Analytical Marketing Plan:

Chobani

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Executive Summary

The market explorers have taken on Chobani as a client and are looking to help improve their brand by introducing a new product to the market. The purpose of this report is to analyze both primary and secondary data to find the optimal product to increase the popularity of this brand.

The report will begin with secondary research about the yogurt segment of the market, Chobani’s market share, as well as its competitors. We will go in depth into the current market and the current product offerings. We will discuss the U.S market specifically, as well as the current consumer buying power.

We then conducted a survey asking consumers to rate attributes based off importance. We analyzed these results to properly break the respondents into groups based off of preference similarities. These “clusters” were then evaluated to determine which segments would be the most profitable to target with the new product.

Our team conducted a second survey focusing on specific attributes, rather than importance. We created different attributes that pertain to Greek yogurt and included levels that are currently popular in the yogurt industry. This helped us understand the preferences of consumers more in detail.

Lastly we looked at the market information, as well as the results of both surveys and determined the best product to introduce to the market. From here we looked into Chobani’s current offerings to ensure there was no overlap. We created a new product to target the most profitable segment determined earlier in the research.

The report will not only go in depth about how we chose the product, but also how we will position it in the consumer’s mind. We have determined an optimal price, as well as positioning statement. Additionally, an optimal marketing strategy was created. From placement to promotion the product marketing has been planned.

Overall this report will go in detail of all steps of the product creation process. This will act as a suggestion for the Chobani Brand. We have gathered all background information to analyze where Chobani currently stands in the market, as well as where it can go with the correct product and promotion implementation. The product has been created, as well as tested. The marketing strategy was specifically created for this product. All aspects of the report combine the current ideals and strategies of Chobani, and do not stray from their values. We hope to create a more profitable and innovative product for the Chobani brand.
Situational Analysis

5 C’s; Collaborators, Company, Competitors, Context, and Customers

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Executive Summary

Situational Analysis for the Chobani Brand
The overall economy in the U.S is increasing steadily. The power of the dollar has been increasing over the past years, as has consumer spending. This past September the unemployment rate fell below 6%, significantly lower than month’s prior. Additionally, according to the Bureau of Economic Analysis the personal income rate has been rising over the past three months. The rate rose 0.3% from July 2014 to August 2014. Similarly the disposable income rate of American citizens has grown the same amount and the consumer spending has grown 0.5%. Our target market is a vast market ranging from college students to middle aged men and women, whom are all considered in the disposable income statistics.

The yogurt industry falls within the dairy market. All dairy products must follow FDA regulations. These laws ensure the safety of dairy products, including yogurt. Some states have senators fighting to increase the regulations surrounding this industry. Similarly, organic products must follow additional constraints to be certified as organic. Currently no technologies have proven to be a threat to the dairy industry. However, technology advances have been aiding dairy farmers. This has not been seen as a threat but rather an opportunity for the dairy industry as a whole. A subsector of the yogurt segment is Greek yogurt. The Greek yogurt industry is a maturing industry. In 2012 Greek yogurt accounted for $0.8 billion in sales. A year later the sales totaled 1.6 billion. In 2007 Greek yogurt only controlled 1% of the yogurt market. Today it accounts for over half of yogurt sales in the U.S alone.

One well recognized brand in Greek yogurt is Chobani. Chobani was founded by Hamdi Ulukaya in 2005 after he purchased a closed yogurt factory. Ulukaya’s goal was to create a natural and delicious yogurt that was similar to the yogurt from his home country of Turkey. Chobani’s mission statement is “To provide better food for more people. We believe that access to nutritious, delicious yogurt made with only natural ingredients is a right, not a privilege. We believe every food maker has a responsibility to provide people with better options, which is why we’re so proud of the was our food is made.”

Chobani is most famously known for its extremely fast growth in the competitive yogurt industry, “In six years it became the number 1 Greek yogurt in the US.” Chobani is also very famous for their company belief system that includes using natural ingredients, non-GMO ingredients, local sourcing, positive animal welfare, authentic yogurt straining, and responsible manufacturing.

