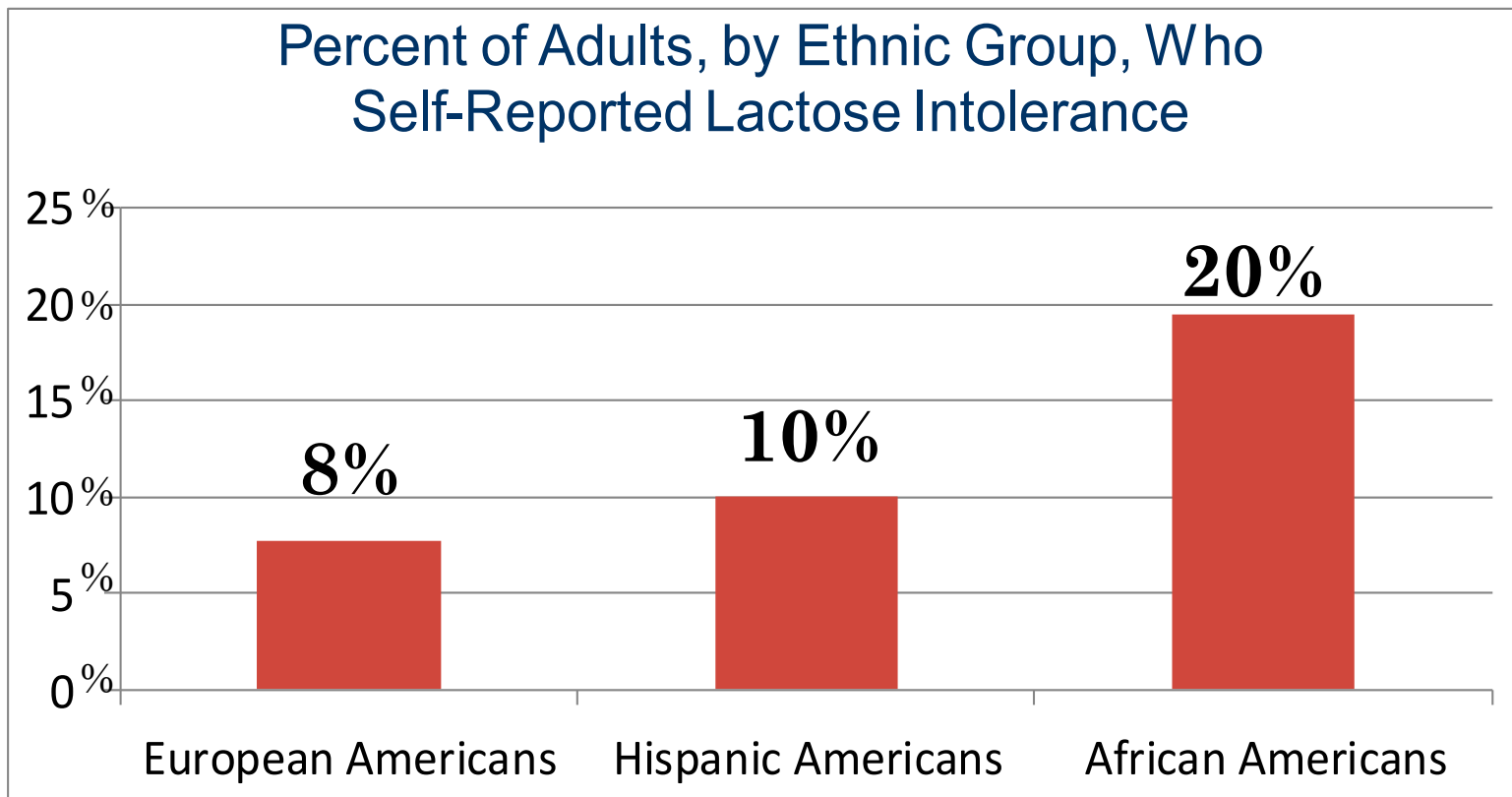
## Vitamin A

- **54% of WIC women** are not meeting daily vitamin A requirements
- **17% of WIC children** are not meeting daily vitamin A requirements

*Not all yogurts are fortified with vitamins A & D*

# YOGURT MAY BE A SUITABLE OPTION FOR THOSE SUFFERING FROM LACTOSE INTOLERANCE

## 12% of Adults Report Being Lactose Intolerant



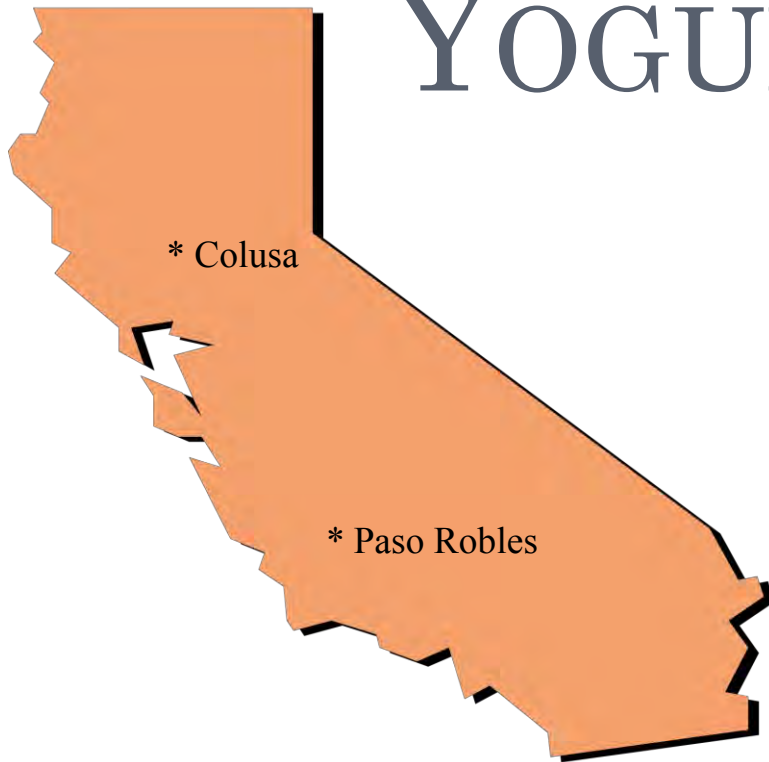
Source: Nicklas TA et al. Prevalence of Self-Reported Lactose Intolerance in a Multi-ethnic Sample of Adults. *Nutrition Today*, Sept/Oct 2009.

# NATIONAL INSTITUTES OF HEALTH CONSENSUS STATEMENT REGARDING LACTOSE INTOLERANCE

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- Lactose intolerance is a real and important clinical syndrome, but its true prevalence is not known
- The majority of people with lactose malabsorption do not have clinical lactose intolerance
- Many individuals with real or perceived lactose intolerance avoid dairy and ingest inadequate amounts of calcium and vitamin D
- Even in persons with lactose intolerance, small amounts of milk, yogurt, hard cheeses and reduced-lactose foods may be effective

# CALIFORNIA WIC YOGURT PILOT





# KEY PILOT INFORMATION

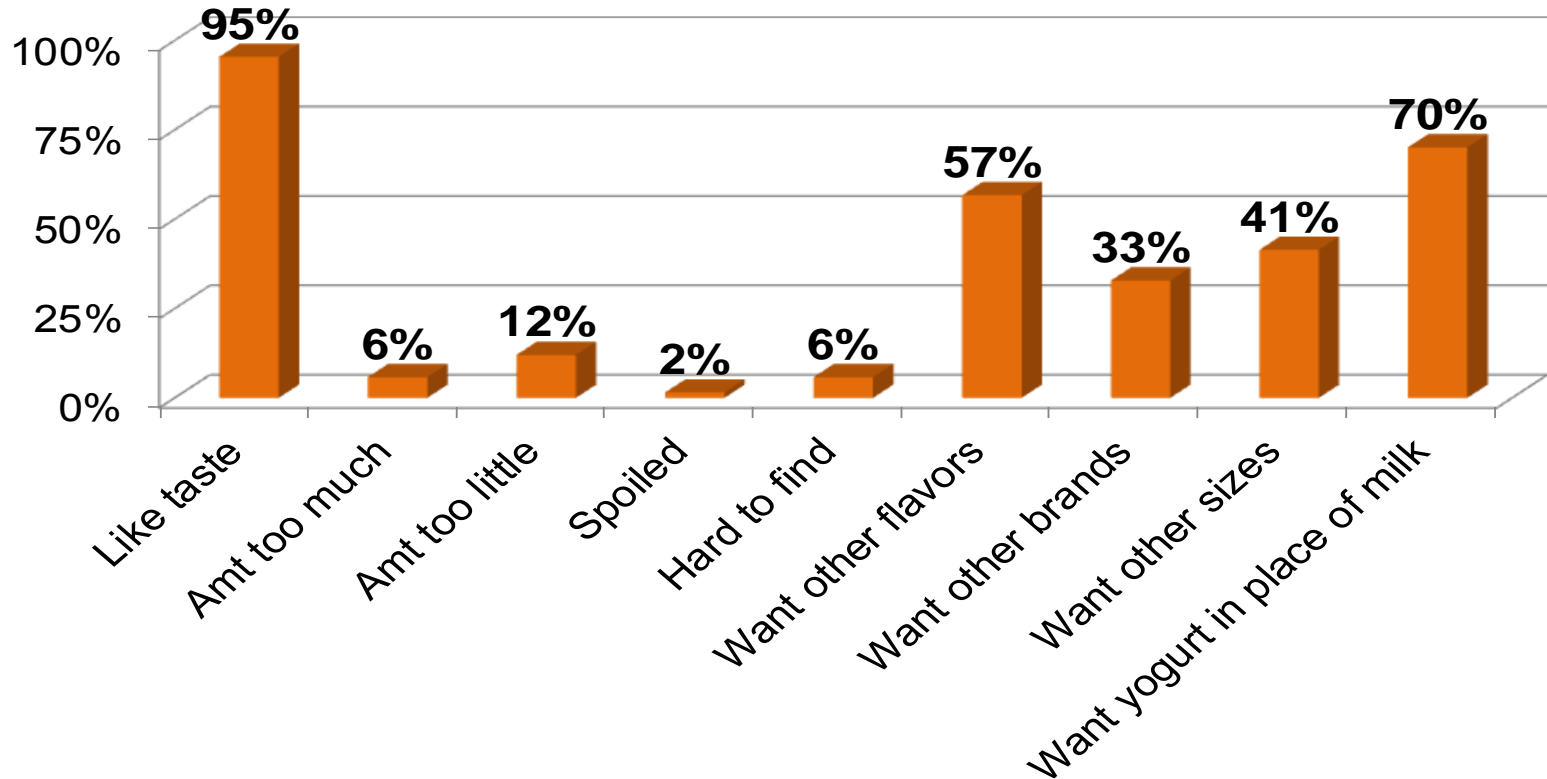
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- March – September 2009
- Two Local Agencies:
  - ❑ San Luis Obispo WIC Program
  - ❑ Del Norte Clinics WIC Program
- Industry and Academic Partners:
  - ❑ General Mills
  - ❑ National Dairy Council
  - ❑ Dairy Council of California
  - ❑ University of California, Berkley
  - ❑ Children's Hospital & Research Center, Oakland
- 511 WIC participants
- Two quarts per month (IOM recommended up to 4)



