CHEESE AND YOGURT

AUGUST 2012

Unless otherwise stated, all of the information in this report was derived from the NPD Group's National Eating Trends database, updated to November 2010, and reflects the eatings (defined by NPD as the number of times any particular category/item is eaten by an individual in a specified location or time period) of a product at home or carried away from home. These figures do not reflect purchases of food products made through foodservice establishments, or the consumption thereof. NPD monitors the eating habits and attitudes of American consumers by surveying 5000 individuals reporting on 14-day's continuous consumption of all meals and snacks.

CONSUMPTION DEMOGRAPHICS

- Based on data from the United States Department of Agriculture (USDA) Economic Research Service, the International Dairy Foods Association (IDFA) calculates that per capita consumption of natural (not processed cheese), such as Parmesan or Provolone (33.20 lbs.), American-type (including Cheddar- and Colby-type cheese for manufacturing,13.83 lbs.), Mozzarella (11.29 lbs.), and Cheddar cheeses (10.44 lbs.) reached record levels in 2010, while those of processed cheese (6.71 lbs.), and cheeses other than Italian or American (5.14 lbs.) have fallen since 2009.

- Per capita consumption of cottage cheese fell slightly from 2.41 lbs. to 2.36 lbs. from 2009 to 2010, while yogurt consumption grew from 12.50 lbs. to 13.53 lbs. over the same time frame.

Core Markets (at least 20% above average consumption rate)

	Cheese	Cottage/Ricotta Cheese	Yogurt (Excluding frozen)
Household Income	US$30 000-$39 999 or US$60 000-$69 999	US$70 000+	US$60 000+
Household Composition			
Age and Gender	Children, particularly under 12 years old; females 35-44 or 55-64 years old	Adults 55+ years, particularly males 65+ years old and females 55+ years old	Children under 6 years old; females in general, particularly 45+ years old
Household Size	**	1 or 2 members	1 member
Family Type	Children under 6 years	No children	**
Homemaker*			
Age	Under 25 years	55+ years	**
Employment Status	Part-time	**	**
Education	College graduate	**	College graduate
Household Head Occupation	White collar worker	Professional or is out of the work force	Professional
Region	East North Central; Mountain; Pacific	Mountain; Pacific	Middle Atlantic; Mountain; New England
Lifecycle	Affluent singles; affluent traditional families; 75+ year olds	Affluent singles; affluent empty nesters; married active seniors; 75+ years olds	**

* *The "homemaker" is defined by NPD as the head of the household or the primary food shopper, who is typically female.*

** *No core markets identified*

CONSUMPTION DEMOGRAPHICS (continued)

Underdeveloped Markets (at least 20% below average consumption rate)

	Cheese	Cottage/Ricotta Cheese	Yogurt (Excluding frozen)
Household Income	US$29 999 or less	US$19 999 or less	US$19 999 or less
Household Composition			
Age and Gender	Children 13-17 years old: adults 45-54 years old, particularly females and males 64 years old or under	Children, particularly those 6-17 years old; adults 54 years old or under	Children 13-17 years old; adults18-34 years old; adult males
Household Size	***	3+ members	5+ members
Family Type	Households with children 13-17 years of age	Households with children	***
Homemaker*			
Age	45-54 years	Under age 25 or 35-54 years	***
Education	Some high school education	Some high school education	High school graduates; some high school education
Household Head Occupation	***	Blue collar worker.	***
Region	East South Central: South Atlantic	West North Central; East South Central; West South Central	East South Central; West South Central
Race / Ethnicity	All non-white	All non-white	Black/Non-Hispanic; Hispanic
Lifecycle	Low- to middle- income singles; single parents; single active seniors	Double income no kids; working parents; single parents; affluent traditional families; low- to middle-income traditional families	Low- to middle-income traditional families; low- to middle-income empty nesters; married active seniors

* *The "homemaker" is defined by NPD as the head of the household or the primary food shopper, who is typically female.*

**** No underdeveloped markets identified*

CHEESE AND YOGURT

CONSUMPTION LOCALE

- The majority of eatings of cheese and yogurt products by U.S. consumers occur at home during main meals and snacks. The following table shows the number of eatings per person per year.