Although Chobani makes high quality Greek yogurt, we believe their biggest strengths are in their marketing and product packaging. Chobani’s marketing strategy was to create a focus around “How” the product was made. “Chobani’s strategy has to focus on a story that is deeper than just “what” it does. Smart brands recognize that consumers are increasingly connecting with “how” companies behave and “why” they do the things they do.” This meant that Chobani needed to focus on the process of their product and their company values in
order to create a larger value in their product. Chobani mastered this strategy and created an exponential growth in market share and sales.

Chobani is looking to continue their growth in the yogurt industry while also expanding into other food industries and other countries.\textsuperscript{11} Their goal is, “Zero to over one billion dollars in five years or 52% market share in 8 years.”\textsuperscript{12} Chobani’s has been an innovator in the market, offering a large variety of products including; Fruit on the bottom, Blended, Chobani Simply 100, Chobani Flip, Chobani Champions Tubes, Chobani Champions Cups, Chobani Oats, Cobani Indulgent, and Snack Cups.\textsuperscript{13} Predominately sold in the U.S Chobani has recently expanded its sales. In 2011 began its first international sales in New South Wales, Australia.\textsuperscript{14}

The most loyal customers are considered to be health conscious and aware of the ingredients used to make a product. Chobani Greek yogurt does not contain any saturated or trans-fat, but does contain 12 grams of protein\textsuperscript{15}, which to the average health nut is a very big deal. Current customers include people of all ages that are trying to switch over to a healthier alternative snack. Between 2006 and 2011\textsuperscript{16} the sales of Greek yogurt jumped by 2500%. Such factors leading to this is new research that shows the health benefits of Greek yogurt. These new findings have pulled in a large number of individuals that want to live healthier lives.

Chobani’s newest potential customers are children. Greek yogurt for the most part has not been targeting children because of a multitude of factors. Children are generally not as health conscious as adults and do not have as much of a desire to eat healthy. Greek yogurt is also known for having a strange, bitter taste that does not seem like something that would be appealing to kids when choosing a fun snack. Chobani is currently trying to target kids by selling Chobani pouches that offer many nutritional benefits for kids, but taste better and look “cooler”.\textsuperscript{17}

Chobani sells two different size containers; the small 5.3 ounce container and the large 32 ounce container.\textsuperscript{18} The large container is considered to be “family size”. Generally consumers buy the smaller servings for quick snacks for dessert or to be included in their lunches. Usually consumers don’t stockpile large amounts of Chobani as Greek yogurt is a perishable and will go bad after a short period of time. Chobani is also very easily accessible at most grocery stores so stockpiling is not something that is necessary.

Since Chobani Greek yogurt is such a versatile food there isn’t just one thing that people are buying it with. Chobani can be used as a supplement for sour cream, it can be used as salad dressing, and mayonnaise. Plenty of websites show a multitude of ways that Chobani can be used in recipes.\textsuperscript{19}

We believe people are not buying Chobani because they are concerned about price, they are concerned about the taste, or they are unaware of the health benefits. The number
one reason people aren’t buying Chobani seems to be the price. Chobani is Greek yogurt and Greek yogurt is generally more expensive than other non-Greek yogurt brands and some people are not willing to spend the extra money. Greek yogurt generally has a bitter taste; a taste that needs to be acquired. Further more people are unfamiliar with the health benefits of Chobani, and do not know what Greek yogurt has to offer. A great way for Chobani to get more people to buy their product would be if Chobani had a promotional campaign that offered samples to show off the taste and the nutritional benefits of Greek yogurt. These potential consumers, with their new found knowledge of the great taste and the nutritional benefits that come from Chobani, will be more likely to buy the product.

Research has shown that Chobani is losing market share to its competitors. According to recent research Chobani has lost 9 percent of its Greek yogurt market share to competitors between the years 2012 and 2013. Chobani has the most natural yogurt and the highest health benefits to offer. The best way to lure customers away from our competition would be to really show how naturally and well-made Chobani’s yogurt is and how responsible Chobani is as a company.

