



Starbucks to enter yogurt business

Bruce Horovitz, USA TODAY 8 p.m. EDT July 23, 2013

Starbucks teams with French-based Danone to create a Greek yogurt to be sold in Starbucks retail stores by spring 2014.

Starbucks has big plans for you to enjoy a big spoonful of designer yogurt with its designer coffee drinks.

The coffee kingpin Tuesday announced plans to strategically align with French yogurt maker Danone and create yogurt products labeled with the Starbucks-owned Evolution Fresh brand.

The yogurt, dubbed "Evolution Fresh, inspired by Dannon," will be sold in Starbucks stores by 2014 and will hit major grocery stores by 2015.

The first co-created product will be a ready-to-eat Greek yogurt parfait. Greek yogurt is strained to remove the excess whey, giving it a higher protein content — and a thicker feel — than regular yogurt.

Financial terms were not disclosed.

For Starbucks, the move is a serious and industry-rattling jump into the \$6 billion business of yogurt — the nation's fastest-growing snack food. The Starbucks brand and its brand extensions are increasingly spreading across supermarket shelves.

For Danone, it widens the company's market-leading presence in the U.S. At 27.9% market share, Danone's Dannon is ahead of General Mills' Yoplait at 24.7%, according to IRI data. Danone also owns the Stonyfield brand.

Starbucks' foray into yogurt is part of a strategic plan devised several years ago by Starbucks CEO Howard Schultz to evolve the nation's leading coffee chain into a better-for-you brand. Schultz wants Starbucks products to be as frequently purchased at a grocery store as a Starbucks store.

"Starbucks is committed to evolving and enhancing our customer experience with innovative and wholesome food offerings," Schultz said in a statement.

The plan puts the recently acquired Evolution Fresh brand into the spotlight and moves it firmly and strategically beyond the juice business. Starbucks also has recently expanded into the tea business via its purchase of Teavana and into the fine pastry business with its purchase of La Boulange.

"With the fast-growing but still low-penetration yogurt category, the U.S. remains a key growth opportunity for Danone," said Danone CEO Franck Riboud, in a statement.

One brand expert says Starbucks is poised to chalk up another brand and product win.

"Yogurt is no longer regarded as hippie food, but as a healthy snack," says Robert Passikoff, founder of the product research firm Brand Keys. At the same time, he says, Starbucks has created "an emotional level of believability" that their coffee stores are now a place you can go to get a healthy snack or meal.