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Market Report on the Refrigerated Yogurt Market in the U.S.A

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Executive Summary

The following report will show that the U.S. Yogurt market is large and growing. Not only is the number of consumers increasing each year, but each consumer is eating more pounds of yogurt as well. The most relevant part of the U.S. yogurt market for Swiss exporters is the refrigerated yogurt segment and this is looked at in some detail. The report identifies the leading companies and brands, reviews the distribution channels, and shows market size and share for the different yogurt types, container sizes, flavors and by region. In addition, data is provided on imported yogurt which is compared to the domestic production. Conclusions are given about the industry and points are made which should be considered by Swiss yogurt producers that may be considering the feasibility of exporting refrigerated yogurt products to the U.S. Other information provided in the report includes U.S. Food & Drug Administration nutrition labeling requirements, along with major trade associations, trade shows, and industry publications.

Scope

The U.S. Yogurt Market is comprised of three separate segments: (1) Refrigerated yogurt, (2) frozen yogurt and (3) dry yogurt mix. (Yogurt mix is used primarily to make frozen yogurt on-demand in retail establishments). The data provided in this report are from various private and governmental data sources and focus on different areas of the market. Therefore the figures may not be directly comparable. The main focus of this market study will be on the refrigerated yogurt segment.

Market Overview

According to the May 2002 release of DataMonitor profiles, the total United States Yogurt market grew in 2001, to reach a value of \$4.26 billion. This estimate is for all yogurt segments sold through all distribution channels. The compound annual growth rate of the market during the period 1996-2001 was 2.2%. The strongest growth was in 2000, when the market grew by 5.4%. In 2006 the United States yogurt market is forecast to reach a value of \$4.81 billion. The compound annual growth rate of the market in the period 2001-2006 is predicted to be 2.4%.

Yogurt is one of the fastest growing categories in the US market, particularly benefiting from 'eat-on-the-go' trends, due to its portability as well as a relatively high protein content for a dairy food. Set yogurt attracts the most revenue and dominates the US market. Drinking yogurt has only a small market share and attracts less than 1% of sales. Standard grocers are the most lucrative distribution channels and their presence dominates the market. The only other channel with a significant share of this market is that of discount grocers.

United States Yogurt Market Value: \$ Million, 1996-2002

Year	Market Value (\$ Millions)	% Growth
1996	3,824.60	0.6
1997	3,858.80	0.9
1998	3,901.40	1.1
1999	3,942.10	1.0
2000	4,156.00	5.4
2001	4,264.40	2.6
2002e	4,372.90	2.5

Source: DataMonitor Profiles, May 2002

Compound Annual Growth Rate, 1996-2002: 2.3%

Competitive Landscape

Danone products account for the largest share of the United States Yogurt market, with 17.6% of the market in value terms. The top three manufacturer in the United States Yogurt market (Danone, General Mills, Private label) account for 36.9% of the market between them. Groupe Danone has recently agreed to acquire an initial 40% stake in Stonyfield Farm. In 2004, Groupe Danone will have an opportunity to extend this to a majority share. Stonyfield Farm has a strong reputation in the US market, focusing on healthy nutritious organic produce and a sense of environmental responsibility. At present Stonyfield Farm leads the natural yogurt sector. This acquisition builds upon Danone's existing reputation as a leader in the functional food market.

General Mills holds a number of successful brands in a number of product categories. It has capitalized on the demand for convenience foods, packaging its produce in a number of innovative ways. The world's leading tobacco company, Phillip Morris also holds a number of leading food brands. The company has experienced recent difficulty despite a number of lawsuits have been settled, the US government has sued to recover healthcare costs and profits allegedly derived from fraud.

Leading Companies

Groupe Danone
7 rue de Teheran
75381 Paris
France
www.danonegroup.com

Number of Employees: 86,657
Company Turnover (US\$ Million): 12,609.4

Groupe Danone is one of the world's largest food producers. For the fiscal year ended December 31, 2000, the company generated revenues of \$12.6 billion. The company is a leader in the dairy products, packaged water, cookies and crackers markets. Its dairy products are mainly produced under the Danone label, its packaged water under the Evian, Volvic, Danone/Dannon, Sparklett labels and its cookies and crackers under the Lu and Danone labels. The group has some interest in the sauce producing industry. It disposed of a majority stake in the container division and its European beer business in early 2000. The company is headquartered in Paris, France.

General Mills, Inc.
1 General Mills Blvd.
Minneapolis, MN 55426-1348
www.generalmills.com

Number of Employees: 11,001
Company Turnover (US\$ Million): 7,077.7

General Mills, the largest cereal manufacturer in the US, specializes in the production of packaged consumer foods. For fiscal 2001, revenues were \$7 billion. It is also #1 in refrigerated yogurt featuring leading brands Go-Gurt, and Yoplait as well as Colombo. General Mill's products are primarily distributed directly to retail food chains, cooperatives,

membership stores and wholesalers. The company also markets its products to foodservice operators, convenience stores and vending operators. Certain food products, such as yogurt and some foodservice and refrigerated products, are sold through distributors and brokers. General Mills operates internationally through four joint ventures and other subsidiaries. General Mills is headquartered in Minneapolis, Minnesota.