Average Number of Meal-Time Eatings, per Person, per Year

	Cheese	Cottage/Ricotta Cheese	Yogurt (Excluding frozen)
In-Home Breakfast	9.3	13.9	32.6
In-Home Lunch	24.3	38.7	19.8
In-Home Dinner	18.1	30.4	10.0
In-Home Snacks	31.3	5.7	20.4
Carried Meals and Snacks	17.1	11.3	17.3

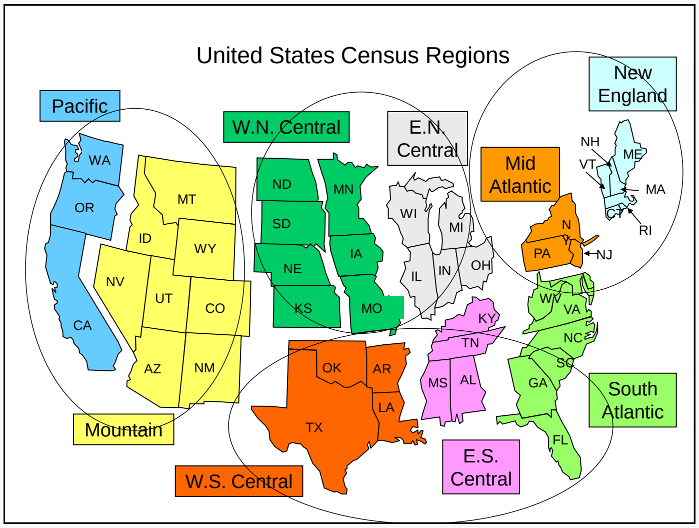
CONSUMPTION CALENDAR

- Almost three-quarters of total cheese eatings (74.2%) occur on weekdays, with the remaining 25.8% occurring on weekends. Eatings are fairly evenly distributed over the days of the week, with the lowest consumption occurring on Sundays, and peak eatings occurring on Fridays.
- Slightly fewer eatings of cottage or ricotta cheese occur on weekdays (73.1%), with 26.9% of eatings occurring on weekends. Peak eatings occur on Mondays, with the lowest consumption on Fridays and Sundays.
- For yogurt, 78.4% of eatings occur on weekdays, and 21.6% on weekends. The majority of eatings occur on Tuesdays and Wednesdays, and the fewest occur on Sundays.

PREPARATION METHODS

- Cheese is consumed in a wide variety of ways, for example, as an ingredient in dishes or desserts, as a popular appetizer, or as a feature of social gatherings.
- Yogurt, as a base dish, requires little or no preparation. It is not commonly considered to be a staple of social gatherings, although it can be used as an ingredient in fruit or vegetable dips. Single-serving presentations provide busy consumers with convenience and portability, in addition to portion control.

CONSUMPTION BY REGION



Source: *NPD Group.*

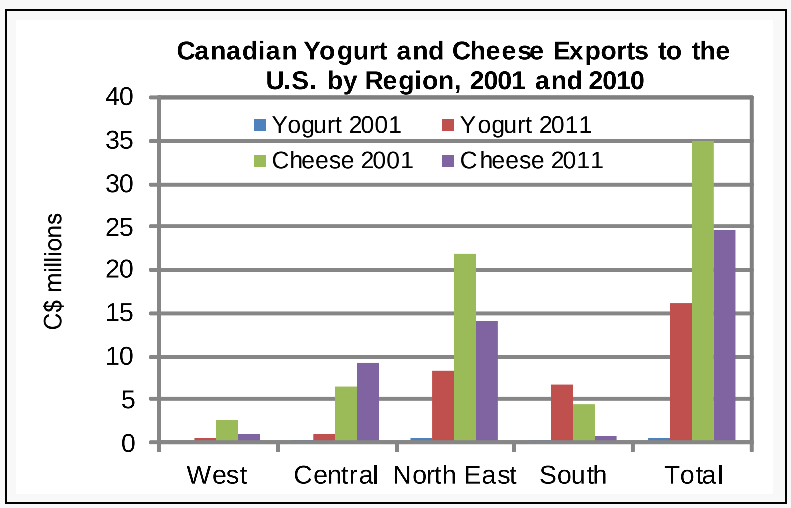
% EATINGS BY REGION			
	Cheese	**Cottage/ Ricotta Cheese**	**Yogurt (Excluding Frozen)**
North East			
New England	3.9	4.2	5.6
Mid-Atlantic	15.0	13.8	19.1
Central			
East North Central	24.2	20.5	22.0
West North Central	7.9	6.0	9.5
South			
South Atlantic	13.4	18.0	16.2
East South Central	4.6	4.2	3.1
West South Central	8.3	6.2	5.4
West			
Mountain	9.3	10.3	8.9
Pacific	13.4	16.9	10.2