# 86% OF ELIGIBLE PARTICIPANTS CHOSE TO REPLACE PART OF THEIR MILK WITH YOGURT

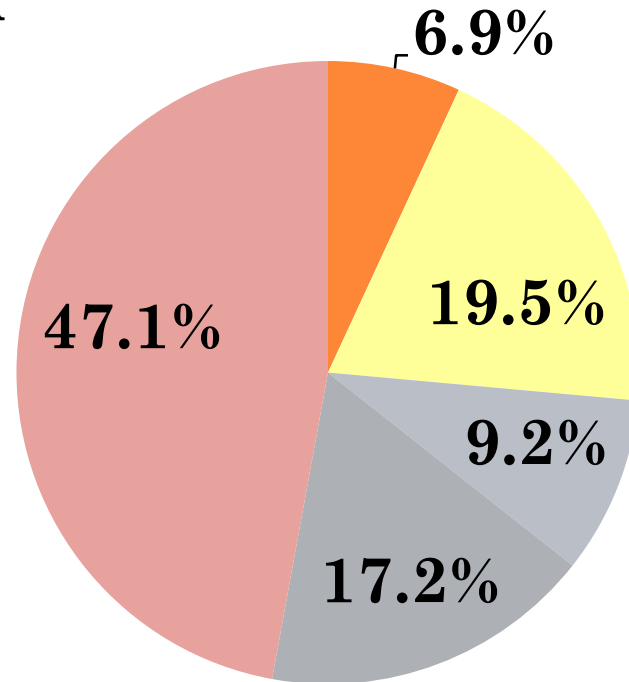
## Agree a lot



# 93% OF REDEMPTION WAS FOR FLAVORED YOGURT

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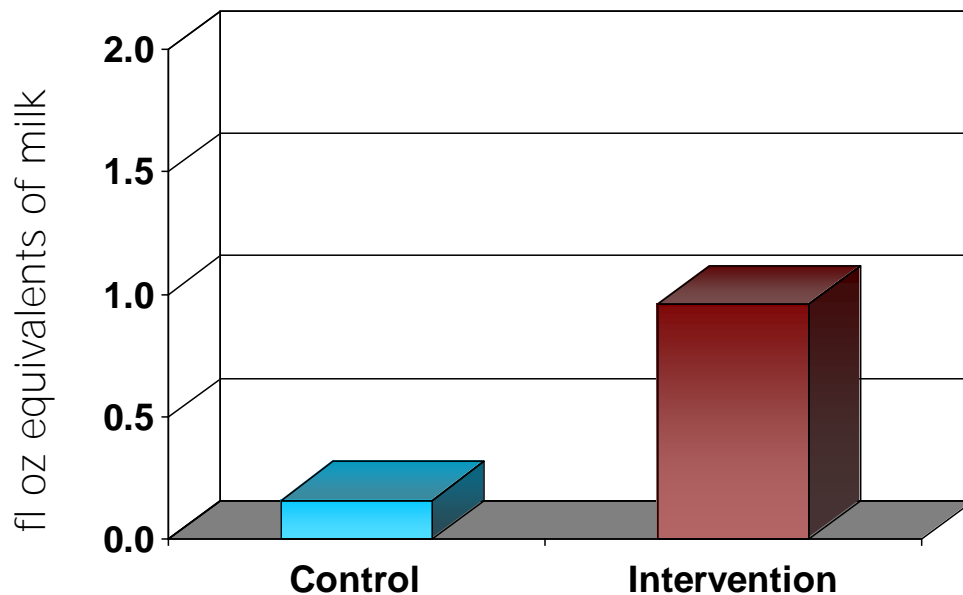
- **Strawberry & Strawberry Banana over 65% of purchased**



- Plain
- Strawberry Banana
- Vanilla
- Harvest Peach
- Strawberry

# TREND TOWARD INCREASED CALCIUM INTAKE

- WIC participants who used the WIC yogurt coupons increased their yogurt intake an average of 1.0 fl oz per day ( $p= 0.085$ ).
- There was no significant decrease in consumption of other dairy products.

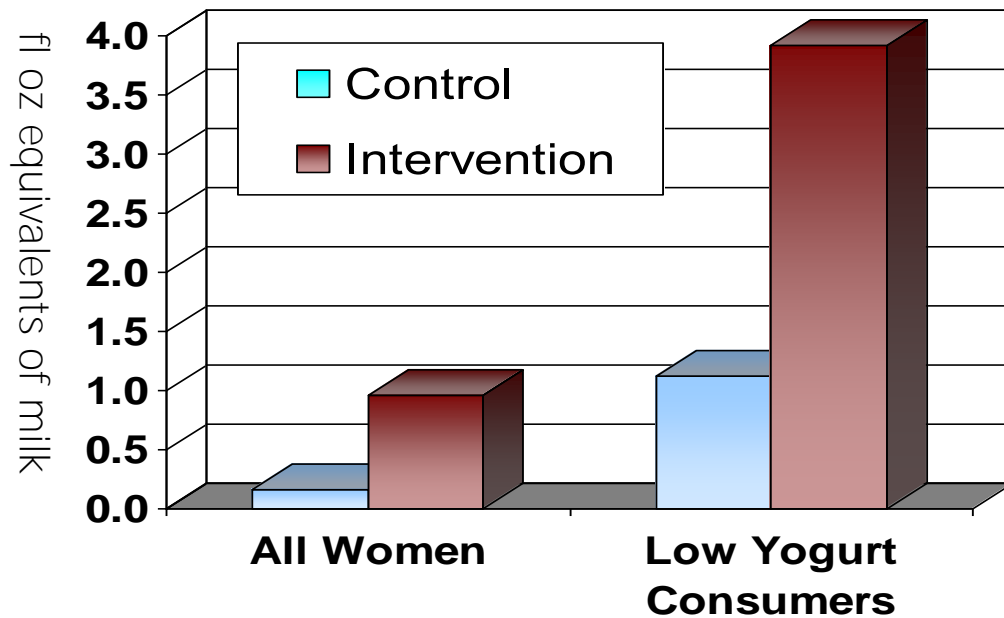


1 fluid oz  
increase in  
yogurt each  
day = 350 mg  
calcium per  
week!

Intervention vs. Control Group

# LOW YOGURT CONSUMERS MOST LIKELY TO BENEFIT

- Low yogurt consumers in intervention group increased daily yogurt consumption by 2.8 fl oz per day relative to the low yogurt consumers in the control group (p=0.003).



2.8 fluid oz  
increase in  
yogurt each  
day = 980 mg  
calcium per  
week

# THE YOGURT CATEGORY



# YOGURT IS A HUGE, FRAGMENTED CATEGORY

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- \$7 billion in annual sales and growing at 5%
- Category is very important for retailers (an average store carries about 210 yogurt SKUs)
- 80% of all U.S. households buy yogurt in a given year
- Yogurt households buy on average ~ 7 units each month (or 84 “units” annually)
- Consumers eat approximately 823 million servings of yogurt every year

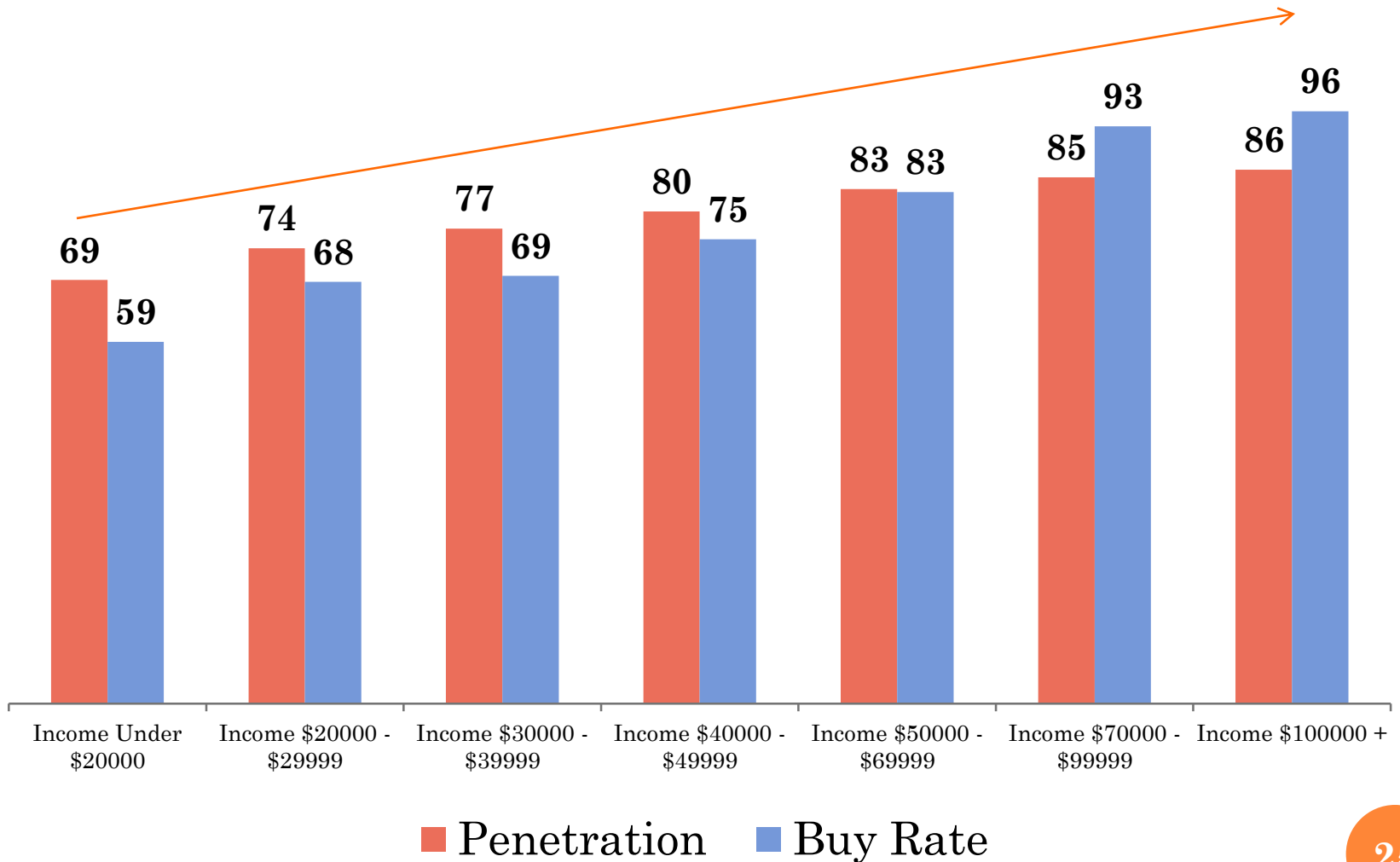
Source: AC Nielsen Scanner 52 WE 3/29/14; yogurt beverages are included A  
“unit” is whatever container size they purchase – be that 5.3 oz or 32 oz.

