

How Will Greek Yogurt Fare with Kids?

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BOCA RATON, Fla. (AP) — Greek yogurt is taking over the dairy aisle, but will kids bite?

The question is a critical one for General Mills, which is a dominant player in yogurt for kids, with about half the market. It's also important to Chobani, the leader in the Greek yogurt category, which is stepping up its courtship of kids — and their parents.

It's a difficult question to answer, though. That's because the same reasons some adults prefer Greek yogurt over the traditional yogurts Americans usually eat may not mean much to children.

Some adults like Greek yogurt for its bitter taste and the thicker consistency that it has because of the way it's strained. Some health-conscious adults also like it because it has less fat and more protein. But children are a different story: They generally like foods that are sweet and don't care about how much protein is in their snacks.

"Whether the benefits of Greek yogurt are meaningful to children or not remains to be seen," said Ian Friendly, the chief operating officer for the U.S. retail division of General Mills, during an interview with reporters at an industry conference on Tuesday.

But the fact that companies are looking at marketing Greek yogurt to kids is a natural progression of a growing market. Since 2007, Greek yogurt has gone from 1 percent of the market to 36 percent, with Chobani accounting for about half the market, according to a report by Bernstein Research. The report noted that Greek yogurt could continue growing and peak at more than 50 percent of the broader yogurt market in the U.S.

General Mills, which estimates that kids make up 12 percent of the yogurt market, sees an opportunity to lure at least some children. Last month, the company introduced its "Pro-Force" Greek yogurt, which also comes in cups and is marketed for tweens and older children. But the Minneapolis-based company declined to say whether it has any plans to make a Greek yogurt variety of Go-Gurt, the popular squeezable yogurt it makes for younger children.

To tap into the kids market, Chobani last month introduced "Chobani ChampionsTubes" in flavors such as "Chillin' Cherry" and "Jammin' Strawberry," posing a direct challenge to General Mills' Go-Gurt. The company first moved into kids territory in 2011, with the introduction of "Chobani Champions," which comes in cups and is marketed toward slightly older kids.

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Published on Food Manufacturing (<http://www.foodmanufacturing.com>)

Chobani also is appealing to parents with its Champions cups and tubes by noting that they have less sugar and more protein than other yogurts for kids; Chobani tubes have 8 grams of sugar and 5 grams of protein. Go-Gurt has about 10 grams of sugar and 2 grams of protein.

The privately-held company's introduction of yogurt tubes is just the latest threat to General Mills, which is still scrambling to catch up to the growth of Greek yogurt. If General Mills had known it would become so popular, the company would have jumped into the market sooner, Friendly, General Mills' COO said.

"I don't think anyone thought that it was going to get as big as it did," he said during the interview at the Consumer Analyst Group of New York conference in Boca Raton, Fla.

But General Mills notes that it's making up ground quickly. It introduced Yoplait Greek in 2010 and followed up with 100-calorie versions of the line last summer, which it says help set it apart from other Greek yogurts. The company says it now has 9 percent of the Greek yogurt market, with hopes of building up the figure to 20 percent.

"There's a lot of battles in this war," Friendly said.

Source URL (retrieved on 03/31/2015 - 2:14am):

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