Philip Morris Companies Inc.
 120 Park Ave
 New York, NY 10017
www.philipmorris.com

Number of Employees: 178,000
 Company Turnover (US\$ Million): 89,900.0
 Philip Morris Companies is a diverse holding company. The company has a number of wholly owned and majority controlled subsidiaries active in the production of various consumer products. It is the largest US producer of food, drinks and tobacco products, in terms of sales, revenues and assets. For the year ended December 2001 the company had an operating revenue of \$89.9 billion. The company's wholly owned subsidiaries include Philip Morris Inc, Philip Morris International, Miller Brewing Company, and Philip Morris Capital. The company spun off its Kraft Foods subsidiary in June 2001 but retains a controlling stake. Together these subsidiaries produce tobacco, food and drink products, while Philip Morris capital is engaged in leasing and investment activities. Headquartered in New York the company operates in nearly 200 countries worldwide.

Stonyfield Farm
 10 Burton Dr.
 Londonderry, NH 03053
<http://www.stonyfield.com>

Founded in 1983, Stonyfield Farm uses organic milk, keeps artificial ingredients out of its products, and places a value on environmental responsibility. A longtime leader among health foods store brands, when the company began copying the bright kid-friendly packaging ideas of General Mills' Yoplait brand, it shot up to become the #4 yogurt maker in the US. Stonyfield Farm's products are now distributed nationally to grocery chains. Its rapid growth caught the attention of Group Danone, which has purchased 40% of Stonyfield Farm's stock.

U.S. Yogurt Market: Manufacturer Share (% By Value, 2001)

Manufacturer	% Share
Danone	17.6
General Mills	11.0
Dairy Delite	7.9
Lifeway Foods	6.2
Cacique USA	5.1
Kraft	4.0
Private label	8.3
Other	40.0

Source: DataMonitor Profiles, May 2002

Distribution Channels

According to DataMonitor Profiles, Standard grocers are the primary means for the retail distribution of yogurt products and comprise almost two-thirds of the market volume. When discount grocers are included, the two retail venues make up 76% of the distribution of yogurt products. (Standard grocers are classified as grocery stores with a minimum sales volume of \$2 million per year.

Yogurt is primarily distributed through traditional distribution channels. Major supermarket chains purchase yogurt products for their regionally located distribution centers which supply to individual stores within a specific region. Delivery of products is usually by direct shipment from the manufacturer to the supermarket's distribution center. The regional distribution centers then "pick and pack" smaller quantities of products for delivery to individual stores.

U.S. Yogurt Market Retail Distribution (% By Volume, 2001)

Distribution Channel	% Share
Standard grocers	62.8
Discount grocers	13.2
Convenience stores	6.1
Traditional Grocers	4.8
Gas station stores	3.6
Kiosks	1.0
Other	8.5

Source: DataMonitor Profiles, May 2002

Total Market Forecast

DataMonitor estimates that the U.S. Yogurt market will grow from \$4.3 billion in 2002 to \$4.8 billion in 2006. This represents a compound annual growth rate of 2.4% for the period.

U.S. Yogurt Market Value Forecast: \$ Million, 2002-2006

Year	Market Value Forecast (\$ Millions)	% Growth
2002	4,372.90	2.5
2003	4,481.30	2.5
2004	4,589.80	2.4
2005	4,698.20	2.4
2006	4,806.60	2.3

Source: DataMonitor Profiles, May 2002

Forecast Compound Annual Growth Rate, 2002-2006: 2.4%

U.S. Yogurt Production 1995-2001

The following table shows the amount of yogurt produced in the U.S. (in millions of pounds) for each corresponding year from 1995 through 2001. One can see that the amount of production increases steadily from 1997 through 2001 providing for a compound average annual growth rate of 6.1% over that time period. It is also important to note that the per capita production has steadily increased over that time frame as well. This trend reflects a growing popularity for yogurt consumption among consumers in the U.S.

U.S. Refrigerated Yogurt Production, Per Capita Production, And Average Value Per Pound Shipped, 1995-2001

Year	Millions of Pounds	Percent Change	Per Capita Production (LBS)	Average Value per Pound
1995	1,645.9		6.3	\$0.75
1996	1,588.1	-3.5	6.0	\$0.74
1997	1,574.0	-0.9	5.9	\$0.75
1998	1,639.0	4.1	6.1	\$0.76
1999	1,717.2	4.8	6.3	n/a
2000	1,836.6	7.0	6.7	n/a
2001	1,998.6	8.8	7.0	n/a

Source: U.S. Department of Agriculture (for pounds produced)
 Specialists in Business Information 1999 study on yogurt (for average value per pound)
 Per Capita production based on resident population as of July 1 of each year

The following table is a metric conversion of the above table.

U.S. Refrigerated Yogurt Production, Per Capita Production, And Average Value Per Kilogram Shipped, 1995-2001

Year	Millions of Kilograms	Percent Change	Per Capita Production (Kg)	Average Value per Kilogram
1995	748.1		2.86	\$0.341
1996	721.9	-3.5	2.73	\$0.346
1997	715.5	-0.9	2.68	\$0.341
1998	745.0	4.1	2.77	\$0.345
1999	780.5	4.8	2.86	n/a
2000	834.8	7.0	3.05	n/a
2001	908.5	8.8	3.18	n/a

Converted table from above

According to the U.S. Department of Agriculture, California has the most yogurt production plants in the U.S. followed by New York, Illinois, and Wisconsin.