Chobani is not as sweet as competitors and the lack of taste is driving customers away. Consumers that eat Dannon are more likely to be looking for something that is sweeter tasting and don’t care as much about the all-natural ingredients. Chobani is known for its high quality ingredients and its numerous health benefits. Loyal consumers know this and buy Chobani’s Greek yogurt with this in mind. Chobani is a company that is 100% dedicated to their loyal consumers and gives back as much as they can.

Consumers love Chobani because their all natural ingredients and the great nutritional benefits that they provide. Because Chobani tries to stay away from artificial sweeteners their taste may not be as sweet as Dannon or General Mills, and that could be their biggest weakness. Although Dannon may taste better to some the fact that Dannon and General Mills use unnatural preservatives could be seen as pit fall to many customers.

The plainer taste of Chobani as compared to other brands is probably our biggest deal breaker. Some people may not be entirely interested in the extra health benefits that Chobani provides and are more interested in buying a Greek yogurt that tastes a little bit sweeter. Dannon’s Greek yogurt recently published a national taste testing survey that states that Dannons Oikos Greek yogurt beat Chobani two to one in consumer taste preference. Our loyal fan base may not be tempted to go over to not as healthy Dannon, but with the success of the test taste many new consumers may feel the need to entirely skip Chobani and dive right into Oikos.
For Chobani e-commerce isn’t that large of a marketing channel. Currently Chobani does not have an online store on their home website, although companies such as Amazon do have some of their flavors listed. Most of the business they get is from the consumer actually going to the grocery store and buying from their inventory. Chobani’s largest marketing channel is the producer to the retailer or wholesaler to the customer.

As of 2013 Chobani controls 40% of the Greek yogurt market share. Dannon is the main competitor, with a market share of 26%, followed by Fage with 14% and lastly Yoplait with 9%. Chobani was the first to come out with Greek yogurt as a healthier option. With that they have developed brand loyalty among customers. Chobani is considered a premium product and still controls the majority of the market share among other competitors.

We performed a SWOT analysis to help us understand the positioning of Chobani in the market. Chobani has many strengths in comparison to competitors. Chobani has teamed up with major retail outlets, which has helped increase its market share. Furthermore Chobani is seen as a premium yogurt, using more natural and quality ingredients.

Some weaknesses include price, as Chobani is priced higher than its main competitors. Also the natural flavors and absence of artificial sweeteners may cause a tart flavoring. Controlling the market share offers a unique opportunity. As a brand leader the company has proven to have a loyal customer base. Creating new products is not a threat to a company with such a loyal customer base. A large threat is the popularity of the rapidly growing industry. As this industry matures more brands are creating products, increasing competition.

Chobani has a vast supply chain. Chobani buys all milk to create the yogurt from local farmers, from both New York, and Idaho, where their two plants are located. The factory maintains good relations with these farmers, as they donate 10% of profits back to local agricultural foundations. Chobani prides itself on carefully choosing collaborators. They value “quality first, customer service second, and price third.” The company also has management at every level of their supply change, ensuring issues are handled as they arise, and every level of the business runs smoothly.