# WHO IS EATING YOGURT?



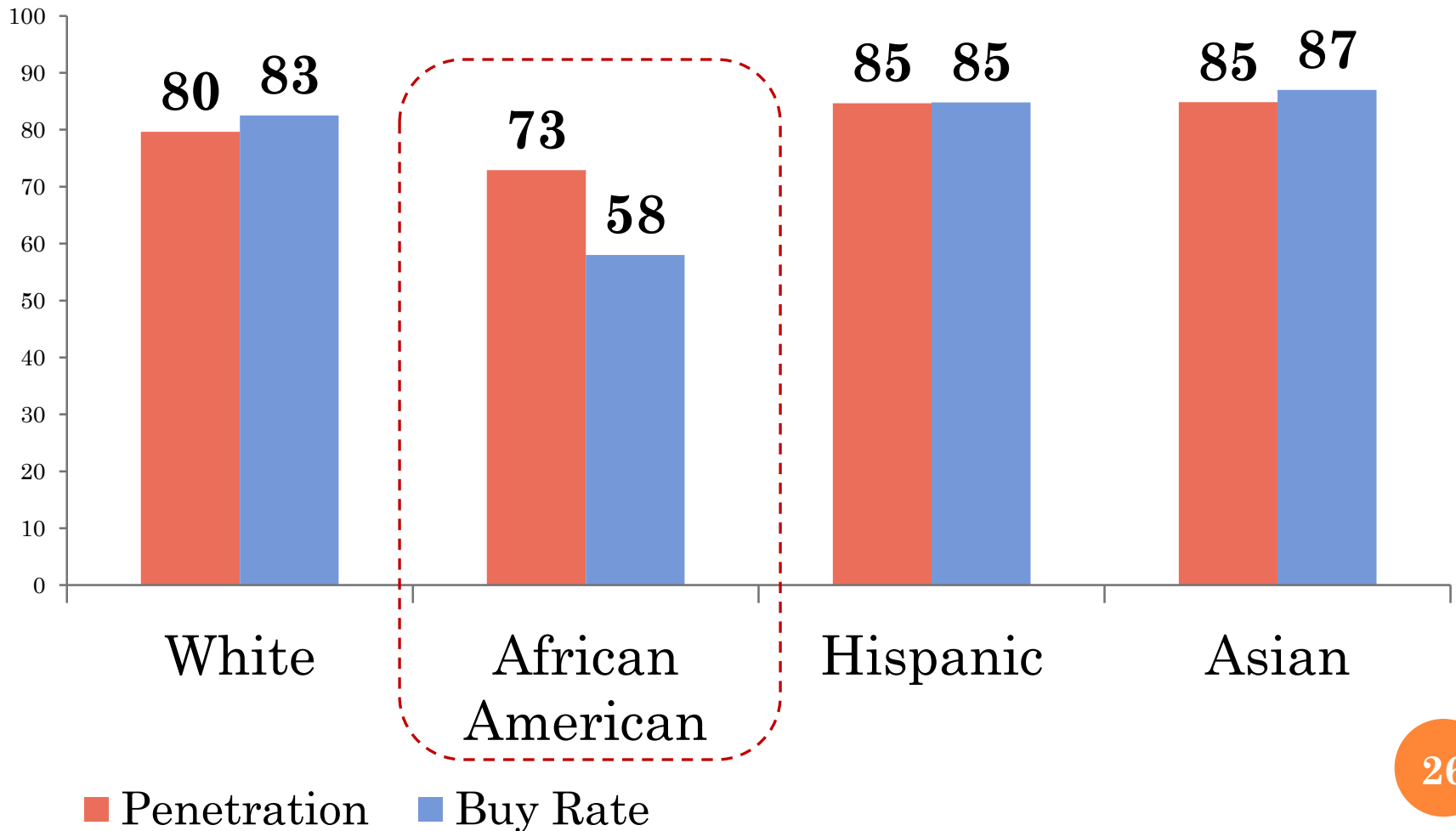


# LOW INCOME CONSUMERS UNDER-INDEX IN YOGURT PURCHASES



Source: AC Nielsen Panel Latest52 WE 5/25/13

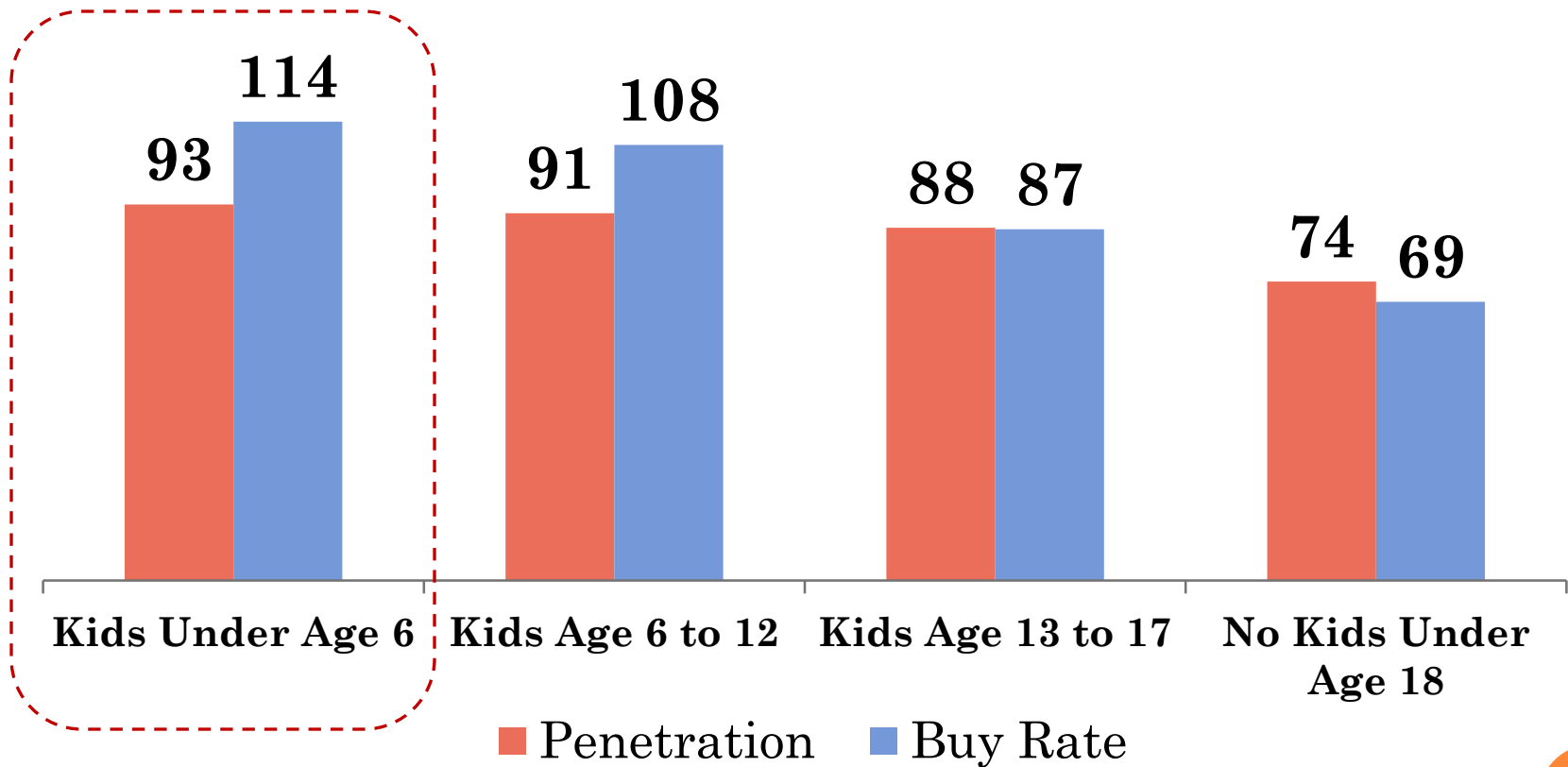
# AFRICAN AMERICANS UNDER-INDEX IN YOGURT PURCHASES WHILE HISPANIC & ASIAN CONSUMERS OVER-INDEX



Source: AC Nielsen Panel Latest52 WE 5/25/13

# NOT SURPRISINGLY, HOUSEHOLDS WITH KIDS ARE HIGH YOGURT CONSUMERS

Yogurt Buyer HHs with Kids



# KEY MANUFACTURERS & TYPES OF YOGURT



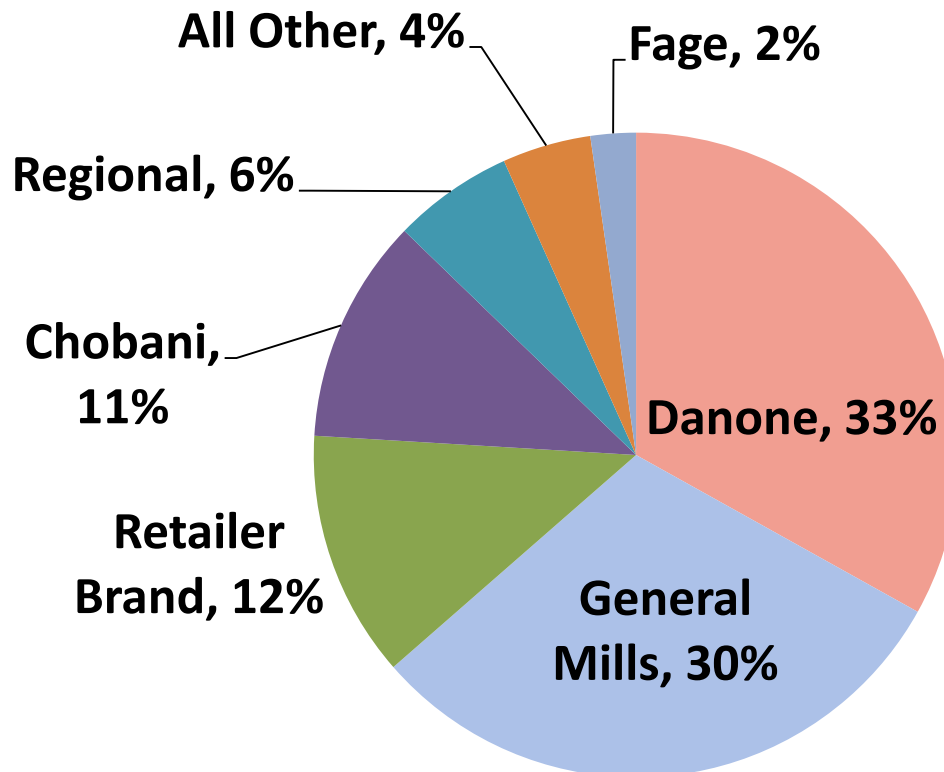
Danone (Dannon)

General Mills

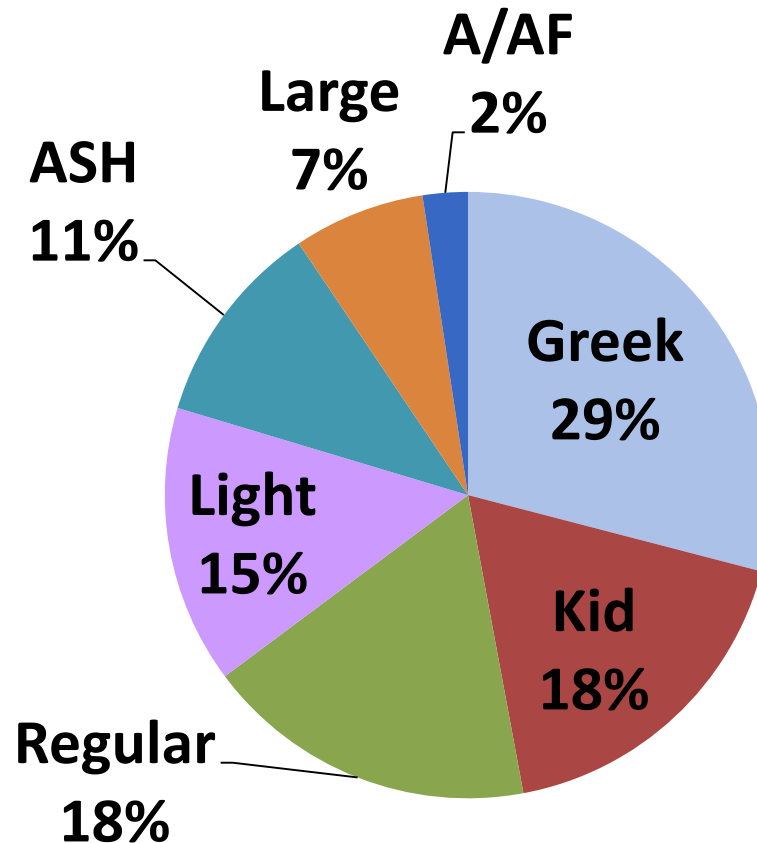
Chobani

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# THREE MANUFACTURERS ACCOUNT FOR ALMOST 75% OF ALL YOGURT VOLUME



# GREEK, REGULAR AND LIGHT SEGMENTS ACCOUNT FOR OVER 60% OF TOTAL YOGURT VOLUME



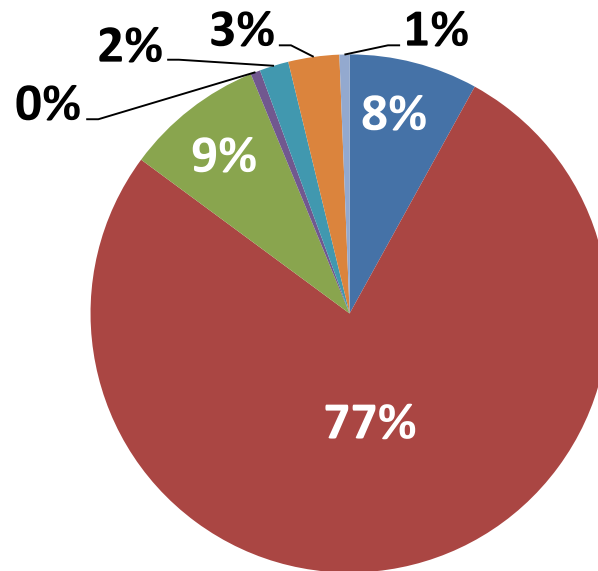
Source: Nielsen ScanTrak – Total US XAOC; Category EQ Share; 52 Weeks Ending 3/29/14.  
ASH = Adult Specialized Health (e.g., Activia); A/AF = Adult/All Family Yogurt Beverages

# GREEK & ORGANIC



# GREEK IS THE LARGEST & FASTEST GROWING SEGMENT

- 77% of Greek yogurt is purchased in 5.3oz cups
- Only 3% of purchases are 32oz tubs



■ Greek Mpk  
■ Greek SS 16oz  
■ Greek >33oz





■ Greek SS <6oz  
■ Greek SS 17-31oz

■ Greek SS 6-8oz  
■ Greek 32oz



# NOT ALL GREEK YOGURTS ARE CREATED EQUAL

- There is no defined standard of identity (SOI) for Greek
- Typically they are thicker and have higher protein
- Not all Greek brands have 2x protein

	Yoplait NF Vanilla 5.3oz	Chobani NF Vanilla 5.3oz	Dannon Oikos NF Vanilla 5.3oz	Greek Gods NF Vanilla 6oz
				
Protein	11g	13g	12g	6g
Vit D	20% DV	Not listed	15% DV	Not listed
Sugar	18g	13g	18g	24g

# GREEK & ORGANIC ARE RELATIVELY EASY TO IDENTIFY

- Restricting Organic or Greek should not create participant confusion
- Greek and “Greek Style” might require some education



