

# Breakfast cereals in uk 07



**ASSIGN  
BUSTER**

Breakfast Cereals in United Kingdom 2007 Introduction: Aim: The aim of this report is to discuss whether The change of macroeconomic situation is an opportunity or threat for United Kingdom's breakfast cereal industry.

Compare the external microenvironment that affects firms in which breakfast cereal industry operates with the help of PEST analysis.

To evaluate the operational strategy that affects the level of competitive environment in an industry using Porter's five force model. Why I chose this industry: Cereals are a great start to the day. " Breakfast like a king, lunch like a prince and dine like a pauper. By Adelle Davis Like most proverb says, this one hold more than a gram of truth.

Breakfast cereals are certainly the most important meal of the day. It is a time when we ' Break the Fast' of the night, which can be anything up to 10 or 12 hours. The nutritional benefits of breakfast, facts suggest that this important meal provide a number of other benefits to give us the best start of the day. Breakfast cereals industry is diverse and has come up with new exciting flavors. There is an increase in the market with consumption of oats, muesli and high- fiber cereals, since 2002. Without doubt, health is the key factor that drives the expansion of the industry and consumption.

This is one of the most growing industries despite the market is saturated and that cereals have been facing increasingly fierce pressure from alternatives, such as cereals bars and croissants. The breakfast cereal in United Kingdom has also grown in value terms increasing by an estimated 9.5% between 2002 and 2006, to ? 1. 23bn at retail selling prices (RSP)

reflecting the growth in volume and the shift towards premium – price products.

There has been offset to some extent by aggressive price discounting by the major multiples. Some cereals have also come under fierce attack for their allegedly high sugar, fats and salt contents. In addition, they have placed more emphasis on their brands' health credentials, and new product development (NPD) has followed this trend. The market appears to be very strong, and has healthy image, are convenient to use and are already a well-established item in most people's kitchens.

However, they should continue to be beneficiaries of the two major trends influencing food and drinks markets, not just in the UK but around the world — namely demand for healthy and convenient products. Boundaries: As the topic of this essay is analyzing the breakfast cereals industry in United Kingdom, emphasis is on the source related to United Kingdom's environment during the process of collecting materials. The data statistics reports given was collected were one or two years before. There was no much reports available for reference.

Moreover, the materials collected in this research are secondary data. To analyse the market efficiently primary report has to be used. Industry Sector: Sector introduction: The cereal market has managed a strong level of growth in the market volume and values in United Kingdom since 2000. The breakfast cereals market has grown over ? 1, 090 million (2002) to ? 1, 280 million (2007) with over 95% of house stock breakfast cereals [23, 24]. There

is a strong growth of 17% in the size of household penetration over last five years [23].

The volume of consumption of the cereals has been 432, 000 tonnes in 2007 with a growth of just 7% over this period [23, 1, 2, 3, 4]. Over 87% of the household consume breakfast cereals twice every weekday. There are reports, which say that United Kingdom is the second highest global consumer of Breakfast cereals, [24]. This has occurred due to strong premiumisation in the market, as there is higher value of products launched.

There is always demand for products that delivery high taste and quality with health as superior, [23]. The revolution towards healthy eating has been used by the breakfast cereal manufacturers, who make use of their intrinsic healthiness of their products and there by widening the scientific evidence to support the eating of breakfast cereal. The manufacturers are stressing about their health credentials on packs (like fiber, calories, vitamins, minerals, wholegrain and super food), so that the message reaches the increasing target audiences. However, the hot cereals accounts for only 12% of the market had seen strong until 2006 driven by the growing consumers' interest in oats, [23]. Therefore, the hot cereals have launches a number of oats based cold cereals, which include oatibix, oats&more, and cheerios oats, which now have taken over the hot cereals market. There is an ongoing development in the eating on the go and snacking market has played an important part in the growth of the industries.