**Segmentation and Targeting Analysis of Chobani**

The purpose of the segmentation analysis of Greek yogurt is to gain knowledge of the preferences and buying practices. By conducting a survey we gathered information on certain key areas such as demographics, competition, and attribute preferences. By running analysis on this data we have created this segmentation of the market.
Our segmentation attributes that we asked our survey takers to rank on levels of importance were: Brand Name, Price, Flavor Options, Packaging, Size Options, Taste, Fat Content, Calories, Health Benefits, Texture, Organic, and Ingredients (appendix C). Brand Name was used to determine if the brand strength of a product influences their purchase. Price was to see how sensitive to costs consumers are, whether another product would be chosen if the price of Greek Yogurt was deemed too high. Flavor options refer to the range of plain yogurt to yogurts mixed with other ingredients and if more or less options were appealing to the consumer. Packaging gives us the importance of having large household containers to small individual servings are to the consumer. The taste option is to determine if the consumers felt strongly about the tastes of certain Greek yogurts or if all yogurts taste the same to them. Fat Content and Calories are used to see if the consumer needs a low fat or low calorie option or if regular Greek Yogurt is within their threshold of fat and calorie intake. The importance of Health Benefits was to see if consumers desired additional benefits to their yogurt. Texture preference is to see if compared to lighter regular yogurt would the thicker Greek yogurt be a turnoff to new consumers. Organic is the importance that the yogurt is made with all natural ingredients. While Ingredients is the importance that the yogurt does not contain certain ingredients deemed unwanted by the consumer. These were all determined on a scale of 1 to 7 with 1 being not at all important and 7 being extremely important. We found that Taste, Health benefits, and Flavor options had the three highest mean of the 32 respondents meaning those were most important. While Packaging, Size Options, and Organic had the lowest mean of the 32 showing that they were the least important.

Next we came up with discriminant variables, which include some demographics (appendix D). First we asked how brand loyal they were when it comes to buying yogurt. Followed by what is the lifetime of the users to gauge whether they have more recently become customers or have been for longer periods of time. Again we asked if the packaging of the product influences their purchases. Followed by if they are purchasing for a household to see if it is for personal use or if they are buying for others. Then we asked how price conscious they were when purchasing Greek yogurt to see how price sensitive they were when purchasing. Lastly we asked if they were health conscious when buying Greek yogurt. Overall Health conscious was the most strongly agreed with followed by price conscious. While on average Packaging Preference had the lowest mean followed by brand loyalty meaning they were the least agreed with.

In reference to our dendogram (appendix B) we first chose three clusters because that is where the first significant jump was .94 to 1.89. But after looking at the cluster sizes we decided to go with just two because cluster 3 was deemed too small to be relevant for us with only 2
respondents. Therefore, we cut the dendrogram between 1.89 and 2.8. Cluster 1 has 18 respondents and Cluster 2 has 14 respondents. Our groups were well correlated as shown by the confusion matrix with the hit rate of 81.25%. (appendix E)

Cluster 1 ranked all the segmentation options as higher importance compared to Cluster 2 (appendix C). The biggest differences were between importance of Organic and Fat Content. Where Cluster 1 had it ranked as important while Cluster 2 ranked it as much less important. With the discriminant data, the major differences were with brand loyalty and product lifetime (appendix D). Both of which Cluster 1 scored much higher showing they were much more brand loyal and had been consuming Greek yogurt for a longer period of time. The only attribute that Cluster 2 ranked more important than Cluster 1 was price conscious, however the difference was very small. With the demographic attributes we feel that Cluster 1 are students based on age, income, and household structure. Cluster 2 scored higher on a lot of these attributes showing this group is older, has an occupation based on high income, and are more likely to have children.

We are going to call Cluster 1 “Healthy On-the-go”. We interpret this group as students who are on a routine with buying the same Greek yogurt and also with the importance they put on health benefits this is probably what they deem as a healthy snack or meal during the week. We are going to call Cluster 2 “Young Professionals” we interpret this group as slightly older and with an income from an occupation. They were slightly more price conscious most likely due to spending their own money, also this group is more likely to have children but they are still buying Greek yogurt for themselves because they score low on being the household shopper. Other notable factors of the survey, “Healthy on the go Students” were females while Young Professionals were primarily females. (appendix C&D)

We are going to target Cluster 1 as our primary market for the new product. We believe that Cluster 1 being larger is also more accessible through social media and product placement in specific venues.

**Positioning Analysis for Chobani**

The purpose of the Chobani Positioning analysis was to determine who Chobani’s strongest and weakest competitors were and to determine what Chobani’s most favorable and unfavorable attributes were in the eyes of the consumer. In order to get this information about Chobani we had to administer a positioning survey asking specifics questions about attributes, preferences, and company positioning as compared to four of Chobani’s largest competitors.