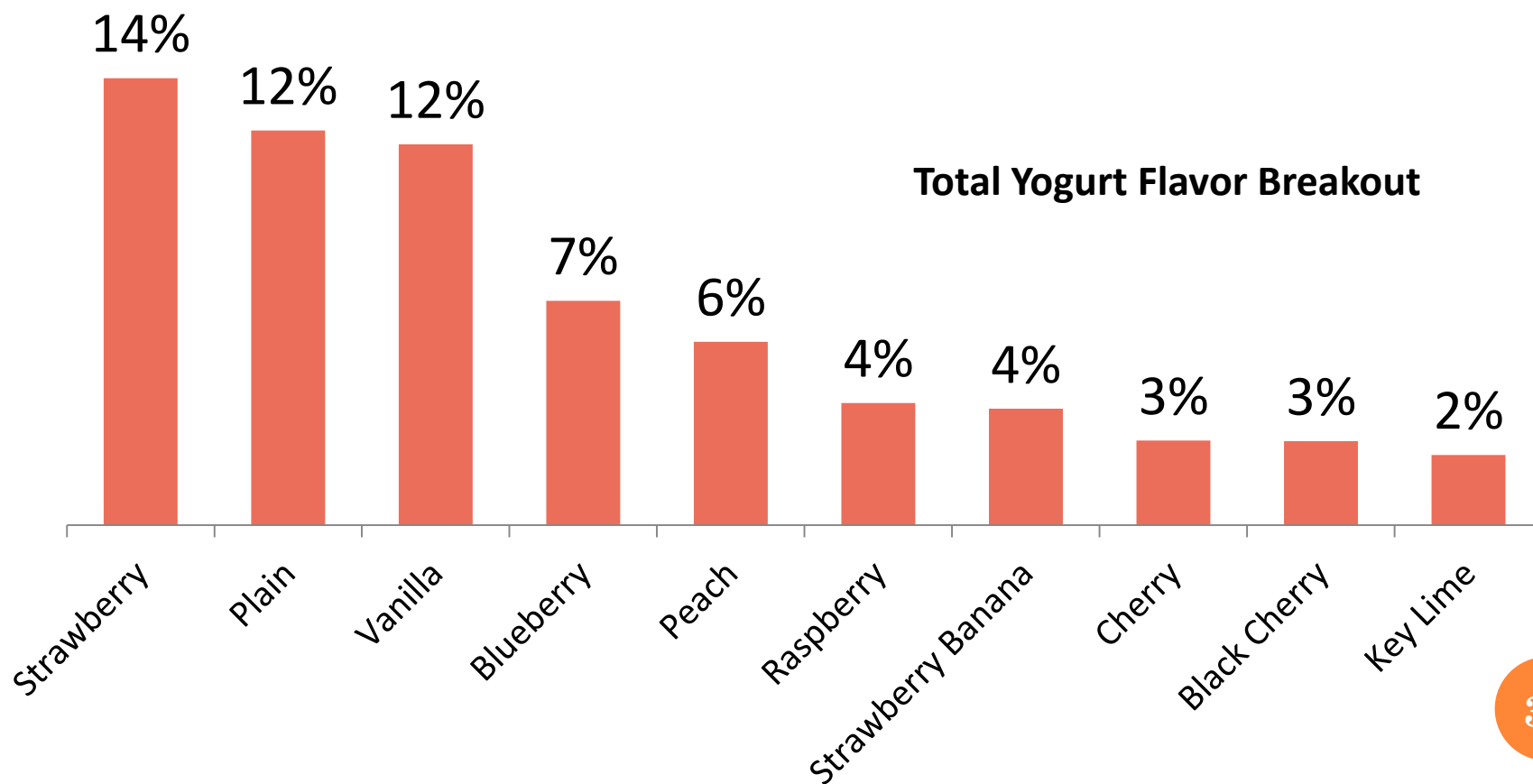
# FLAVORS



# FLAVOR VARIETY IS A KEY CATEGORY DRIVER

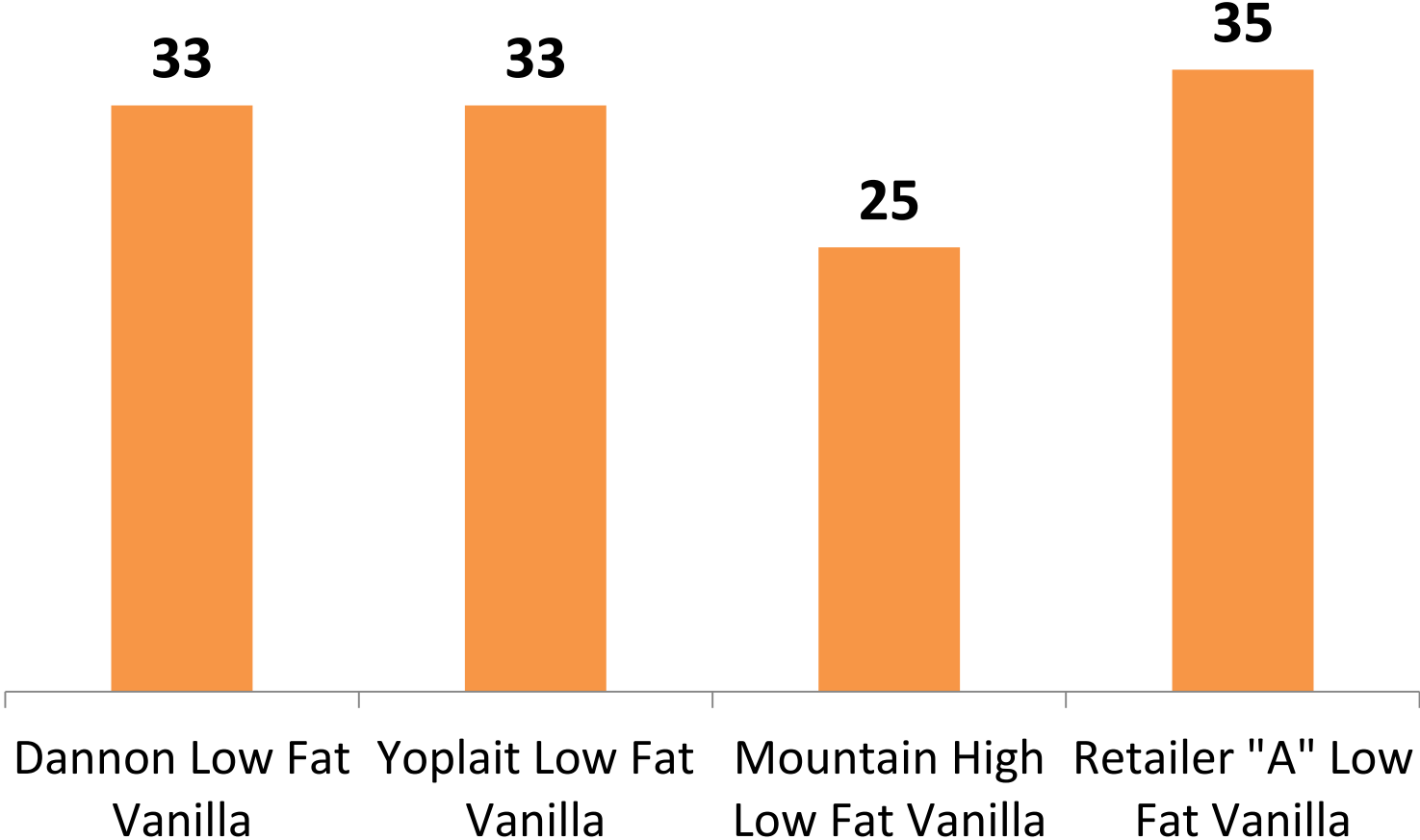
## 10 FLAVORS COMPRISE ALMOST 70% OF VOLUME

- Remaining 34% is comprised of over 50 different flavors



# MOST BRANDS HAVE $\leq 40$ G SUGAR PER CUP THERE IS VARIATION AMONG BRANDS

Sugar Grams/Cup in Large Size  
Traditional Vanilla



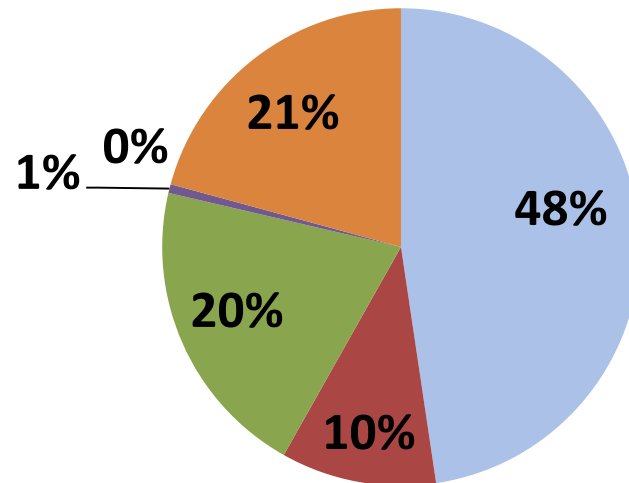
Source: Product nutrition label March 2014

# CONTAINER SIZES

4.0  
5.3 32.0 8.0  
16.0  
6.0 Multi-Packs

# 6 OUNCE CUPS ACCOUNT FOR 20% OF ALL YOGURT VOLUME; 8 OUNCE CUPS ONLY 1%

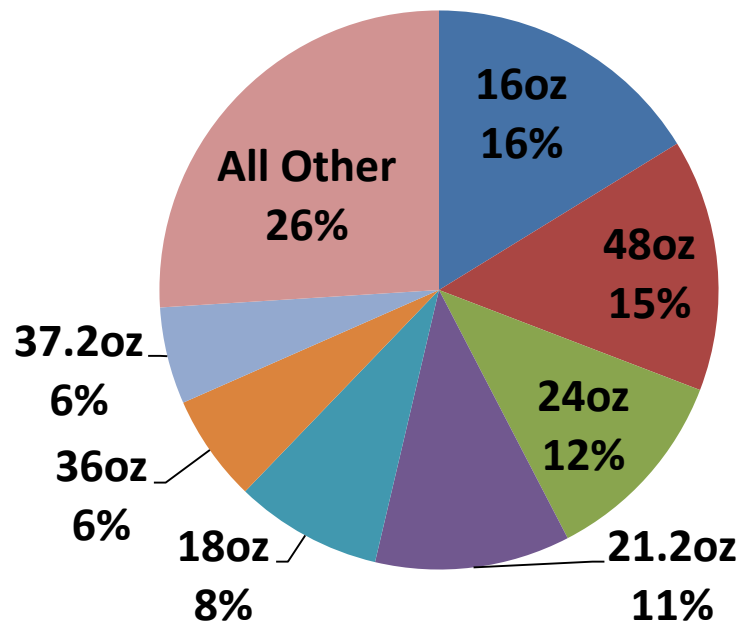
- Only 10% of sales is for large size tubs
- Multipacks account for almost half of all yogurt volume purchased (due to their total net weight (the sum of the individual cups))
- Multipacks have 80% household penetration among households with kids and 51% among households overall



■ Multipacks ■ 32oz ■ 6oz ■ 8oz ■ 16oz ■ All Other Sizes

# MULTIPACKS WITH TOTAL NET WEIGHT OF 16 OR 32OZ ARE RELATIVELY LOW PERCENT OF ALL MULTIPACKS

- Multipacks come in a large variety of total net weights
- ~16% of multipacks come in 16oz total net weight while only ~1% total to 32oz (so almost 8% of entire yogurt category is comprised of multipacks that add up to 16oz)
- Average unit price per ounce for 16oz multipacks is \$0.15 and 32oz is \$0.12