Primary yogurt producing states in the U.S. in 2001

State	Number of Production Plants
California	20
New York	15
Illinois	4
Wisconsin	2

Source: U.S. Dept. of Agriculture

Comparative Historical Data

The U.S. Census Bureau tracks data on various industries every five years. The most recent data available on the U.S. refrigerated yogurt market are from 1997. The next Census study will not be conducted until sometime during 2002 and the resulting information will not be available until a later date. Although the following information is somewhat dated, the figures can be used to get a rough estimate of the various components of yogurt production in the

U.S. It is interesting to note that the Cost of Materials composed 53% of the Value of Shipments of yogurt while the Value Added by Manufacturer was 47%.

1997 U.S. Census Bureau Industry Statistics for Refrigerated Yogurt Production

Number of Firms	Number of Employees	Total Payroll (\$000)	Number of Production Workers	Hours (000)	Wages (\$000)
21	2,653	85,848	1,782	3,913	58,332

Value Added by Mfr. (\$000)	Cost of Materials (\$000)	Value of Shipments (\$000)	Total Capital Expenditures (\$000)
613,813	695,418	1,308,863	31,309

Source: U.S. Census Bureau, 1997 Economic Census

U.S. Refrigerated Yogurt Market Sales Estimates/Projections 1999-2005

According to Global Industry Analysts, the U.S. refrigerated yogurt market will grow from \$1.9 billion in 1999 to \$2.5 billion in 2005, resulting in a compound annual growth rate of 5.0%.

U.S. Refrigerated Yogurt Market: Annual Sales Estimates/ Projections 1999 - 2005

Year	Sales (\$Millions)	Change from previous year (%)
1999	1,905	
2000	1,996	4.8
2001	2,094	4.9
2002	2,198	5.0
2003	2,309	5.1
2004	2,428	5.2
2005	2,555	5.2

Source: Global Industry Analysts Inc., Market Trend Reports - October 2001

* Figures represent sales through food, drug and mass merchandise outlets
 Compounded Annual Growth Rate 1999-2005: 5.0%

Sales and Market Share of Leading Brands (2000)

Yoplait and Dannon dominate the U.S refrigerated yogurt market. Out of an estimated \$2 billion in sales in 2000, all Yoplait flavors combined comprised about 29% of the market with \$579 million in sales. All Dannon flavors combined comprised about 18% of the market with \$362 million in sales.

U.S. Refrigerated Yogurt Market: Sales In Dollars and Unit Volume and % Market Share By Major Brands (2000)

Brand	Sales (\$Mio.)	% Share	Sales (Units Mio.)	% Share
Yoplait	222	11.1	335	13.5
Dannon Light	176	8.8	210	8.5
Dannon Fruit on the Bottom	116	5.8	158	6.4
Yoplait Light	110	5.5	174	7.0
Yoplait Go- Gurt	97	4.9	38	1.5
Yoplait Trix	78	3.9	33	1.3
Yoplait Custard Style	72	3.6	115	4.6
Dannon	70	3.5	66	2.7
Breyers	61	3.0	94	3.8
Private Label	272	13.6	489	19.8
Others	722	36.2	765	30.9
Total	1,996	100.0	2,477	100.0

Source: Global Industry Analysts Inc., Market Trend Reports - October 2001

* Figures represent sales through food, drug and mass merchandise outlets

(See retail pricing section on page 12 for additional brand comparison information)

Sales and Market Share by Yogurt Type (2001)

The following table is derived from data provided by the International Dairy Foods Association. The information is gathered and reported by Information Resources, Inc. using point of sale data obtained from standard grocery stores in the U.S. with a minimum sales volume of \$2 million per year.

The U.S. market for refrigerated yogurt sold through standard grocery stores was approximately \$2.1 billion in 2001. Within the refrigerated yogurt category there are three types of products: regular fat, low-fat, and non-fat. The largest segment of the refrigerated yogurt market is the low-fat segment with 56.2% market share followed by non-fat yogurt with 35.4% and regular fat with 8.4%.

U.S. Refrigerated Yogurt Market: Rolling 52 Weeks ending September 23, 2001

Yogurt Type	Value (\$ Millions)	Market Share (%)
All	2,119.4	100.0
Regular Fat	179.0	8.4
Low Fat	1,119.8	56.2
Non-Fat	749.4	35.4

Information Resources Inc. 3rd Quarter 2001

Sales and Market Share by Single Serving Size (2001)

The most popular serving size is the 8 oz. cup with 37.9% market share followed by the 6 oz. cup with 27.5% market share. Other single sizes are sold, but have a very small market share.

U.S. Refrigerated Yogurt Market: Rolling 52 Weeks ending September 23, 2001
By Package Size (Small)

Single Serving Size	Value (\$ Millions)	Market Share (%)
4 oz.	2.3	0.1
5 oz.	2.6	0.1
6 oz.	582.9	27.5
8 oz.	802.7	37.9

Information Resources Inc. 3rd Quarter 2001

Sales and Market Share for Family Serving Sizes (2001)

The multi-pack serving is the third most popular packaging size with a market share of 23.4%. Of the larger family sizes, the 32 oz. container is the most popular, but with only 8.3% market share it is considerably less popular than the 8 oz. and 6 oz. serving sizes.