In the positioning survey the consumer was asked to rate Chobani and four of its largest competitors on a set of specific elements. The survey participant could answer either very poor, poor, fair, good or very good, in regards to a certain characteristic such as brand name, price,
flavor options, packaging, size options etc. For our positioning survey we chose to analyze Stony field, Yoplait, Dannon, and Fage as the four most substantial competitors. We decided to choose these four major brands because of their dominance and huge market share in the Greek yogurt industry. The perceptual data, attributes, and brands can be viewed in Appendix G. Dannon alone owns an estimated 26% of the market share for Greek yogurt making it Chobani’s largest and most threatening competitor.

Upon receiving our survey results from our participants we ran a positioning analysis using our excel software. The software produced a perceptual map that allowed us to view Chobani’s strongest attributes and where Chobani stood as compared to its four largest competitors. Based on the perceptual map in Appendix G, it would seem as though the consumer considers Stony field and Yoplait to be Chobani’s closest competitors while Fage and Dannon are considered the most dissimilar competitors. According to length of the vectors, consumers tend to prefer Greek yogurt to be organic, have texture, and have a multitude of flavor options, while the preferences that they do not care for was reported to be price and calories considering how short the vectors were in comparison.

According to the vicinity and length of the vectors to the axis we decided to label the vertical axes of the perceptual map organic and the horizontal axis of perceptual map fat content. According to the vectors on the map the vertical axis is most directly related to how natural the ingredients are and how organic the consumer perceives them to be. While on the horizontal axis, fat content has a very long vector length and lies almost entirely on the axis. The amount of variance on the perceptual map was determined to be 12.3% variance on the vertical axis and 77.9% of variance on the horizontal axis. Overall 90.2% of the consumer’s perceptions were explained by this map. The vertical axis has over six times as much variance as the horizontal axis, making it much more important in clarifying consumer’s perceptions.

According to the perceptual map in Appendix G, the attributes that Chobani is currently leading in are brand name, taste, packaging, and flavor options compared to their competition. According to consumers, Chobani has a very strong brand name in the Greek yogurt industry. One of their strongest attributes would be their brand name, which leads the consumer to believe that they are the dominant heavy weight in the Greek yogurt industry. They also scored very high on flavor options, which was considered to be one of the most important attributes of Greek yogurt according to our survey. Although Chobani is the current leader in the Greek yogurt industry, it ranked poorly in the Organic attribute when compared to Stony field. With the recent health boom sweeping the nation organic food is becoming more important every day to the average consumer. It would be wise for Chobani to focus more on positioning themselves to be more organic to the consumer considering how far ahead Stony field in that
one specific category. Chobani also fell below Stonyfield in Ingredients and Price, meaning it was perceived to have a higher price than Stonyfield and a lower quality of ingredients.

Our positioning statement is; Chobani Greek yogurt is the ideal snack for the health conscious consumer that craves flavor variety and low fat content, without sacrificing taste or natural ingredients.

Conjoint Analysis

For the conjoint analysis conducted for our research, our group came up with four attributes that we found to be the most important when purchasing Greek yogurt. According to Appendix H, attribute 1 was “Texture”. The texture attribute consisted of three options for our respondents to rank on a scale from 1 (Most important) to 3 (least important). The options were: “think”, “Creamy”, and “Thin”. The second attribute our team picked was “Flavor Variety”. This attribute consisted of “Plain”, “Vanilla”, “Fruit Flavored”, and “Dessert Flavored”. Our team picked “Serving type” as the third important attribute. “Serving Type” consisted of “Blended”, “Fruit-on-the-bottom”, and “Flavor (Toppings) Separate”. The last attribute our team picked was “Size”. Serving size consisted of “Snack size 3.5oz”, “Full size 5.3oz”, and “Family Size 35oz”.