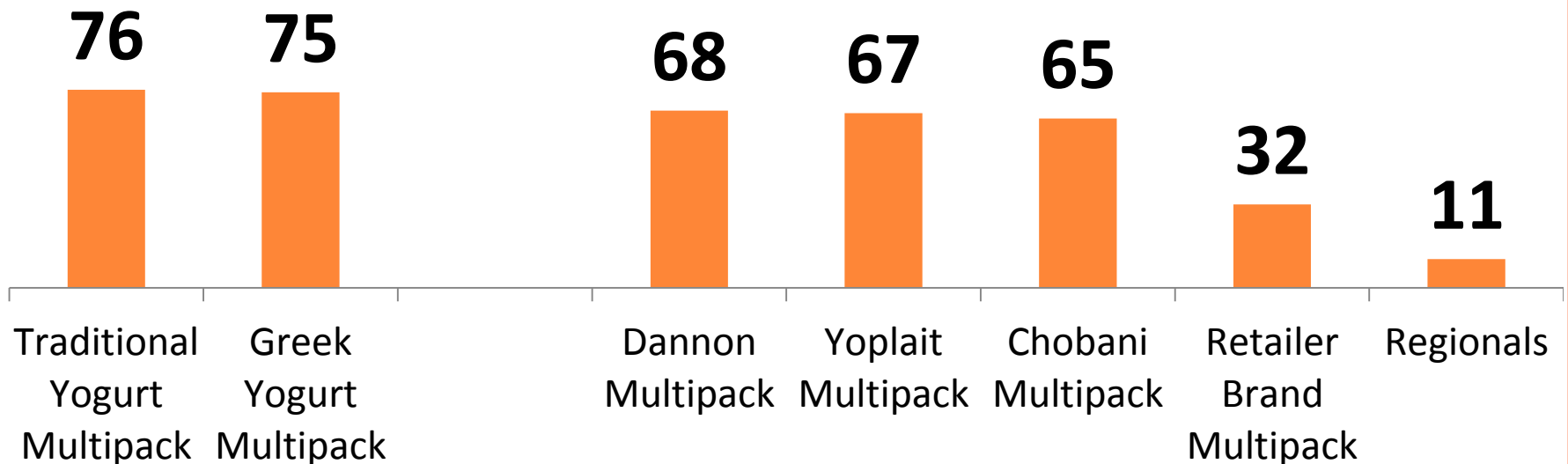


Source: Nielsen Scanner EQ Share 52 WE 3/29/14



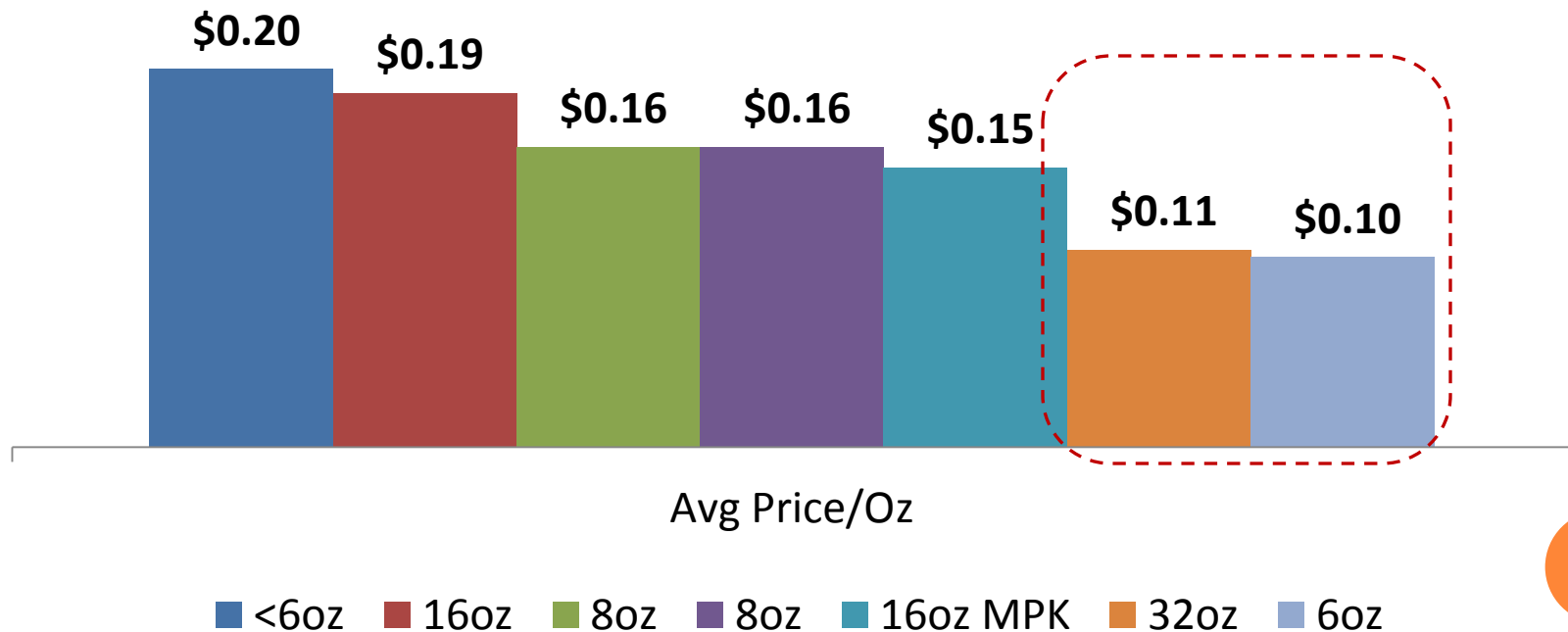
# AVAILABILITY OF MULTIPACKS IS FAIRLY HIGH ACROSS NATIONAL BRANDS; FAR LESS FOR RETAILER BRANDS AND REGIONALS

Multipack Average Distribution (%)



# ON AVERAGE 6OZ CUPS ARE SIMILARLY PRICED TO 32OZ TUBS

- Price differences are driven more by type (e.g., Greek) than size
- Average price/oz of multipacks that add up to 16oz is around \$0.15 (about 36% more expensive than average 32oz tub)
- The “<6oz” high cost is driven by Greek yogurts, most of which come in 5.3oz size



Source: Nielsen Scanner; Includes Greek and Organic; 52 WE 3/29/14

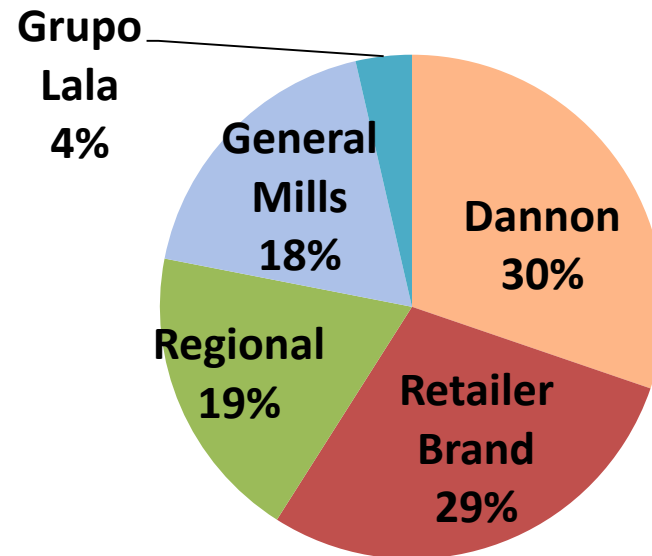
# LARGE SIZE SEGMENT (32 OUNCE TUBS)



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# TWO MANUFACTURERS ACCOUNT FOR ALMOST 50% OF LARGE SIZE (EXCLUDES GREEK AND ORGANIC)

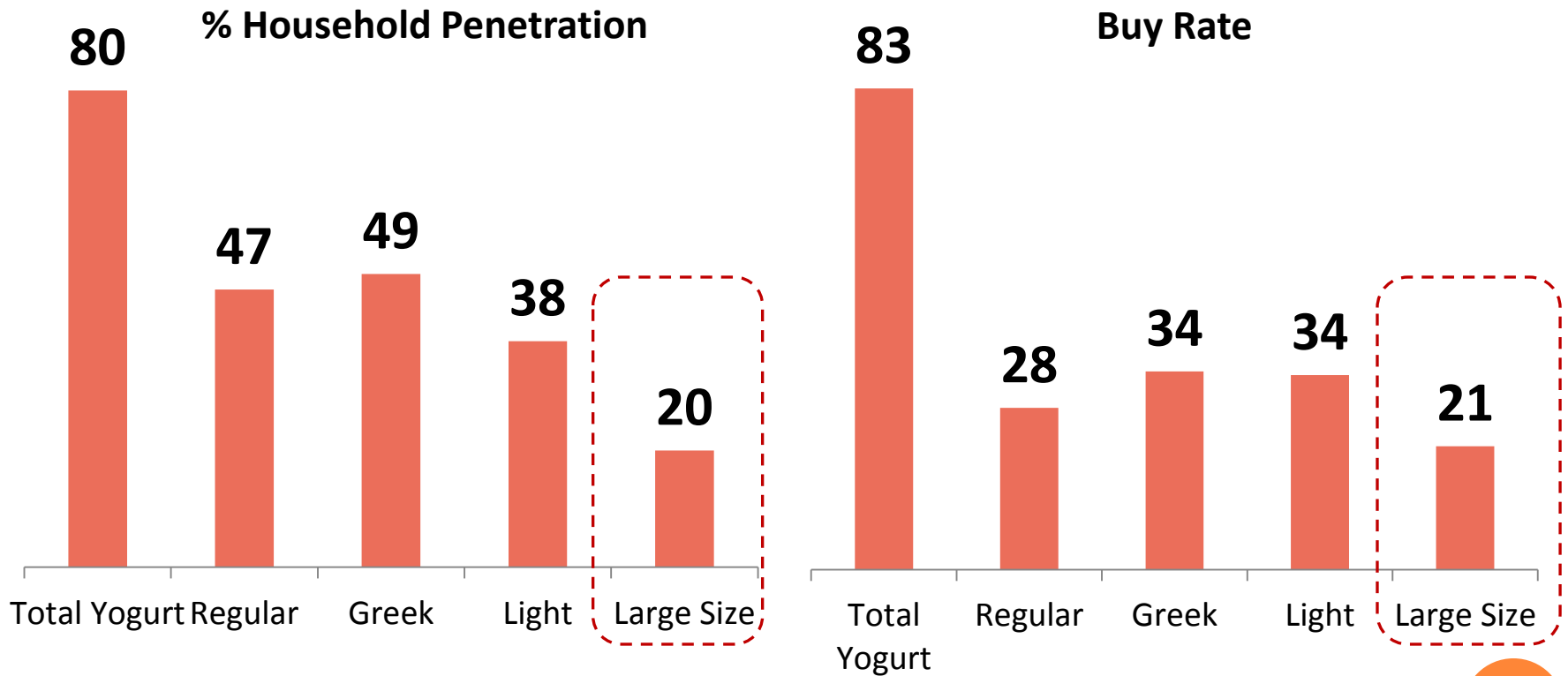
- 93% of “Large Size” is 32oz products, almost primarily 32oz tubs
- Dannon has large MP business with kid and Activia products, and also manufactures Oikos
- General Mills has Yoplait, Mountain High and Liberté brands