**PEST Analysis:** The PEST analysis is an analysis of the external microenvironment that affects all firms in which a business operates. The

PEST is an ellipsis for the Political, Economic, Social, and technological factors of the external macro environment. These factors usually are beyond the control of firm's but sometime become threat for the firm itself. This analysis is important when developing a product, business or strategy planning. POLITICAL: This arena will have huge influence depending on the regulation of business and the spending power of consumers and other business. Many political factors affect this industry as it deals with the foods.

There are many basic regulations for the food industries but here there are only few important laws and regulations that have been discussed. ACFM Statement on salt: Members of the Association of Cereal Food Manufacturers\* (ACFM) have announced a significant 38% reduction in salt which contain an average of 0.36g of sodium per 100g, which equates to less than 5% of the average adult daily intake. Now, the Breakfast Cereals manufactures are leading the way in product reformulation such as salt reduction and clear nutritional labeling through Guideline Daily Amounts (GDAs).

[24 ] ACFM Statement on sugars: The European Regulation (EC) No 1924/2006 stated that product which says as Low Sugar must contain 5g/100g total sugars. Green colour coding for breakfast cereals should be criterion. The regulation also requires the statement “ contains naturally occurring sugars” if the product have natural sugar and if the manufacturer claims no added sugar. These information should be provided in the core of the signpost with the colour coding, which was recommended for each. However, it suggested that cereals that have no added sugar, like fruit

muesli, could be excluded from the recommended signposting categories. [24, 26].

The colour code for sugars, Green if total sugars are less than or equal to 5g/100g. The colour Amber if total sugar exceeds 5g/100g and added sugars are less than 12. 5g/100g. The Red colour denoted if added sugars are more than 12. 5g/100g. Fortification Breakfast Cereals: New regulation on food fortification 1925/2006/EC – in 2007 for foods, which should be voluntary fortification (breakfast cereals) not for foods that are subjected to mandatory fortification.

The recommendation is based on the nutritionists, who says that the breakfast should be provide 20 -25% of daily requirements. The fortified breakfast cereals are more likely to meet their daily requirements of essential vitamins and minerals. For instance, there should be around 20% of total iron, 15% of folic acid, 14% of vitamin B1, 13% of vitamin B6, 15% of riboflavin and 10% of niacin. 24, 27].

ACFM position on Food Labelling – Guideline Daily Amounts (GDA): The Association of Cereal Food Manufacturers have supports the government objectives along with the Food Standards Agency, to provide clear information on the nutritional labeling by implementing the use of Guideline Daily Amounts (GDA's). Thereby giving the consumer clear information's on the nutritional contents in their foods so that they know what they eat, [24, 12]. ECONOMIC: The success of breakfast cereals is due to penetration and frequency of usage is high, with more than half of consumer eat cereals at least once each day, [9, 10]. As they are well-established market with big

brands and huge marketing budgets. The market is a matured due to the popularity that keeps the cereals market sales persistently high. The breakfast cereals are facing increasing pressure from alternatives, such as cereal bars and croissants, [16].

The increasing usage has been the focus of growing market (Kellogg's challenge, weetabix- more than cereal consumption). They have placed more emphasis on their brands' health credentials, and new product development (NPD) has followed this trend. The market is very stable in terms of brand shares and suppliers. There is growing demand for the cereals globally, have increased the price of breakfast cereals and farmers are turning the land over to the production of bio-fuel.

The increase in raw materials prices is due to erratic change in the weather and crop damage is becoming common with poor harvest. This have pushed the retail selling price (RSP) of cereals in United States, there by rising the price of breakfast cereals at the point of sales in United Kingdom, [23, 17].

The manufacturer has to focus on the production values (such as provenance, organic and even fair trade) to shape the future direction of the market. The survey done by BMRB (British Market Research Bureau) International Ltd's Target Group Index (TGI) that cold breakfast cereals remain a family favorites.

In 2006, around 86% of adults had eaten cold breakfast cereals over the past 12 months, which is an extremely high rate of household penetration. Hot cereals recorded a much lower level of household penetration than cold cereals, but, at 49. 4% of adults, but the penetration rate was still

impressive, [28]. Socio cultural: The breakfast cereals was initial targeted for school going children, aged 11 – 18 years, as they tend to skip their breakfast. This breakfast cereal was successful as they can meet their 20% daily nutrition requirement from their breakfast.