In addition to asking the respondents about the attributes, we also asked them to distribute points to each attribute in order to establish which attribute was most important to them when purchasing Greek Yogurt. We made this point distribution out of 100 points.

Our team ran an estimation of preference partworths analysis to scale each person’s attribute rating to their overall rating of importance for that attribute. From the partworth analysis, our team discovered with feature was most desired from each attribute and also which overall attribute was considered most important. Within the attributes texture, “Creamy” was listed as the most desired, “Thick” the second most desired, and “Thin” as the least desired. Within the “Flavor Variety” attribute, “Fruit Flavored” was the most desired, “Vanilla” was the second most, “Dessert Flavored” was the third, and “Plain” was the least desired. For “Serving Type”, “Blended” was the most desired, “Flavor Separate” was second, and “Fruit on the Bottom” was the least favorite. For “Packaging”, “Snack Size” was the most favorite, “Full Size” was the second and “Family Size” was the least desired.

The most important attribute was “Flavor Variety” with a mean of 44, the second most important attribute was “Texture” with a mean of 32, the third most important was “Size” with a mean of 12.2, and the least important attribute was “Serving Type” with a mean of 11.8.

New Product
We placed high value on the input of consumers from the conjoint analysis. The optimal product based on the results is; A creamy, blended, fruit yogurt in snack size. We chose to improve this product by combining it with some of the second choice attributes. We chose to implement vanilla, and flavor separate. After this decision we began looking into our competition. We found that in our smooth and blended line of yogurt we only had three fruit options, while Yoplait has nine. We found that our top four competitors all have raspberry blended products. We only have raspberry fruit on the bottom as an option. After these discoveries we decided on a snack size product, vanilla raspberry blended Greek yogurt with granola separate. We also decided to add a spoon, to add to the snack size benefits.

This product will fit seamlessly into the segment we chose to target. We determined this segment to be “on the go.” A snack size yogurt with a spoon included is the perfect snack to grab and go. Furthermore we deemed them to be health conscious. This yogurt will be as protein packed and natural as all of our other products, and the added flavor of the granola is a health conscious topping.

As explained earlier Chobani is the leader in all aspects of the position map created. We hope this new product will move us further along the flavor and size variety vectors. To stay competitive we need to stay innovative and continue to pull ahead of our competitors in the minds of our consumers. The snack size option is not a gap in the Chobani product lines, but is not as developed as some others. The only snack size option is fruit on the bottom. We are looking to expand this area by making the snack size even more convenient by including a spoon. Furthermore, by giving the option of having a separate topping multiple consumer tastes are addressed in one product. We will price this product along the same price of current products. A full size Chobani product sells a little over $1. Due to the snack size option we will sell this item for slightly under $1. Our positioning statement for this product is; “Grab and go without the guilt.” Many snack products that are easy to eat on the go lack health benefits. We are combining convenience with health.

Place and Promotion

We will focus on word of mouth marketing and taste testing for our sales promotion upon introduction of the new product. We will create a booth that allows potential consumers to taste our product and the current leading raspberry Greek yogurt on the market. This will allow consumers to test the yogurt for themselves. We will set up outside of gyms and health stores, to attract our target market. This will work in our benefit as we determined our target market are routine oriented, and this way we can fit ourselves into their routine.

For direct marketing we will use mailing promotions. We will visit college campuses and put coupons for the specific product in mailboxes. This will be an inexpensive way to drum up
business among college age students who are our target market. Additionally we will focus on utilizing social media. This is a free marketing tool that is popular among women in their early twenties. Our targeted segment was 90% women, so we would like to cater to this demographic.

Long term we will place our product in all major grocery stores that Chobani is currently sold in. Furthermore we will sell this product in health stores, and gyms. We would like to make our product accessible to active students and young consumers. In addition we would like to make our product available at small campus stores, as a snack students can grab between classes. These areas will be convenient for current loyal customers, as well as attract new potential customers. This product is focused on convenience so we would like to ensure the product is easily accessed.