U.S. Refrigerated Yogurt Market: Rolling 52 Weeks ending September 23, 2001
By Package Size (Large)

Family Serving Size	Value (\$ Millions)	Market Share (%)
16 oz.	11.4	0.5
24 oz.	6.2	0.3
32 oz.	176.6	8.3
Multi Pack	496.7	23.4

Information Resources Inc. 3rd Quarter 2001

Sales and Market Share by Flavor (2001)

The U.S. refrigerated yogurt market is dominated by flavored yogurt which has a market share of 94.2% compared with a market share of 5.8% for plain yogurt. Within the flavored yogurt category, Vanilla holds a market share of 7.1%

U.S. Refrigerated Yogurt Market: Rolling 52 Weeks ending September 23, 2001
By Flavor

Flavor	Value (\$ Millions)	Market Share (%)
Plain	123.4	5.8
Vanilla	150.8	7.1
Flavored	1995.9	94.2

Information Resources Inc. 3rd Quarter 2001

Sales and Market Share by Region (2001)

A regional breakdown shows that sales growth for yogurt was strong coast to coast, in both the leading regions as well as those with a smaller share. The Plains region had nearly a 15% jump in dollar sales and unit sale increases of nearly 9%. Unit sales were off in only one region, California.

U.S. Refrigerated Yogurt Market: Rolling 52 Weeks ending November 4, 2001
By Region

Region	Value (\$ Millions)	Change from previous year (%)	Unit Sales (millions)	Unit Sales Change (%)
California	318	4.4	334	-0.4
Great Lakes	354	7.7	398	5.0
Mid-South	220	10.1	242	1.9
Northeast	564	7.0	613	2.5
Plains	142	14.7	190	8.9
South Central	153	10.0	197	5.1
Southeast	210	7.4	263	5.5
West	274	8.5	367	1.9
Total	2,234	7.9	2,605	3.3

Information Resources Inc.

Transatlantic Transportation Costs

The following is a sample of the transatlantic transportation costs for yogurt using a 40 ft. refrigerated container from Zürich to New York port. (quoted by Cargo International Logistics, Inc.)

\$5865.00-Loading in Zurich to arrival in NY port (includes 2 hours free loading time)
\$600.00-THC-NY port (Terminal Handling Charge)
\$60.00-Chassis
\$55.00-Documentation fees
\$6580.00-Total*

Frequency: weekly service
Transit time: 25-30 days approx.

In addition, there would also be an inland freight charge from the port to the final destination.

The amount of product that can be put into a 40 ft. container is a maximum weight of 60,960 pounds (27,709 Kg) or a cubic capacity of 1,965 cu. ft. (55.64 m³).

Retail Pricing

The following pricing table can be used as a guideline to estimate the unit pricing that imported Swiss yogurt would need to reach in order to be competitive in the U.S. market. Prices of products vary by store and by region. The following prices were obtained from an upscale supermarket in the Chicago area. Therefore, the prices would represent the higher priced end of the market. For comparison purposes, prices for the same products in a mid-price supermarket in the Houston, TX area were about 10%-20% less for the same items.

Retail Pricing of Major Brands by container size

Brand	6 oz cup	8 oz cup	32 oz tub	4 oz 6-pack
Dannon	n/a	\$0.99	\$3.19	\$3.19
Stonyfield Farm	n/a	\$0.99	\$3.49	\$3.59
Yoplait	\$0.79	n/a	n/a	\$3.39
Colombo	n/a	\$0.99	n/a	\$3.29
Horizon (Organic)	\$0.99	n/a	n/a	n/a

(Sample from Peapod, an upscale supermarket in the Chicago area)

Yoplait's Go-Gurt and Trix brands which are marketed to children command a premium price relative to the 6 and 8 oz. cup servings. Unique packaging and convenience help differentiate these products from the single serving cups. Go-Gurt comes in tubes and can be eaten without a spoon while Trix has two different flavors in each 4 oz. serving.

Retail Pricing of Major Brands per ounce comparison

Brand	Package Size	Retail Price	Price per ounce
Yoplait	6 oz. cup	\$0.79	\$0.13167
Dannon Light	8 oz. cup	\$0.99	\$0.12375
Dannon Fruit on the Bottom	8 oz. cup	\$0.99	\$0.12375
Yoplait Light	6 oz. cup	\$0.79	\$0.13167
Yoplait Go-Gurt	8-pack x 2.25 oz. tubes	\$3.39	\$0.18833
Yoplait Trix	6-pack x 4 oz. cup	\$3.39	\$0.14125
Yoplait Custard Style	6 oz. cup	\$0.79	\$0.13167
Dannon	8 oz. cup	\$0.99	\$0.12375
Colombo	8 oz. cup	\$0.99	\$0.12375
Stonyfield Farm	8 oz. cup	\$0.99	\$0.12375

(Sample from Peapod, an upscale supermarket in the Chicago area)

Import Related Information

Harmonized Tariff System Number: 04031090

Technical Description: Yogurt, not in dry form, whether or not flavored or containing added fruit or cocoa

Duty rate: 17% (ad valorem)

Imports of refrigerated yogurt products comprised less than 0.2% of the U.S. market with a total of only \$3.9 million in 2001. Spain was the largest exporter of yogurt to the U.S. with exports of just over \$2 million or 51.7%. U.S. imports from Switzerland totaled \$160,100 or just 4.1% of total yogurt imports in 2001. Most likely, imports of refrigerated yogurt products are limited for 3 major reasons: (1) a relatively high duty rate of 17%; (2) much of the shelf life of the product is absorbed while the goods are in transit; and (3) high transatlantic freight costs compared to inland freight costs for yogurt produced in the U.S.. Each of these factors contributes significantly to the unit cost of imported yogurt products.