Then when the market became saturated, they targeted the ageing population as they have time to have breakfast. They normally do not skip their meal to keep their weight down. These group are health concerning, and these consumer are more keen towards wholesome, unadulterated food with no artificial ingredients rather than light or diet version. As this market is moving towards saturation, the manufacturers are now focusing on the whole family, to get more members of the family eating together. The premiumisation to continue with future consumer's trends, where health drives both sales and new product development, as there is a growth in sale in the saturated market by increasing spends per head, [5, 6, 7, 11]. The concern on health has put pressure on the manufacturers to reduce salts, sugar, fats and other additives from the cereals.

There are several high profile TV programs like Dispatches: The Truth about Your Food and the Consumer Group which? ave identified that breakfast cereals was high in sugar and fats. However, the breakfast cereals manufacturers have acted proactively than other food industries to reformulating their existing product brand and lowering their hidden sugars, fats and salts contents. The manufacturers are now launching new naturally healthier products with sophisticated recipes and health claims such as high fibers, whole grains, adding dries fruits, supper foods (Jordan's and Dorset's Cereals), pre- and probiotic functional ingredients, and organic foods. Many



ethical issues concern with the breakfast cereals have arisen concerns over the products.

These breakfast fast cereals contain high level of sugars, salts and fats than the recommended level. About three-quarters of cereals had high level of sugar, a fifth had high level of salt and more than 7% of cereals had high level of saturated fat. The breakfast cereals that target the children contain 88% of sugar coated, 13% of salt and 10% of fats. Now the manufacturer is reformulating their product due to increase media criticism by reducing their sugar and salt contains. FSA nutrient profiling and Ofcom Advertising Ban: The FSA launched a nutrient profiling model in April 2007, which was designed to tighten the rules on television advertising to children of foods high in fats, saturated fats, salt and sugar. this Ban on the advertising provoked uproar in the food industry as it was established as this would affect around 80% of cereals, so this banned was softened with some parameters and changing the guidelines for sugars, treating natural sugars and processed sugars.

Thus, they changed their target to focus overall family, [23]. Increasing frequency of usage: There is an increase frequency of usage of cold breakfast cereals, which is at 87%, but there are still 13% consumers, who do not prefer having breakfast cereals, [23]. There is still an opportunity to convert the non-user into market and existing consumer to premium options, sourcing provenance-assured, organic and fair trade ingredients, and making favorites healthier will encourage the consumer to trade up. However, communicating these information and benefits to the target consumer will be vital. The other way of improving the frequency of usage will be to

increase the occasion through handy/expediency solutions,[9, 10]. The overall strategy of the manufacturers is increase the frequency of usage and there by increasing the amount spend on cereals eventually increasing their market value.

Attitude and behaviour: There is a strong growth experienced by the hot cereal sector with a growth of 30% at the current price during last forecast period. It is also predicted that there would be a high volume growth in hot cereal sector by 10% when compared to Ready to eat (RTE) cereals, which would be only 2%. Currently there is an increase in the consumption of hot cereal sector, and with 50%, penetration there is still a good potential for the future growth, [23]. The hot cereals experience both dip in the volume and value of sales in 2007, this is due to strong competition with oats cereals in the Ready to eat sector and the supermarkets bringing out there new cereals with low Retail selling price (RSP).

However, in the market “ well know brand” is top factor looked, when shopping for cereals is concerned which is unlikely to be effected. There is a slower growth within the RTE sectors, with 19% steady growth predicted at the current price for last forecast period, [23, 5]. Technological Factors: There is tough competition within the industry, so the manufactures need to formulate new products to attract their target consumer and to increase there market share before they decline. The breakfast cereals industry have tried to come out with artificial sweeteners like isomalt. The isomalt, which is an artificial sweetener that would replace sugars in a 1: 1 ratio in breakfast cereals. The isomalt is unique in its nutritional and hysiological benefits that

make it ideal for use in sugar free, tooth friendly, low-calories and low glyceemic products.