Source: Nielsen Scanner; EQ Share; 52 WE 3/29/14

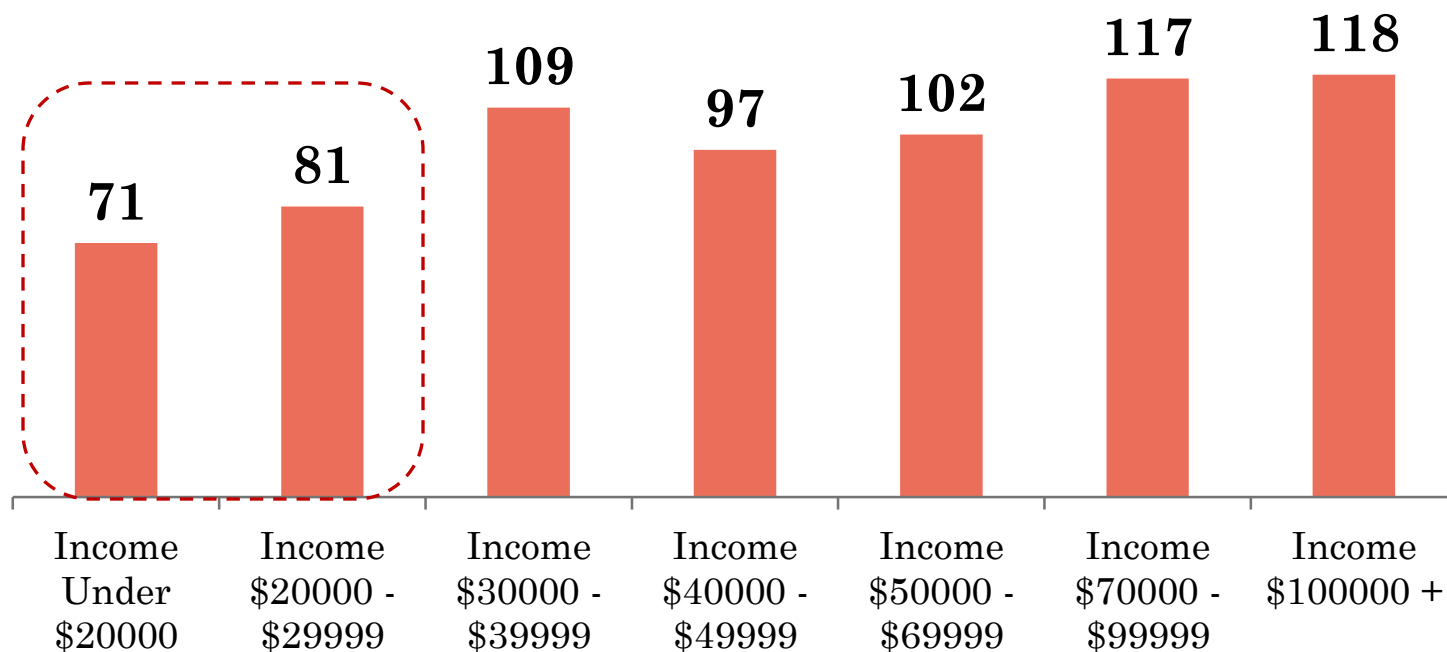
# ONLY 20% OF HOUSEHOLDS PURCHASE LARGE SIZE, COMPARED TO 80% FOR TOTAL YOGURT

- Large size buy rate is 21 units per year



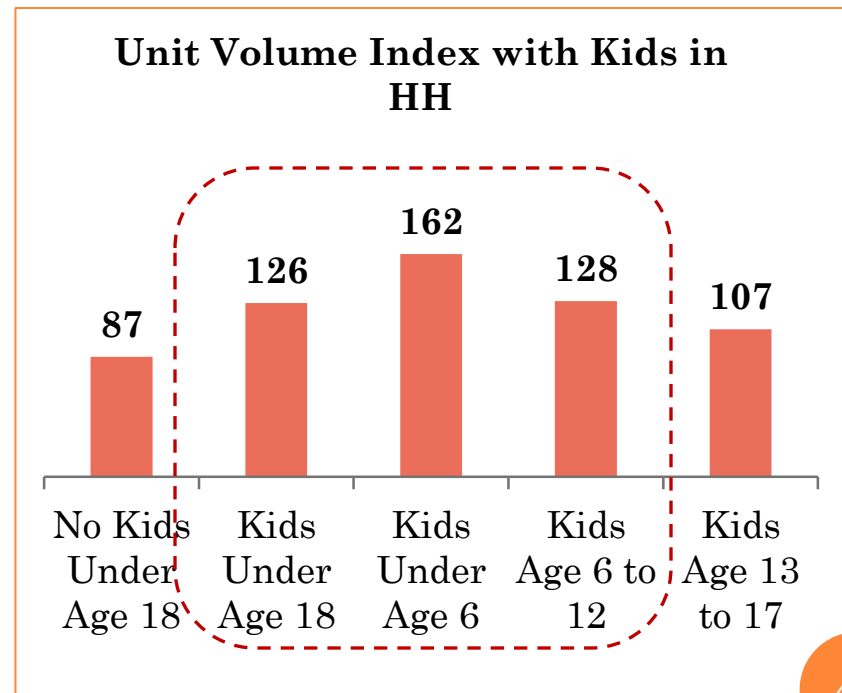
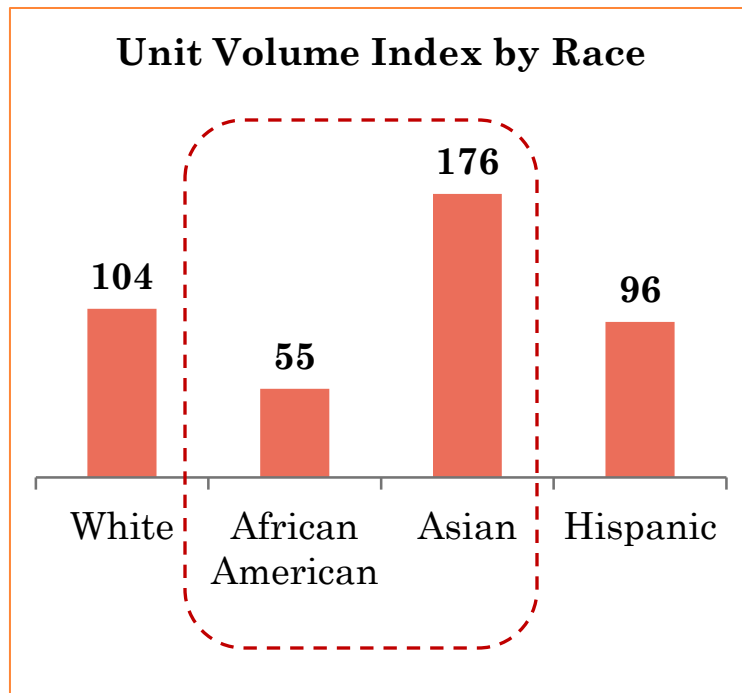
# LIKE OVERALL YOGURT, LARGE SIZE PENETRATION AND BUY RATE UNDER-INDEXES AMONG LOW INCOME FAMILIES

Unit Volume Index by Income

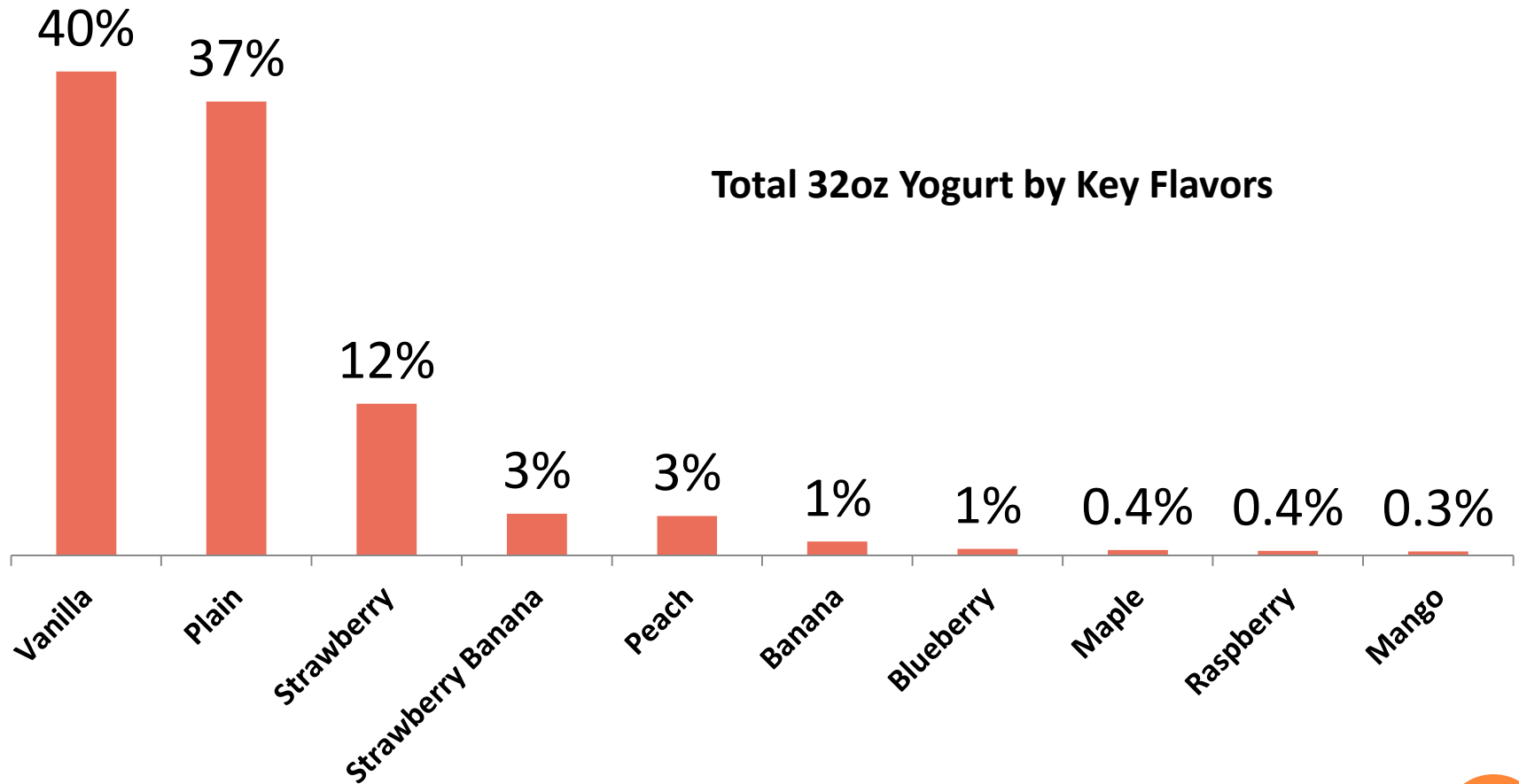


# PURCHASE OF LARGE SIZE DIFFERS BY CULTURAL BACKGROUND AND PRESENCE OF KIDS

- African American's are far less likely to purchase large size, while Asian American's are far more likely
- Larger households and households with children, especially with kids under age 6, over-index with large size purchases