US imports for Consumption at Customs value for HTS number 04031090
by country in descending value of 2001 imports (in \$ thousands)

Country	1999 (\$ 000)	2000 (\$ 000)	2001 (\$ 000)	% of Total (2001)
All Countries	767.4	2,636.0	3,919.4	100.0
Spain	52.5	1,334.9	2,026.6	51.7
Greece	174.9	327.8	578.4	14.8
Mexico	137.3	495.2	531.2	13.6
France	4.5	15.4	268.6	6.9
Canada	98.1	100.4	185.6	4.7
Switzerland	66.3	188.6	160.1	4.1
Jordan	0.0	15.6	55.9	1.4
Israel	188.1	103.4	50.9	1.3
Brazil	2.1	30.0	45.1	1.2
Lebanon	7.4	11.3	6.3	0.2
Taiwan	0.0	9.5	5.5	0.1
Poland	0.0	0.0	5.2	0.1
United Kingdom	7.5	0.0	0.0	0.0
Korea, Republic of	0.0	0.0	0.0	0.0
India	8.6	0.0	0.0	0.0

Source: U.S. International Trade Commission Trade Database

Most of the refrigerated yogurt imported into the U.S. in 2001 arrived through New York, NY followed by San Juan, PR and Miami, FL. Those three customs districts combined accounted for almost 80% of all yogurt imported into the U.S. It is logical that most yogurt imports would come through these East Coast ports as most of the yogurt shipped is coming from Europe or the Middle East.

US imports for Consumption at Customs value for HTS number 04031090
by Customs district of entry in descending value of 2001 imports (in \$ thousands)

District	1999 (\$ 000)	2000 (\$ 000)	2001 (\$ 000)	% of Total (2001)
All districts	767.4	2,636.0	3,919.4	100.0
New York, NY	479.5	1,078.9	1,738.1	44.3
San Juan, PR	52.5	585.4	808.2	20.6
Miami, FL	0.0	389.1	546.4	13.9
Laredo, TX	137.3	457.8	411.8	10.5
Ogdensburg, NY	98.1	87.5	163.1	4.2
San Diego, CA	0.0	4.3	119.4	3.0
Chicago, IL	0.0	15.6	82.7	2.1
Los Angeles, CA	0.0	7.9	27.2	0.7
Detroit, MI	0.0	0.0	20.2	0.5
St. Albans, VT	0.0	2.8	2.3	0.1
Buffalo, NY	0.0	6.7	0.0	0.0

Source: U.S. International Trade Commission Trade Database

Conclusion

The U.S. refrigerated yogurt market is a large and growing market. The market is growing in both per capita consumption and total consumption. Both of these factors would suggest that there is room for additional market players despite the dominance of the two major players Danone and General Mills with their Dannon and Yoplait brands, respectively.

Most of the refrigerated yogurt consumed in the U.S. is produced in the U.S. Statistics show that 99.8% of the yogurt consumed in the U.S. is produced within the country while only 0.2% is imported. Nevertheless, total imports of yogurt increased 500% from 1999 to 2001. However, it must also be noted that the large increase in imports is skewed by a single country, Spain. (See table on page 12). In addition, the base number of a few million dollars in imports can show a big increase in imports with only a tiny increase relative to the total market. Therefore, this increase may not be a good indicator of a developing trend.

Imports of refrigerated yogurt appear to be hindered by three primary factors: (1) a relatively high duty rate of 17%; (2) much of the shelf life of the product is absorbed while the goods are in transit (25-30 days + inland freight time); and (3) high transatlantic freight costs compared with inland freight costs for yogurt produced in the U.S. Each of these factors contributes significantly to the unit cost of imported yogurt products. In order to successfully sell imported yogurt products in the U.S., the product must offer sufficient margins to all parties in the distribution chain while at the same time absorbing the additional costs of a 17% duty rate, short remaining shelf life, and transatlantic freight costs.

When looking at the unit price of the 2 most popular single serving sizes at an upscale supermarket, we see that the 6 oz. Yoplait sells (at retail) for \$0.79 or about \$0.13167 per oz. and the 8 oz. Dannon sells for \$0.99 or about \$0.12375 per oz. The question then becomes, how close can imported yogurt come to matching the unit price of the well established major brands when one includes the additional costs as discussed above? If the price is close, a Swiss brand might have a chance to compete with these other brands. However, if the price is significantly higher, it will be necessary to either create or identify a high-end market niche that is not currently being served with existing products. In either case, it will be then be necessary to develop some type of marketing campaign and brand awareness to effectively sell the product. This too will add costs to the ultimate retail price of the product.