The isomalt is the only sugar replaces made from the sugar beet that taste as naturally sweet as sugar, [29, 30]. Evaluation of Competitive Nature of the Breakfast Cereal Industry: In the above there was an overview on the breakfast cereal industry, now in this there are three major competitor that are going to be compared. Even though the market is highly consolidated, with Kellogg, Weetabix and Cereal Partners — which markets the Nestle brand in the UK. While, the Weetabix remains the top-selling ready-to-eat (RTE) cereal, followed by Kellogg's Corn Flakes, Crunchy Nut Corn Flakes and Special K, with Nestle's Shreddies taking fifth spots. There is an introduction about the major competitors: Weetabix: The weetabix food company established since 1932, they also create delicious breakfast cereals using finest ingredients. Since then they have produce many popular cereal brands, which include weetabix, weetaflakes, weetabix minis, weetos, Alpen and Ready Brek, as well as being a major supplier of generic cereals under supermarket own labels, [20].

They are officially the UK'S favorite breakfast, who accounts about 8% of the country's total cereal sales with annual sales worth over ? 89 million. They also export over 80 countries worldwide, from Middle East and South America to Europe and South East Asia. They also sponsor for Weetabix Women's British Open Golf Tournament in 2007, [23, 20, 33]. Kellogg's: William Keith Kellogg established the company in 1906. in 1950s, Kellogg's introduced anew range of products to cater for differing taste of family, but without compromising its principle of health, balance and nutrition.

Reformulating is a key part of Kellogg's health strategy. They have set up new system to ensure that their products are healthy, which is called Kellogg's Global Nutrient Criteria. The product states that no cereals will have more than 200 calories, 2 grams of saturated fat, 230g of sodium and 12 grams of sugar per serving. They are also eliminating all trans fats. They claim that reformulations should be noticeable and will take place across their range in 2007 and 2008. They have also introduced global limits on their use of licensed characters on packs, in advertising and in food forms, in June 2007.

They changed coco pops advertising to focus more on the product and removed the frosties websites, with users now redirected to a non-branded educational websites called Headstarters, [23, 31]. Cereal Partners — markets the Nestle brand: Cereal partners UK are part of cereal partners worldwide, a joint venture between nestle and general mills. They sell a number of popular cereals brands under nestle brand, which includes shredded wheat, shreddies, cheerios and fitness. All their products are made from whole grains and easy to identify, wholegrain green band on all their packing. They introduced a new range called Oats & More in April, which was used to supported by the “ studies show you'll like it” advertising campaign, [23, 32].

Porters 5 Forces Analysis: The porters five forcer helps to analysis the force, which affects the level of competitive environment in an industry. This is a simple tool but powerful to understand where the power lies in business situation. This tool tends to focus on the single, stand alone, business or SBU (Strategic Business Unit) rather than a single product or range of products.

The analysis looks at five competitive forces jointly the intensity of the industries competition and profitability, they are the threat of entry, the power of buyers, the power of suppliers, the threat of substitutes and competitive rivalry, which reflects the fact that competition in an industry goes beyond the established players.

**Competitive Rivalry:** The competitive rivalry will be those in which entry is likely substitute threaten and buyers or suppliers exercise control over the organizations. The competitive rivalry has increased as the supermarket has also introduced their branded breakfast cereals along with the top brand like Kellogg's, weetabix and cereal partners (Nestle). Even then, the consumer prefers getting top branded cereals, where they are more health concisions. Understanding their consumer's needs, Kellogg's reformulates their products to reduce the salt, sugar and fats, there by making them healthier for consumption, [22]. They also invent new product developments under same brand name, thereby increasing their product range for the consumers needs. Weetabix on other hand have wide range of cold oats based cereals and Cereal partner's (Nestle) have wide range of cereals, which would be sufficient to serve a huge markets,[21, 19].