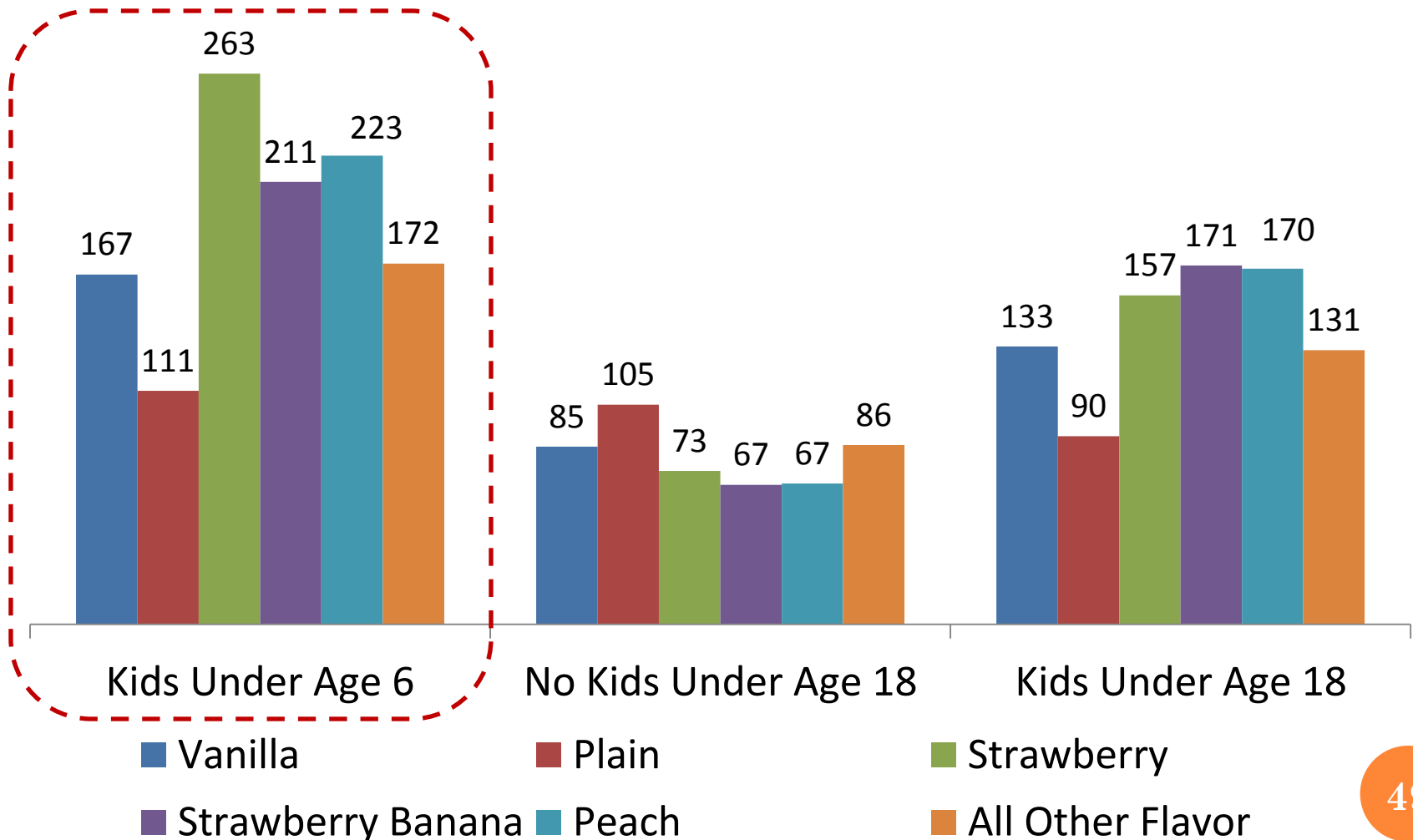


# FLAVOR VARIETY IS MORE LIMITED IN 32 OZ TUBS WITH VANILLA THE #1 FLAVOR



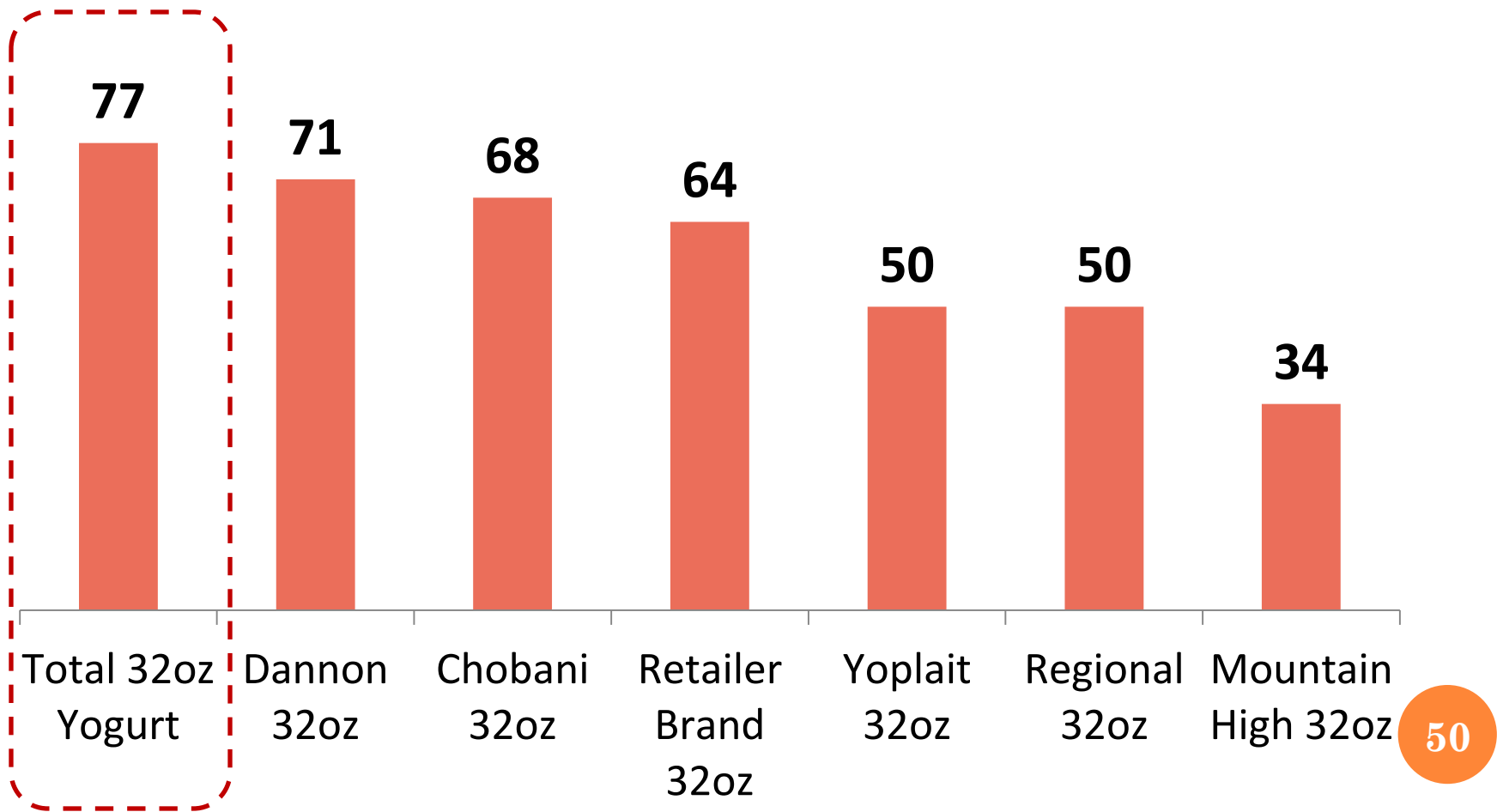


# HOUSEHOLDS WITH KIDS <6 CONSUME MORE FLAVORED YOGURT THAN AVERAGE

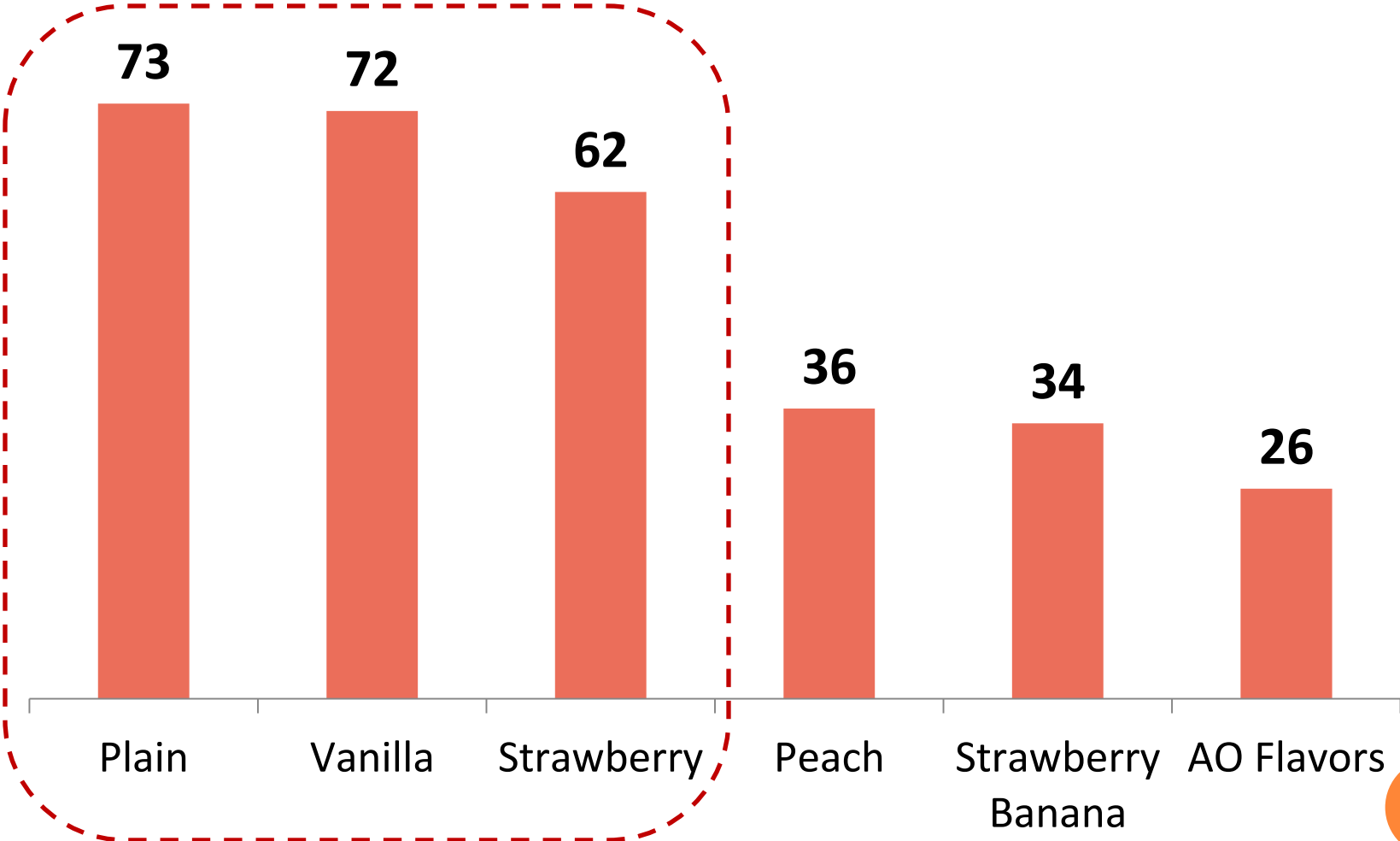


# 32OZ TUBS HAVE LOWER DISTRIBUTION OVERALL

- Almost 8 out of 10 retailers carry a 32oz tub of some sort



# MOST RETAILERS CARRY THREE FLAVORS WITHIN LARGE SIZE



Source: Nielsen Scanner; ACV Data; 52 WE 3/29/14

# PRICING

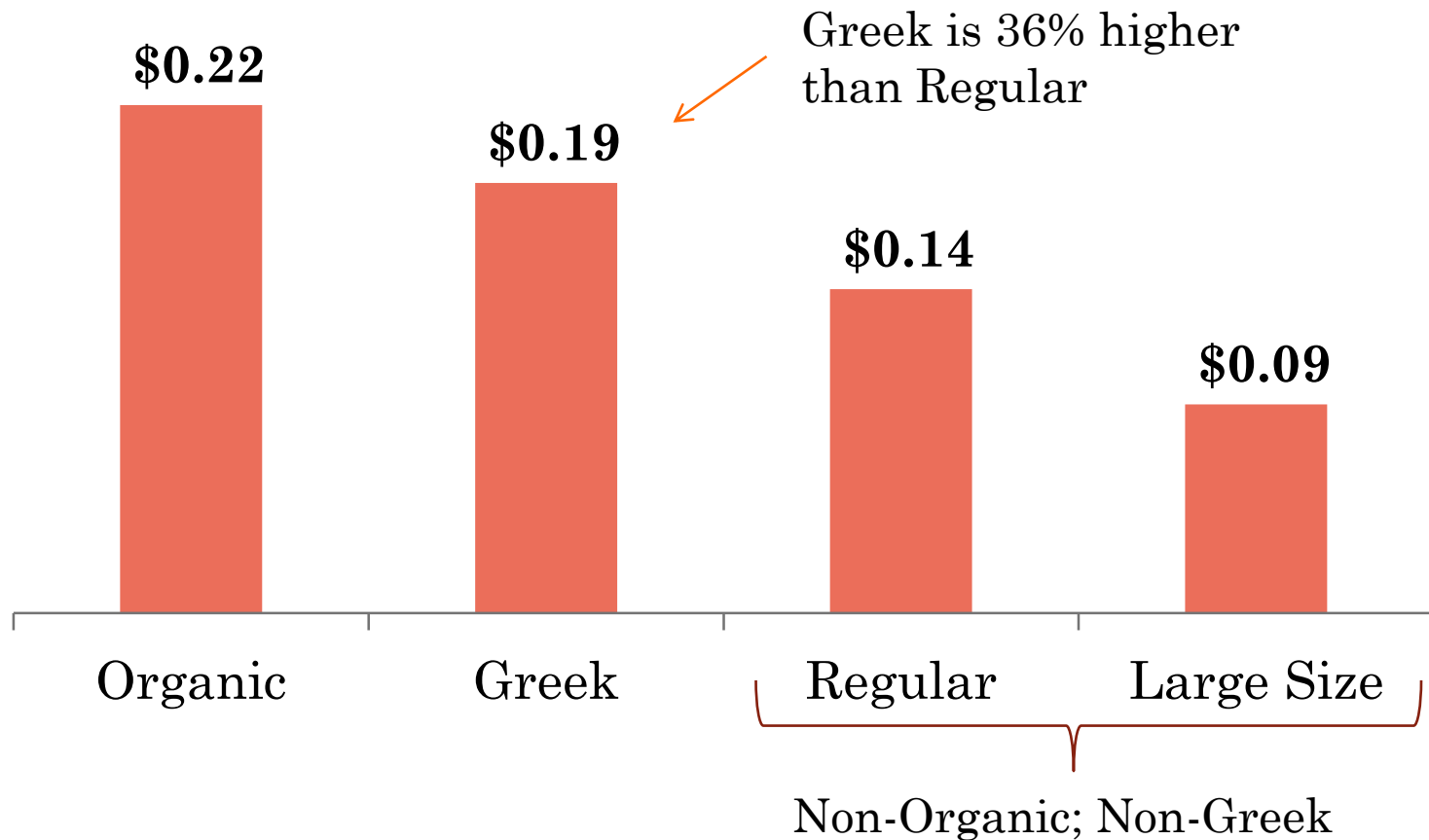


# PRICING 101

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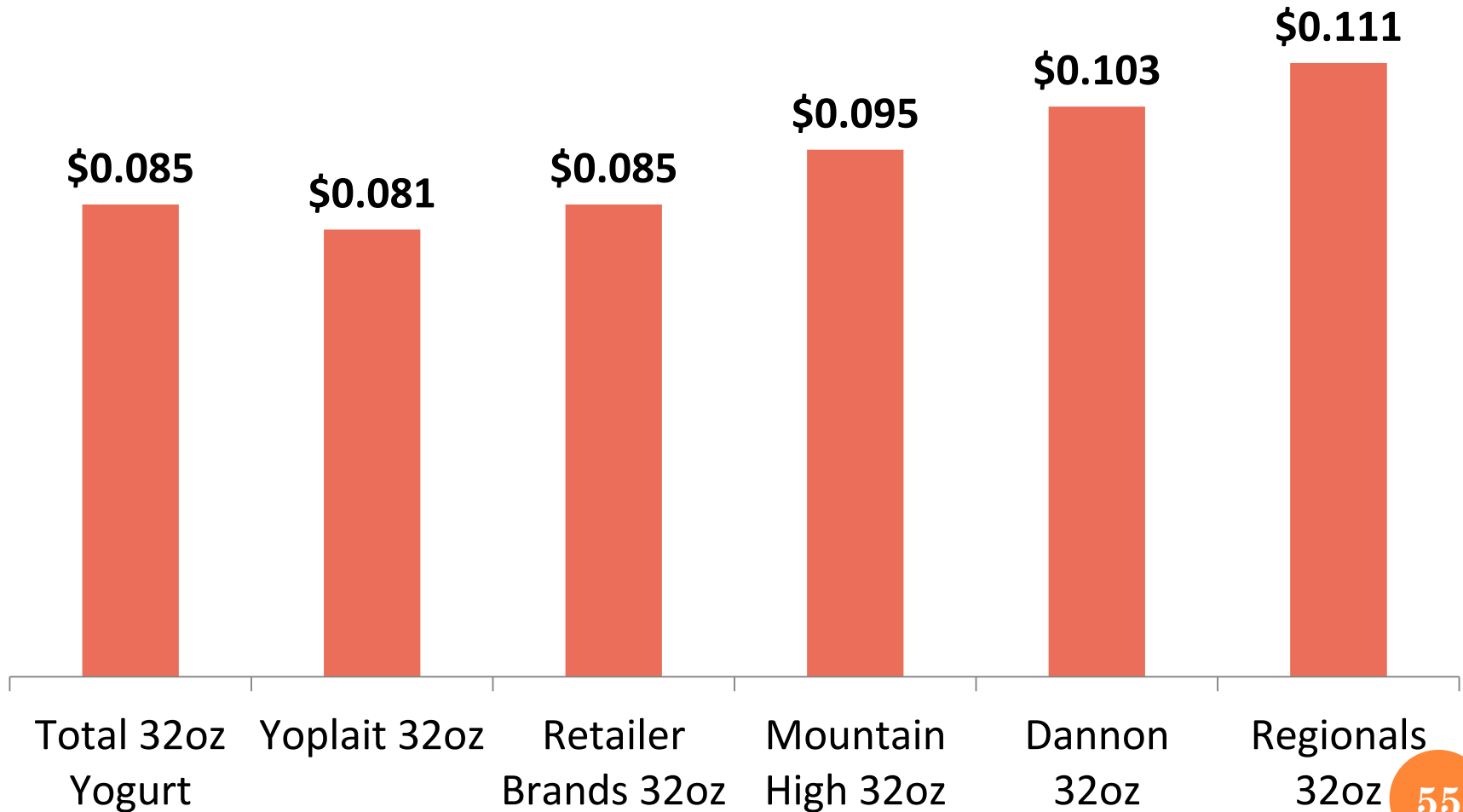
- Manufacturers do not control pricing – it is up to each retailer
- Larger retailers often (but not always!) have lower prices because of the large volume they purchase which drives logistics efficiencies
- Shelf price is not an accurate way to determine competitive pricing
  - ❑ Major manufacturers have a significant % of volume that is sold “on deal”
  - ❑ Average Unit Price (AUP) is a more accurate way to consider cost to WIC
  - ❑ ACNielsen and IRI data should be used as source for AUP whenever possible