It will be difficult to export directly from the Swiss manufacturer to the distribution centers of the retail supermarkets. Long lead times and unexpected "in-transit" delays of yogurt shipments will make it very difficult to manage appropriate inventories. Shelf life limitations will directly affect pricing and profitability. Working through an importer/distributor will add another cost component to the supply chain. It will also add more handling time to an already shortened remaining shelf life.

Any effort to export refrigerated yogurt products to the U.S. should have a thorough cost analysis done to determine how competitive the prices will be relative to existing products. Shelf life should also be carefully considered. Retailers will want sufficient remaining shelf life in order to carry the products. Retailers will not want to be in a position to have to mark the price down in order to sell the product before the date expires. In addition, products that arrive at the supermarkets' distribution center without sufficient remaining shelf life or already expired will most likely be refused leaving the manufacturer the burden of bearing the total loss.

It will definitely be a formidable challenge to successfully introduce and develop a market for refrigerated yogurt products exported from Switzerland to the U.S.

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Appendix

Product Information on Major Brands

Yoplait Custard Style (6 oz.)

Flavors: Banana, Blackberry Harvest, Blueberries N Cream, Cherry Vanilla, Creme Caramel, Key Lime Pie, Lemon Supreme, Natural Vanilla, Orange Crème, Peaches N Cream, Raspberry Cheesecake, Royal Raspberry, Strawberry, Strawberry Banana, Tropical Fruit



Yoplait Light (6 oz.)

Flavors: Apricot Mango, Berries 'n Cream, Blueberry Patch, Harvest Peach, Key Lime Pie, Orange Crème, Passionfruit Banana, Raspberry Peach Melba, Red Raspberry, Strawberries N Banana, Strawberry, Strawberry Orange Sunrise, Very Cherry, White Chocolate Strawberry, Banana Cream Pie, Boston Cream Pie, Lemon Cream Pie, Very Vanilla



Yoplait Original (6 oz.)

Flavors: Banana Crème, Blackberry Harvest, Boysenberry, Cherry Orchard, Coconut Cream Pie, French Vanilla, Harvest Peach, Key Lime Pie, Lemon Burst, Mandarin Orange, Mixed Berry, Mountain Blueberry, Orange Crème, Pina Colada, Pineapple, Raspberry Lemon, Red Raspberry, Strawberry, Strawberry Banana, Strawberry Cheesecake, Strawberry Kiwi, Strawberry Mango, Tropical Fruit, Tropical Peach, White Chocolate Raspberry



Yoplait Go-Gurt (8-pack x 2.25 oz.)

Portable Yogurt that can be served refrigerated, frozen or thawed. Go-Gurt is portable, so there is no spoon required. Eight tubes are packed with fun flavors in every package. Flavors: Rad Raspberry/Paradise Punch, Strawberry Banana Burst/Watermelon Meltdown, Strawberry Kiwi Kick/Chill Out Cherry, Strawberry Splash/Berry Blue Blast, Cool Cotton Candy/Burstin' Melon Berry (new in certain locations)



Yoplait Trix Yogurt (6-pack x 4 oz.)

Trix yogurt is a delicious, fruity-flavored lowfat yogurt with two cool colors in every cup. Kids love the smooth texture and fun flavors of Trix. Flavors: Cotton Candy/Strawberry Kiwi, Raspberry Rainbow/Strawberry Banana Bash, Rockin' Rainbow Sherbert/Outrageous Bubble Gum, Triple Cherry/Wildberry Blue, Watermelon Burst/Strawberry Punch



Dannon Fruit on the Bottom (8 oz.)

Flavors: Apple Cinnamon, Blueberry, Boysenberry, Cherry, Mixed Berries, Peach, Raspberry, Strawberry, Strawberry/Banana



Dannon Light 'n Fit (8 oz)

Flavors: Blackberry Pie, Blueberry, Cherry Vanilla, Lemon Chiffon, Orange Mango, Peach, Raspberry, Strawberry, Strawberry/Banana, Strawberry/Kiwi, Vanilla, White Chocolate Raspberry



Dannon Plain (8 oz.)

Types: Natural, Low Fat and Non Fat



Colombo Classic (8 oz.)

Flavors: Banana Strawberry, Black Cherry Parfait, Blackberry Burst, Blueberry, Cherry, Fruit Burst, Lemon, Peach, Raspberry, Strawberry, Strawberry Kiwi, Vanilla, White Chocolate Raspberry



Colombo Light (8 oz.)

Flavors: Blueberry, Boston Cream Pie, Cherry Vanilla, Creamy Vanilla, Juicy Peach, Key Lime Pie, Lemon Meringue, Mixed Berry, Orange Crème, Raspberry, Strawberry Banana, Strawberry, Strawberry Colada, White Chocolate Raspberry

FDA Nutrition Labeling requirements

The U.S. Food and Drug Administration requires most food items sold in the U.S. to provide nutritional content information. In addition, the label must appear in a specific format.