Source: *NPD Group.*

CANADA—U.S. TRADE

- According to Statistics Canada, Canada exported C$24.5 million of cheese products to the U.S. in 2011, a decrease of C$10.5 million over 2001. All regions experienced a decline in cheese exports except for the Central region.

- While cheese product exports have declined, Canadian exports to the U.S. of spoonable and drinking yogurt products grew from C$0.3 million in 2001 to C$16.1 million in 2011, a significant increase of C$15.8 million.



Source: *Statistics Canada.*

[1]*For the purposes of this report, the continental U.S. does not include Maryland, Washington D.C. or Delaware, to remain consistent with NPD data collection.*

[2]*Population shares for the regions were as follows:*

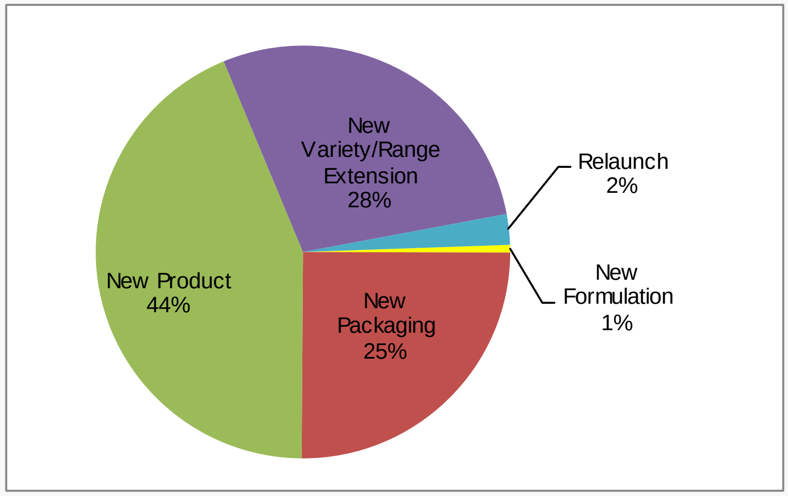
***2001**: North East – 19%, Central – 23%, South – 36%, West – 23%.*