**Buying Power:** Buying power is wide-ranged. The cost of switching from one breakfast cereal to another is very low, as it depend on the consumer whether they are satisfied with the breakfast cereals that they consume. Kellogg's, weetabix and cereal partner (nestle) have control over their buyers as they cater to different needs of the consumers and have direct contacts with their buyers,[15]. However, it is easy for the buyers to drive down the price of the breakfast cereals by just moving from brand to another

to satisfy their health needs. Power of Supplier: The power of suppliers was dependent on the suppliers.

The suppliers are the farmers in this case; there is a huge rise in the price of the cereals that is grown. Due to erratic weather change, damage crops and lands turning into bio fuel production area. These factors have affected the cost of the breakfast cereals, which come into market to consumption.

Kellogg's, weetabix and cereal partners (Nestle) have no control over their suppliers, as they dictate the price range of the cereals that is cultivated.

Many small suppliers that are involved, thus there would be no huge control over the manufacturers.

The government plays an important role in the raw materials selected to make breakfast cereals as they consumed more by the target consumers.

Threat of substitutes: This is affected by the ability of the consumers to find different substitute for the particular product. The threat of substitute is quite high in the breakfast cereal industries as they have reached the matured stage of the market but there is always demand for the products.

The cereal bars and croissants industries would replace the breakfast cereals in future, as they have started to capture the consumers' attentions, [16].

Thus, Kellogg's and Cereal Partner (Nestle) have introduced cereal bars as their product line so they do not lose their market to the substitutes.

These product lines will also help the product to be well recognized by the consumer among other competitors. The Threat of Entry: The threat of entry deals with the powers, which is affected by the ability of new competitor to enter your market. The threat of entry is very low, as it would take a long

time and huge find to establish themselves among the consumers. As the three major competitors that are considered in this analysis are Kellogg's, weetabix and cereal partners (Nestle's). The Kellogg's keeps developing range of products, which account to ? 1.

1 billion; cereal partner owns ? 1. 1 billion and weetabix with ? 89 million cereals market, [34, 35, 33]. Therefore, for any new small venture company it is difficult to for them to get established into giant firms. Mintel forecasts that there would be a continuous growth for total breakfast cereal market, 20% at current price from 2007 – 2012, resulting in an estimated worth of ? 1. 5 billion.

Avoiding the effects of inflation on food real growth is shown to be slightly lower to 10%. Value growth is set to continue but at a much lower rate than value, [13, 14]. CONCLUSION: The breakfast cereals have a huge demand in the market as it caters to the taste of the consumer (health). The trend towards the healthy eating continues, consumers are increasingly looking forward for a “ healthier start” to the day.

This has resulted in strong growth at the luxury premium end of the market, as consumer trade up cereals contain wholegrain, dried fruits, super food and functional ingredients. There is only around 13% of the market, which do not consume cereals, to target these group there should be new product introduced to cater their needs. Even though the market of breakfast cereals is saturated there is always been a growing demand. The success of frequency promoting campaign have pushed volume growth over the last

two years, as consumer start to eat cereal more than once a day and occasional buyer start to eat cereal each day, [18].

The branded products continue to dominate the cereal markets as the consumer trust brands and often finds the quality and taste of own label product inferior to that of branded. In a established market with high penetration and frequency of consumption, brand loyalty is high as the manufacturer allocates a significant amount of marketing spend in developing a long term relationship between the consumer base and their cereal brands. Ready to eat cereals have biggest brands and the largest amount of shelf space given over to them. Evaluation of tools / Limitation: The evaluation of tools / limitation in the pest analysis and porters five forces gives an idea, which is better than the other is to be discussed below: Pest Analysis: This deals with the whole industry as such and it may be difficult to forecast on the future trends about the industries.

This analysis gives overall information on the industry that can help in understanding the macro environment of the industry. They deal with all the manufacturer of that particular industry and gives wider knowledge of them. They are potential risk in the market, conducted and regular basis. Porter's five forces: in this care should be taken that the models is not underestimated or underemphasize the importance of the strength of the organization (inside out strategy). The model helps to analysis individual business strategies, as it does not cope with interdependencies within the range of large companies. From the theoretical perspective, the model does not address the possibilities that an industry could be attractive due to certain companies are in it.