# ORGANIC AND GREEK YOGURTS ARE 2X THE COST PER OUNCE COMPARED TO LARGE SIZE



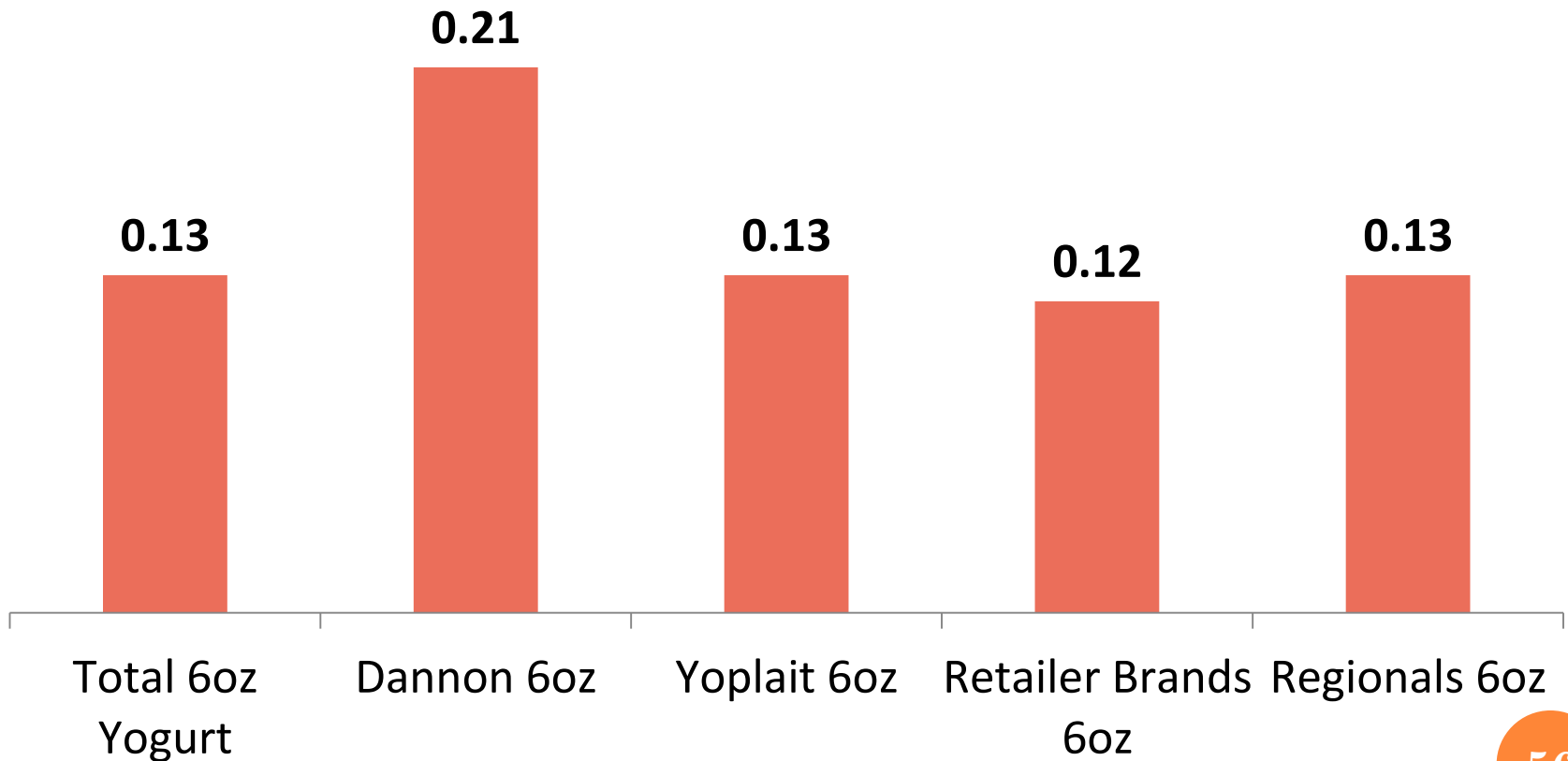
Source: AC Nielsen Scanner; Average Price per Ounce for Total Yogurt; 52 WE 3/29/14

# NATIONAL BRANDS ARE COMPETITIVELY PRICED WITH RETAILER BRANDS ON AVERAGE



Source: AC Nielsen Scanner Average Unit Price per Ounce; Excludes Greek and Organic; 52 WE 4/21/14

# WITHIN 6OZ CUP, THERE CAN BE SIGNIFICANT DIFFERENCES IN PRICING DEPENDING ON AMOUNT OF MERCHANDISING



Source: AC Nielsen Scanner Average Unit Price per Ounce; 52 WE 4/21/14



# TYING IT ALL TOGETHER

# THINGS TO THINK ABOUT

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- **Price per ounce** differs greatly between traditional, Greek and Organic segments
- **Price per ounce** differs greatly between container size and type (driven in part by yogurt type in those container sizes (e.g., Greek))
- **Vitamin D** is not always added to yogurt but is a significant nutrient of need for WIC participants
- **Flavors** are important for yogurt consumers – especially kids
- **16 and 32oz sizes** are most advantageous to WIC but availability will need to be confirmed and encouraged
- **6oz cups** are the most popular size of regular yogurt and have more variety which may be popular despite losing 2oz of benefit
- **8oz cups are only 1%** of the category

*The category has shifted to 6oz cups or smaller over the past 10-15 years. The defined serving size for yogurt is currently 8oz but will likely change to 6oz in the next few years and is currently under review. Therefore it is highly unlikely that the category will increase back to 8oz cups to accommodate WIC. See slide 60 for more information.*

# BACK-UP INFORMATION

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- Serving Size Comparison
  - How to compare yogurt nutrition facts across different size cups/tubs
  - Future changes in the RACC (Reference Amount Customarily Consumed)
- RFI Data Request
  - Suggested data fields

# BE CAREFUL WHEN COMPARING YOGURT SKUs!

Less than 8oz cup =  
Actual amount in that  
container (e.g., 6oz)



Cups at 8oz or more:  
Serving size is 8oz = RACC



- RACC (Reference Amount Customarily Consumed) for yogurt is currently 8oz
- Proposed Rule out for comments would change RACC to 6oz.
  - <https://www.federalregister.gov/articles/2014/03/03/2014-04385/serving-sizes-of-foods-that-can-reasonably-be-consumed-at-one-eating-occasion-et-al-food-labelings>
- If a yogurt is 8oz or above, then nutrition facts fall back to the RACC – or 8oz (e.g., serving size on a 32oz container is 8oz)
- If a yogurt is less than 8oz, then nutrition facts are for the serving in the container
- Example: Labeled sugar will look very different as one will be based on per 8oz while the other is based on actual (e.g., 6.0oz)

Company Name: ABC Company  
 Contact Name: \_\_\_\_\_  
 Contact Phone: \_\_\_\_\_  
 Product Types: Yogurt

## Suggested Yogurt RFI for WIC (use when obtaining data on any yogurts under 8.0oz size)

UPC Code (12 digits)	Manufacturer	Product/Brand Name	Flavor Name	Package Size (oz)	Serving size on Package (oz)	Package Type (cup; multipack; tub)	Pasteurized? (Yes/No)	Whole, Low-fat or Non-fat? (Choose One)	If whole fat, g per labeled serving	If whole fat (g per 8 oz serving)
012345678912	ABC Company	Yogurt Brand Name	Vanilla	32.0	8	Tub	Yes	Low fat	10	10

Calcium (% DV per labeled serving)	Calcium (% DV per 8 oz serving)	Protein (g per labeled serving)	Protein (g per 8 oz serving)	Vitamin A (% DV per labeled serving)	Vitamin A (% DV per 8 oz serving)	Vitamin D (% DV per labeled serving)	Vitamin D (% DV per 8 oz serving)	Sugars ≤ 40g per cup (Yes/No)	Sugars (g per labeled serving)	Sugars (g per 8 oz serving)
20%		7	7	20%		25%		Yes	33	33

Contains Live & Active Cultures? (Yes/No)	Greek? (Yes/No)	Organic? (Yes/No)	Non-Nutritive Sweeteners ? (Yes/No)	Ingredients (expand cell to see entire listing in decreasing order by predominance by weight)	Average Unit Price per Package	Average Unit Price per Oz (calculated field)	Product Distribution Availability (National/Regional/Local)
Yes	No	No	No	Ingredients: Cultured Pasteurized Grade A Low Fat Milk, Sugar, Modified Corn Starch, Kosher Gelatin, Citric Acid, Natural Flavor, Potassium Sorbate Added to Maintain Freshness, Colored with Carmine, Vitamin A Acetate, Vitamin D3.	\$ 3.25	\$ 0.102	National

- To ensure apples-to-apples comparison of yogurt SKUs, the data must be provided on an 8oz serving.
- For yogurt SKUs that are less than 8oz, the data shown on the package will apply to how much is in the cup/tube – not up to the 8oz serving size.
- When yogurt SKU is an 8oz or larger, nutrition information on the package is shown for an 8oz serving.

WIC-Eligible Food Application

Company Name: ABC Company  
 Contact Name: \_\_\_\_\_  
 Contact Phone: \_\_\_\_\_  
 Product Types: Yogurt

Suggested Yogurt RFI for WIC (use when obtaining data on any yogurts in sizes 8.0oz or higher)

UPC Code (12 digits)	Manufacturer	Product/Brand Name	Flavor Name	Package Size (oz)	Serving size on Package (oz)	Package Type (cup; multipack; tub)	Pasturized ? (Yes/No)	Whole, Low-fat or Non-fat? (Choose One)	If whole fat, g per labeled serving
012345678912	ABC Company	Yogurt Brand Name	Vanilla	32.0	8	Tub	Yes	Low fat	10

Calcium (% DV per serving)	Protein (g per labeled serving)	Vitamin A (% DV per serving)	Vitamin D (% DV per serving)	Sugars ≤ 40g per cup (Yes/No)	Sugars (g per labeled serving)	Contains Live & Active Cultures? (Yes/No)	Greek? (Yes/No)	Organic? (Yes/No)
20%	7	20%	25%	Yes	33	Yes	No	No

Non-Nutritive Sweeteners? (Yes/No)	Ingredients (expand cell to see entire listing in decreasing order by predominance by weight)	Average Unit Price per Package	Average Unit Price per Oz (calculated field)	Product Distribution Availability (National/Regional/Local)
No	Ingredients: Cultured Pasteurized Grade A Low Fat Milk, Sugar, Modified Corn Starch, Kosher Gelatin, Citric Acid, Natural Flavor, Potassium Sorbate Added to Maintain Freshness, Colored with Carmine, Vitamin A Acetate, Vitamin D3.	\$ 3.25	\$ 0.102	National



THANK YOU!

FOR QUESTIONS PLEASE CONTACT TAMMY  
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