***2010**: North East – 18%, Central – 22%, South – 32%, West – 23%.*

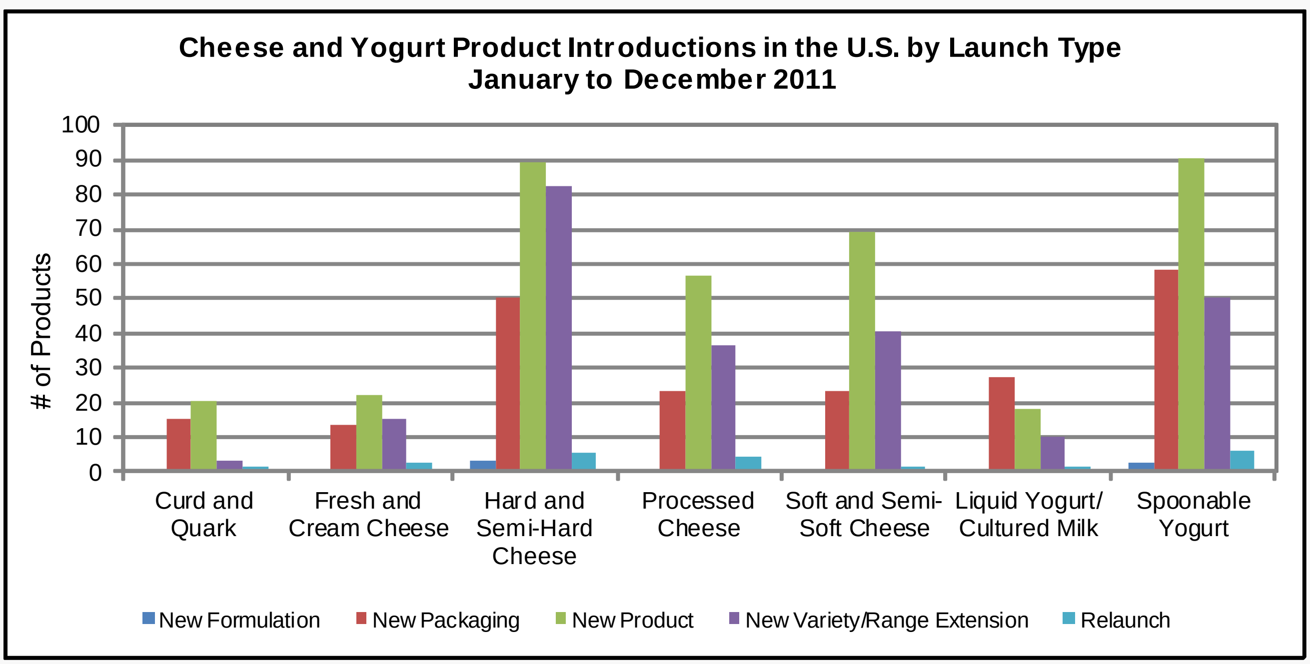
PRODUCT POSITIONING

- From January to December 2011, when viewed in combination, virtually all product launches of new cheese and yogurt products in the U.S. consisted of completely new products (44%), new variety/range extensions (28%), and new packaging (25%).
- The majority of completely new products introduced were in the categories of Hard and Semi-Hard Cheese, Spoonable Yogurt, and Soft and Semi-Soft Cheese.
- According to Mintel, in 2011, the most popular specified claim overall for cheese and yogurt product introductions in the U.S. was “kosher.”

Summary of Cheese and Yogurt Product Introductions in the U.S. by Launch Type January to December 2011



Source: *Mintel, 2012.*

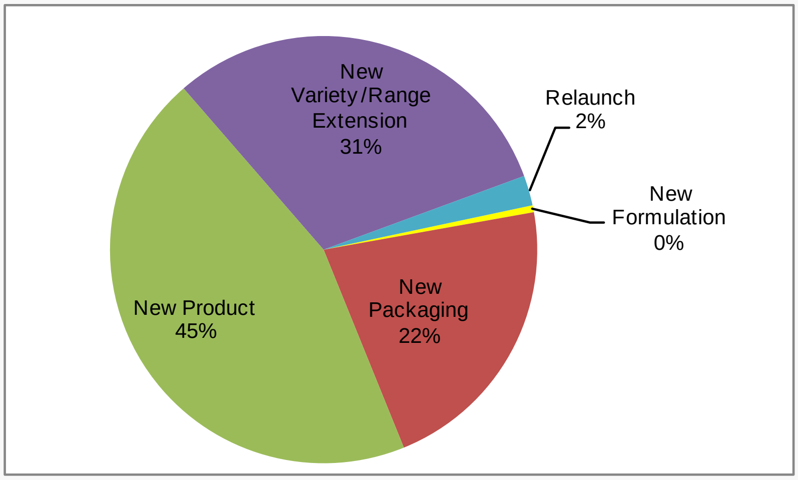


Source: *Mintel, 2012.*

PRODUCT POSITIONING—CHEESE

- According to Mintel, virtually all new cheese product introductions in 2011 were completely new products (45%), new variety/range extensions (31%) and new packaging (22%).
- Overall, top claims on new cheese product packaging were “kosher,” “all natural product,” “convenient packaging,” “low/no/reduced fat,” “hormone free,” and “low/no/reduced allergen.”