Nutrition Information Panel

Under the label's "Nutrition Facts" panel, manufacturers are required to provide information on certain nutrients. The mandatory (underlined) and voluntary components and the order in which they must appear are:

total calories

calories from fat

calories from saturated fat

total fat

saturated fat

polyunsaturated fat

monounsaturated fat

cholesterol

sodium

potassium

total carbohydrate

dietary fiber

soluble fiber

insoluble fiber

sugars

sugar alcohol (for example, the sugar substitutes xylitol, mannitol and sorbitol)

other carbohydrate (the difference between total carbohydrate and the sum of dietary fiber, sugars, and sugar alcohol if declared)

protein

vitamin A

percent of vitamin A present as beta-carotene

vitamin C

calcium

iron

other essential vitamins and minerals

If a claim is made about any of the optional components, or if a food is fortified or enriched with any of them, nutrition information for these components becomes mandatory. These mandatory and voluntary components are the only ones allowed on the Nutrition Facts panel. The listing of single amino acids, maltodextrin, calories from polyunsaturated fat, and calories from carbohydrates, for example, may not appear as part of the Nutrition Facts on the label. The required nutrients were selected because they address today's health concerns. The order in which they must appear reflects the priority of current dietary recommendations.

Nutrition Panel Format

All nutrients must be declared as percentages of the Daily Values which are label reference values. The amount, in grams or milligrams, of macronutrients (such as fat, cholesterol, sodium, carbohydrates, and protein) are still listed to the immediate right of these nutrients. But, for the first time, a column headed "% Daily Value" appears on the far right side. Declaring nutrients as a percentage of the Daily Values is intended to prevent misinterpretations that arise with quantitative values. For example, a food with 140 milligrams (mg) of sodium could be mistaken for a high-sodium food because 140 is a relatively large number. In actuality, however, that amount represents less than 6 percent of the Daily Value for sodium, which is 2,400 mg. On the other hand, a food with 5 g of saturated fat could be

construed as being low in that nutrient. In fact, that food would provide one-fourth the total Daily Value because 20 g is the Daily Value for saturated fat.

Serving Sizes

The serving size remains the basis for reporting each food's nutrient content. However, unlike in the past, when the serving size was up to the discretion of the food manufacturer, serving sizes now are more uniform and reflect the amounts people actually eat. They also must be expressed in both common household and metric measures.

FDA allows as common household measures: the cup, tablespoon, teaspoon, piece, slice, fraction (such as "1/4 pizza"), and common household containers used to package food products (such as a jar or tray). Ounces may be used, but only if a common household unit is not applicable and an appropriate visual unit is given—for example, 1 oz (28g/about 1/2 pickle). Grams (g) and milliliters (mL) are the metric units that are used in serving size statements.

NLEA defines serving size as the amount of food customarily eaten at one time. The serving sizes that appear on food labels are based on FDA-established lists of "Reference Amounts Customarily Consumed Per Eating Occasion."

These reference amounts, which are part of the regulations, are broken down into 139 FDA-regulated food product categories, including 11 groups of foods specially formulated or processed for infants or children under 4. They list the amounts of food customarily consumed per eating occasion for each category, based primarily on national food consumption surveys. FDA's list also gives the suggested label statement for serving size declaration. For example, the category "Yogurt" has a reference amount of 225 g, and the appropriate label statement for Yogurt is "___ cups (__ g)."

Ingredient Labeling

Ingredient declaration is required on all foods that have more than one ingredient.

More Information

For more information, contact:

FDA

General Inquiries: Call toll-free 1-888-INFO-FDA (1-888-463-6332).

Food Safety Hotline: 1-800-332-4010

FDA's food label information on the Web: www.cfsan.fda.gov/label.html.

(For sample labels and detailed information on labeling requirements refer to the website).

Trade Associations

International Dairy Foods Association

1250 H Street NW, Suite 900

Washington, DC 20005

Tel: 202-737-4332

Fax: 202-331-7820

URL: <http://www.idfa.org>

IDFA is the dairy foods industry's collective voice in Washington, D.C., throughout the country and in the international arena. IDFA has become a leading player in the formation of positive domestic and international dairy policies. Today, IDFA represents more than 500 dairy food manufacturers, marketers, distributors and industry suppliers across the United States and Canada, and in 20 other countries.

IDFA is the umbrella organization for three constituent organizations:

Milk Industry Foundation (MIF)
National Cheese Institute (NCI)
International Ice Cream Association (IICA)

Members range from large multinational corporations to single plant operations, and represent more than 85% of the total volume of milk, cultured products, cheese, and ice cream and frozen desserts produced in the United States - an estimated \$70 billion a year industry.

American Dairy Products Institute
Warren S. Clark, Jr., CEO
300 W. Washington St., Suite 400
Chicago, IL 60606-1704
Tel: 312/782-4888 Fax: 312/782-5299
adpi@flash.net

National Yogurt Association
Leslie Sarasin, President
2000 Corporate Ridge, Suite 1000
McLean, VA 22102
Tel: 703-821-0770

Trade Shows and Conferences

Winter International Fancy Food & Confection Show
Jan 19, 2003 - Jan 21, 2003
Moscone Center
747 Howard Street
San Francisco, CA 94103
Email: custserv@fancyfoodshows.com
Event URL: <http://www.fancyfoodshows.com>

Number of Exhibitors: 1,200
Number of Attendees: 19,000
Floor Space: 18,500 m²

Exhibitor Information: Manufacturers, importers, brokers and distributors from U.S. and abroad who market gourmet and specialty foods, accessories, confections and beverages.

