

# bcg matrix analysis on general mills canada essay sample

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General Mills is a company that has many brands in the food industry, however, they are more famously known for their individual brands. Their primary brands include Cheerios, Nature Valley, Pillsbury, Green Giant, Old El Paso, Hamburger Helper, Betty Crocker and Yoplait (General Mills Canada). When these brands are organized into different categories, General Mills' product mix is the result. Taken right from General Mills Canada website and how they organize their brands for consumer friendliness, their product mix includes: baking products, cereals, dough/pastries, fruit, ice cream, meals, organic/natural, pasta, pizza, snacks, soup, vegetables, and yogurt. Each individual type in the product mix is known as a product line. For example, the cereal product line includes: Cheerios, Chex, Lucky Charms, etc... Using the Boston Consulting Group's Growth-Share Matrix to analyze General Mills' products, one product line from those listed above will be identified with one of the four quadrants of the BCG Matrix.

### The Cash Cow

For General Mills, the cereal product line is the cash cow. In order to be classified as a cash cow, it has low growth and a high market share. Based on the company's 2014 Annual Report, it shows that out of their five global categories, cereals have the lowest expected growth of about 5% (refer to Appendix C), and based on their net sales in the U. S. for the past year, cereals have the greatest share of sales with 22% (refer to Appendix A). This can be coupled with the Fiscal 2014 Net Sales by Platform, indicating that cereals have a market share of about 20% (refer to Appendix B) to support the fact that cereals are indeed the cash cow. Cereals such as Cheerios,

Chex, Lucky Charms, are the company's well-known staple products, and they will always sell and make a profit.

It is not foreseeable for the cereal product line to become a dog or a star. The cereal product line is extremely stable and has been this way since General Mills was created. The market share of the cereal product line has remained in the 20% area mark, give or take 2% depending on the year. For a complete 8-year trend of cereals net sales, refer to Appendix D, which also shows a stable trend with very few fluctuations.

### The Dog

In the BCG Matrix, dogs are also known as the products that "break-even" and generate only enough cash to cover the market share. The meal product line in General Mills can be identified with the dog. Based on the company's 2014 Annual Report, it can be seen that meals have a relatively low market share of about 14%-15% (refer to Appendix A and B). However, what is shocking is that it has the lowest expected growth at about 5% (refer to Appendix C). Due to the fact that it does not have as high a market share as cereals, the meal product line is identified with the dog. The meal product line is also relatively new for General Mills, however, it was introduced into a relatively established market. According to an article by The MinnPost, it reveals that General Mills did not introduce the meal product line until 2013. This is relatively late in the market since there are other companies that have ready-to-go meals since the 1980's.

### The Question Mark

A question mark in the BCG Matrix identifies the product that has most

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potential to grow; however, it is currently at a low market share stage. The organic / natural product line from General Mills' fits this definition better than other products. To clarify, the organic / natural product line consists of vegetables and some snacks such as Nature Valley (General Mills). First of all, at the current stage, organic and natural products have an extremely low market share, as seen in the 2014 US Retail Net Sales of about 3% (refer to Appendix A) and an even lower market share in the Fiscal 2014 Net Sales of about 2% (refer to Appendix B). However, due to the growing social trend for more organic foods and healthier foods, this product line will definitely have the most potential to grow in the market. As more and more people demand for healthier products, it is hypothesized that General Mills will invest more and more money into the organic and natural product line. This identifies with the definition of a question mark - money will be invested to grow the market share.

It is also good to note that since the organic / nature product line has some products in almost every other division in the product mix, the expected growth of those products can be partially included and counted towards the expected growth of the organic / nature product line. For example, in the expected growth chart (refer to Appendix C), snacks have an expected growth of about 6%. Since some snacks are also part of the organic / nature product line, such as Nature Valley, this 6% can be included towards the growth of organic / nature product line. While this example only showed snacks, this can be done also for other divisions, totalling to a very high expected growth for the organic / nature product line.

Following social trends, it is possible that the organic and natural product line will become a star. If General Mills were to invest a lot more money into this product line, it is foreseeable that the market share will grow, at the same time having a high growth rate, which is the definition of a star product.

### The Star

A star in the BCG Matrix is defined as high growth and high market share. Out of all of General Mills' products, the yogurt product line completely fits this definition. In the company's 2014 Annual report, yogurt has the highest expected growth out of the five global categories with about 9% growth (refer to Appendix C), at the same time, yogurt also has a relatively high market share of about 16% (refer to Appendix B).

With this rate that the yogurt product line is growing, it represents and foreshadows the market share of yogurt. The product line would only have a high expected growth rate if the product is increasing in market share. For yogurt, there is potential for it to become a cash cow along side with cereals. However, this would only be in the distant future since the expected growth is at 9% for the coming year. This shows that the yogurt product line still has a lot of room to grow and gain more and more market share before it plateaus and falls to become a cash cow.

### Summary of BCG Matrix & General Mills' Products

#### Quadrant in BCG Matrix

#### Product Line

#### 1. Cash Cow

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Cereal

2. Dog

Meals

3. Question Mark

Organic / Natural

4. Star Yogurt

References

Anderson, J. (2013, June 10). General Mills to debut 200 products this summer. MinnPost. Retrieved November 1, 2014.

General Mills Canada. (2014). Retrieved October 20, 2014.

General Mills Annual Report of 2014

(graphs were taken and put into the appendices and referenced to in the analysis)

APPENDIX A:

(Taken from pg. 1 of General Mills Annual Report - downloadable on their website)

APPENDIX B:

(Taken from pg. 4 of General Mills Annual Report - downloadable on their website)

APPENDIX C:

(Taken from pg. 4 of General Mills Annual Report - downloadable on their website)

APPENDIX D:

(Taken from pg. of General Mills Annual Report - downloadable on their website)