Cheese Product Introductions in the U.S. by Launch Type
January to December 2011



Source: *Mintel, 2012.*

New Cheese Products in the U.S. in 2011 Top Five Claims by Number of Products	
Kosher	114
All Natural Product	81
Convenient Packaging Low/No/Reduced Fat	71 71
Hormone Free	59
Low/No/Reduced Allergen	42

Source: *Mintel, 2012.*

- “Kosher” was the top claim for the following new products: curd and quark; fresh and cream cheese; and soft and semi-soft cheese products. For hard and semi-hard cheese, the top claim was “convenient packaging,” while “microwaveable” was the top claim on new processed cheese products.
- The top claims and top formats of new cheese products are summarized by cheese sub-category in the following table.

Top Claims and Formats of New Cheese Product Introductions in the U.S., January to December 2011

	Curd and Quark	Fresh and Cream Cheese	Hard and Semi-Hard Cheese	Processed Cheese	Soft and Semi-Soft Cheese
# New Products	39	52	229	119	133
Top Claims	-Kosher -Low/No/Reduced Fat -Hormone Free	-Kosher -Low/No/Reduced Fat -Hormone Free	-Convenient Packaging -All Natural Product -Hormone Free	-Microwaveable -Low/No/Reduced Fat -Low/No/Reduced Allergen	-Kosher -All Natural Product -Hormone Free
Top Formats	-Ball -Spread	-Spread -Block	-Shredded -Block -Sliced	-Spread -Sliced	-Whole -Block

Source: *Mintel, 2012.*

NEW CHEESE PRODUCTS

- According to the Mintel Global New Products Database (2012), 572 new cheese products were introduced in the U.S. market in 2011. The following are some examples.

Frigo Cheeseheads Fit & Fun Lovers Natural Cheese Sticks consist of light string cheese, containing 50% less fat and 25% fewer calories than the market leader of low moisture part skim mozzarella cheese, and reduced fat Colby Jack cheese sticks, which are made with 30% less fat than regular Colby Jack cheese sticks. The sticks are made with milk and are high in calcium. The manufacturer claims to donate $200,000 annually to the Make a Wish foundation. This product retails in an 11-oz. pack containing six light string cheese sticks and six Colby Jack cheese sticks.

Source: *Mintel, 2012.*

Source: *Datamonitor, 2012.*

The Laughing Cow has added Sharp Original, and White Cheddar varieties to its line of Mini Babybel Cheeses, which are new to the U.S. Manufactured by Bel Brands USA, company information states: "Mini Babybel Original gets a twist with a subtle tang in the new Mini Babybel Sharp Original. It's still mild enough to pair with almost any flavour or enjoy alone, and each one is only 60 calories with 4 grams of protein, so it's perfect to experiment with and enjoy!" Each mesh bag contains 6-20 gram, individually-packaged cheeses, each in a unique wax wrapper, for easy transport.

Coombe Castle International Ltd. launched a new Coombe Castle England P.U.C. ("pretty unique cheese") Cheese Triple Pack. This product is available in the U.S. in Wensleydale with Cranberry, Sticky Toffee, and White Stilton with Apricots; and Wensleydale with Cranberry, Creamy Cinnamon, and White Stilton with Apricots. The product is packaged in a 3-count box.

Source: *Datamonitor, 2012.*

Source: *Mintel, 2012.*

Andanza's Manchego Cheese is made with 100% pasteurized Manchega sheep's milk. It can be thinly sliced for cheese plates and for snacking, shredded in salads or over grilled vegetables, sliced in sandwiches or grated over pasta or rice dishes. According to the manufacturer, spreading fruit spread, marmalade or jam tart on the cheese can create an authentic Spanish treat. The cheese can be served with full-bodied red wines or spicy white wine. This product is aged for three months and retails in a 4.4-oz. pack. Also available in the range is a Rosey Goat's Cheese variety.