Attendee Information: Supermarket buyers are coming for fresh new products to differentiate their stores from the competition: high-quality, high-margin selections... signature dishes for new customer appeal... add-ons and impulse items... products from every part of the country and the world.

Recent Fancy Food Shows have attracted from 19,000 to 32,000 attendees from specialty food, wine, gift and department stores, supermarkets, restaurants, mail-order and other related businesses. These attendees come to see over a thousand exhibitors from around the world, presenting over 50,000 specialty foods to discover and sample. Business booms at these trade-only shows, in a unique decision-maker to decision-maker environment. An impressive 87% of all attendees either authorize or recommend purchasing decisions.

- The Summer NASFT Fancy Food Shows[®] are held annually on the East Coast.
- The Winter NASFT Fancy Food Shows[®] are held annually on the West Coast.

- The new Spring NASFT Fancy Food Show[®], which is co-located with the International Wine & Spirits Pavilion is held at McCormick Place in Chicago.

Focused Exhibits[®]: At each Fancy Food Show, the NASFT operates the Focused Exhibits, a targeted display area where exhibitors can show products that appeal to a certain segment of trade. There are currently five Focused Exhibit categories: What's New?, Gift Avenue, Natural Foods, Kosher Foods and Foodservice Spoken Here.

Focused Tastings[®]: The Focused Tastings, which take place at each Fancy Food Show, offer attendees a chance to taste products in three categories. This self-education process is supplemented by a Master Class taught by a leading cookbook author, chef or retailer.
Seminars and Workshops: The NASFT presents up to a dozen seminars, four workshops and several events at each Fancy Food Show.

FMI Supermarket Industry Convention & Educational Exposition

May 04, 2003 - May 06, 2003

McCormick Place Complex

2301 S. Lake Shore Drive

Chicago, IL 60616

Event URL: <http://www.fmishow.org>

Email: bcobbs@fmi.org

Number of Exhibitors: 1,500

Number of Attendees: 35,000

Floor Space: 51,700 m²

Event Description: The Food Marketing Institute's Supermarket Convention & Educational Exposition is the largest, most comprehensive annual event of its kind in the world. The Show features over 1,500 exhibitors, 30+ educational workshops and unique pavilions as well as the presentation of FMI's annual state of the industry research.

Exhibitor Information: North Hall (technology, packaging, equipment) - Ally Samuel 202-220-0832
South Hall (consumer goods) - Matt Olmsted 202-220-0831

Attendee Information: This event is attended by a worldwide audience of professionals with an interest in the food distribution industry from CEO's through store level management.

NNFA MarketPlace 2002

Jun 07, 2002 - Jun 09, 2002

Las Vegas Convention Center

3150 Paradise Road

Las Vegas, NV

Number of Exhibitors: 400

Number of Attendees: 8,000

Floor Space: 18,000 m²

Exhibitor Information: Exhibitors are manufacturers of natural products, including natural foods, dietary supplements, herbs, vitamins, health and beauty aids and other natural and/or organic products. Other exhibitors offer services to support retailers in the industry. Exhibitors of supplemental products must be members of the NNFA and adhere to strict association rules regarding registration of product labels (TruLabel).

Attendee Information: Health food store owners and buyers from around the country and the world attend MarketPlace to find the latest in natural products, including natural foods, dietary supplements, herbs, vitamins, health and beauty aids and other natural and/or organic products. Attendees are attracted by the highly informative conferences primarily geared toward training those in the industry, from retailers to suppliers to industry professionals.

Industry Publications

Dairy Foods

URL: <http://www.dairyfoods.com>

Dairy Foods serves the dairy industry by analyzing and reporting on technologies, trends and issues and how they affect North America's processors of milk, cheese, frozen desserts and cultured products. Information sources include:

Dairy Foods Magazine, the market-leading monthly magazine for all dairy processors; *Dairy Foods Online*, a web site with daily news, in-depth articles, industry forums, and more; *Dairy Foods SourceBook*, the industry's leading print and online buyer's guide and directory; *Research*, for our readers and advertisers; Special supplements and custom publishing providing unique information to processors and high visibility for advertisers; And a wide range of market support services including ad development, reprints and lists.

Progressive Grocer Magazine

URL: <http://www.grocerynetwork.com>

Progressive Grocer is a monthly strategic publication serving upper management in the supermarket industry along with all other segments of the global food business. In-depth features by an experienced staff of editors and writers offer insights into trends in store development, technology, marketing, logistics, international retailing, human resources, and consumer purchasing patterns.

Supermarket News

URL: <http://www.supermarketnews.com>

Supermarket News is a nationally circulated weekly trade magazine for the food distribution industry. Executives use SN's coverage as their primary information source for industry news, trends, and product features. The publication's readership includes retailers, manufacturers, brokers, analysts, association executives and others connected to the industry. The publication is recognized as the authoritative voice in its field because it operates with the largest and most experienced staff of news gatherers and editors in the industry. Its weekly print magazine circulation insures its news timeliness, and its daily online reporting has become a very popular feature.