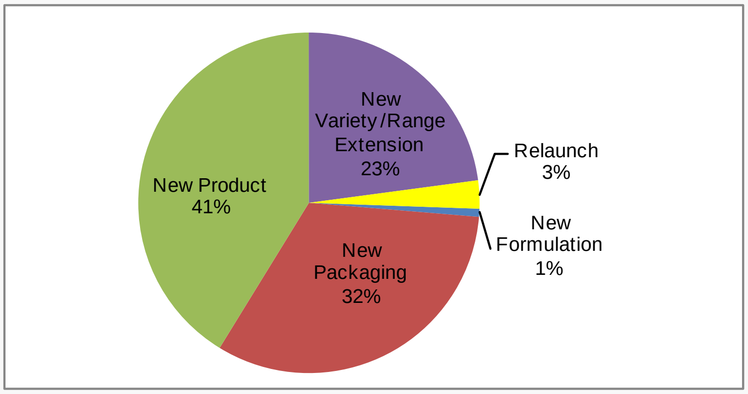
Heini's Cheddar Cheese Curds is said to be a “100% all natural snack.” A source of calcium and protein, this product is also said to be free from artificial growth hormone, and suitable for school lunches, shopping treats, bedtime snacks, pizza toppings, picnics, cheese and fruit kebobs, soup toppings, cheese on crackers, and appetizers. This on-the-go product is microwaveable and retails in an 8-oz. pack.

Source: *Mintel, 2012.*

PRODUCT POSITIONING—SPOONABLE AND DRINKING YOGURT

- According to Mintel, virtually all new spoonable and drinking yogurt product introductions in 2011 in the U.S. were completely new products (41%), new packaging (32%), and new variety/range extensions (23%).
- Overall, top claims on new yogurt product packaging were “kosher,” “all natural product,” “convenient packaging,” “low/no/reduced fat,” “hormone free,” and “low/no/reduced allergen.”

Spoonable and Drinking Yogurt Product Introductions by Launch Type in the U.S. January to December 2011



Source: *Mintel, 2012.*

New Yogurt Products in the U.S. in 2011 Top Five Claims by Number of Products	
Kosher	153
Low/No/Reduced Fat	148
Low/No/Reduced Allergen	81
Gluten-Free	80
Hormone Free	62

Source: *Mintel, 2012.*

- According to Datamonitor (August, 2011), value for money is an important consideration in consumer purchasing following the recession. While the definition of good value for money tends to differ between consumers, quality and the best fit for the consumer’s needs takes priority over a lower price.
- Claims on new yogurt product introductions are a reflection of the health-conscious attitudes of American consumers, with four of the top five claims relating to health benefits, such as low/no/reduced fat or allergens. In general, adults on a diet—particularly women on a diet—are major consumers of spoonable or drinking yogurt.
- Of the 70+ flavours and flavour combinations in new yogurt products introduced in the U.S. in 2011, according to Mintel, the most popular flavours were the traditional strawberry and blueberry. This is summarized below.

	Spoonable Yogurt	Drinking Yogurt
# New Products	206	56
Top Claims	Kosher Low/No/Reduced Fat Low/No/Reduced Allergen	Kosher Low/No/Reduced Fat No Additives/Preservatives
Top Flavours	Strawberry Vanilla Blueberry	Strawberry Blueberry Plain/Unflavoured

Source: *Mintel, 2012.*

NEW SPOONABLE AND DRINKING YOGURT PRODUCTS

- According to the Mintel Global New Products Database (2012), 262 new spoonable (206) and drinking (56) yogurt products were introduced in the U.S. market in 2011. The following are some examples.

Source: *Mintel, 2012.*

Dannon Danimals Double Crush Cup Straw-Banana-Rama Flavored Lowfat Yogurt has been repackaged and is now available in a newly designed 1-lb. pack containing 4 x 4-oz. squeeze cups. The overwrap is made from 100% recycled content with 35% post-consumer content. The yogurt contains 1% milk fat, and is a good source of calcium, protein and vitamin D. This kosher-certified product is free from artificial colours, flavours and high fructose corn syrup. It features two flavours in a cup, is aimed at children and does not require a spoon. Also available in this range are the following varieties: Tropical Sherbet Flavored Low Fat Yogurt; Cherries 'n Cream Low Fat Yogurt; and Orange-Nana Low Fat Yogurt.

Three Happy Cows Mango Drinkable Yogurt is made with real fruit pulp and contains live probiotic cultures. It is low in sugar, sodium and cholesterol and free of additives and preservatives. This product retails in an 8-fl. oz. bottle and was the winner of the Best Yogurt 2010 award of the American Cheese Society. The following flavours are also available in this range: Strawberry; Pina Colada; and Blueberry.


Source: *Mintel, 2012.*


Source: *Datamonitor, 2012.*

The Weight Watchers Nonfat Yogurt 2 PointsPlus™ Value line in the U.S. includes Apple Pie a la Mode, Berries 'n Cream, Caramel Spice Cake, Lemon Cream Pie, Amaretto Cheesecake, Cherry Cheesecake, White Chocolate Raspberry, Key Lime Pie, Peach, Strawberry, Raspberry, Black Cherry, Strawberry Banana, and Vanilla flavours. Claimed to be high in vitamins, protein, and fiber and low in fat, this gluten-free yogurt line is touted to have a "2 PointsPlus value" per serving. This product is sold as a 6 oz. sealed plastic cup.

Recently in the U.S. a new Fresh Fruit Parfait was launched by Ready Pac. The product is described as a creamy low-fat vanilla yogurt with crunchy granola and 100 per cent seasonal fresh-cut fruit. The fruit and granola are contained in a clear plastic lid on top of the plastic cup of yogurt. This "healthy snack" is marketed under the Ready Pac label and available in 8 oz. and 12 oz. size options in Blueberry, Mango, Apple, and Pineapple varieties.


Source: *Datamonitor, 2012.*

Source: *Mintel, 2012.*

Chobani Black Cherry Flavoured Non-Fat Greek Yogurt is an authentic, Greek, strained yogurt that is thick, creamy and has twice the protein of regular yogurts. It is made using natural ingredients and is free from gluten, synthetic growth hormones, fat, cholesterol, artificial flavours and preservatives. It includes live and active cultures, three types of probiotics and is vegetarian friendly, as it is made without gelatin. According to the manufacturer, the yogurt is safe for people who suffer from corn, nut, and soy allergies. The product is retailed in a 6-oz. cup. Also available is a Lemon variety.

CHEESE AND YOGURT

AUGUST 2012

MARKET OPPORTUNITIES

Retaining Key Markets (targeting those who currently report high consumption rates)

- Packaging that highlights or provides new serving or preparation suggestions may reinforce purchase behaviour of frequent consumers, as well as providing consumption information for new purchasers.
- Convenience of use or consumption, whether in individual serving containers or portions, provide ease of use for time-pressed consumers. Combination products, such as yogurt with granola or fresh-cut fruit, may also provide convenience incentives for busy consumers.
- As cheese and yogurt products are an important feature of many diets, low/no/reduced fat, in addition to convenience, and portion-controlled packaging, may appeal to dieting consumers.
- Attractive packaging that appeals to children may encourage continued consumption among younger consumers.

Extending the Market (targeting those who currently report mid-range to low consumption rates)

- Yogurt can be positioned as a healthy and low fat alternative to desserts. Traditional flavours, such as strawberry, vanilla, blueberry, unflavoured/plain, and peach, were the most popular among new yogurt product introductions. In fact, strawberry and vanilla made up almost one-fifth of total new U.S. yogurt product introductions in 2011.
- Yogurt products whose flavours reflect traditional, higher-calorie desserts but that are low in calories and fat may find favour with dieting consumers who are looking for a diet-friendly “treat,” such as caramel spice cake yogurt.
- In general, packaging or product promotion information that is geared toward dieting consumers, emphasizes the health benefits of yogurt, or highlights essential nutrients for healthy eating, such as high calcium content, may appeal to health-conscious consumers. This information may also be useful to ethnic consumers who do not traditionally consume cheese or yogurt products.

KEY RESOURCES

Datamonitor (2012).
Datamonitor, Dairy in the US, August, 2011.
Global Trade Atlas (2012).
International Dairy Foods Association, Dairy Facts, 2011 Edition.
Mintel Global New Products Database (2012).
The NPD Group National Eating Trends database, for the year ending November 2010.
United States Department of Agriculture (2011). Economic Research Service.