The environments, which are characterized by rapid, systemic and radical change, require more flexible, dynamic or evolving approach to formulate the strategy. The strength of this analysis is that its as strong tool for competitive analysis at industry level and provides useful inputs for performing Swot analysis.

APPENDICES

Appendix 1: UK retail sales of breakfast cereals, 2002-07 000 tonnesIndex? mIndex? m at 2002 pricesIndex€mIndex 20024041001, 0901001, 0901001, 734100 20034091011, 1171021, 1031011, 61593 20044151031, 1431051, 1221031, 68597 20054191041, 1691071, 1341041, 71099 20064241051, 2161121, 1551061, 784103 2007 (est. )4321071, 2801171, 1951101, 895109 Source: Mintel

Appendix 2: UK retail volume and value sales of breakfast cereal, by type, 03-07 200320052007 (est)% change% change m%? m%? m%2003-052005-07 RTE cereal1, 049941, 084931, 195933.

310. 2 Hot cereal686857857250. 0 Total1, 1171001, 1691001, 2801004. 79. 5 000 tonnes %000 tonnes%000 tonnes% change 03- 05% change 05- 07 RTE cereal3668936988380880. 83.

0 Hot cereal43114912511214. 04. 1 Total4091004191004311002. 42. 9

Data have been revised since the last report . Source: Mintel

Appendix 3: UK retail volume and value sales of RTE cereal, 2002-07 000 tonnesIndex? mIndex? m at 2002 pricesIndex€mIndex 20023651001, 0241001, 0241001, 629100 20033661001, 0491021, 0361011, 51693 20043681011, 0701041, 0501031, 57797 20053691011, 0841061, 0511031, 58697 0063721021, 1291101, 0721051, 656102 2007 (est)3801041, 1951171, 1161091, 769109

Source: mintel

Appendix 4: UK retail sales of breakfast cereals, 2002-12

Current pricesAt 2007 prices 000 tonnesIndex? mIndex? mIndex

2002404941, 090851, 16791 2003409951, 117871, 18192 2004415961, 143891, 20194 2005418971, 169911, 21495 2006424981, 216951, 23797 2007 (est)4311001, 2801001, 280100 20084301001, 3221031, 300102 20094351011, 3851081, 336104 20104371011, 4301121, 364107 20114401021, 4821161, 389109 20124421031, 5361201, 414110 % change 2002-0771710 % change 2007-1232010 Source: mintel Appendix 5: UK population changes, by age and socio-economic status, 02-12Source: National Statistics/GAD/Mintel Appendix 6: Agreement with selected lifestyle statements, 2003-07 Base: adults aged 15+ 2003200520072005-07 %%% point change Agree: I often skip meals to keep my weight down15.

114. 014. 6-0. 5 Taken from the TGI survey of around 25, 000 adults Source: GB TGI, BMRB Q4 2003-07/Mintel Agreement with selected lifestyle statements, 2003-07 Base: adults aged 15+ 2003200520072003-07 %%% point change Any agree: I am prepared to pay more for foods that don't contain artificial additives34. 843. 545.

8+11 I consider my diet to be very healthy38. 641. 544. 1+5.

Appendix 7: Agreement with selected lifestyle statements on food, 7-10s, 03-07 Base: youths aged 7-10 200320052007 %%% Agree: Breakfast is the most important meal of the day56. 756. 863. 5 Taken from the youth TGI survey of around 6, 000 youths aged 7-19 Source: Youth TGI, BMRB Autumn 2003-07/Mintel Agreement with selected lifestyle statements on food, 11-14s, 2003-07 Base: youths aged 11-14 200320052007 %%% Agree: Breakfast is the most important meal of the day57.

357. 665. 7 Taken from the youth TGI survey of around 6, 000 youths aged

7-19 Source: Youth TGI, BMRB Autumn 2003-07/MintelAppendix 8:

Demographic change: UK retail volume and value sales of RTE cereal, 2002-

12 Current pricesAt 2007 prices 000 tonnesIndex? mIndex? mIndex

2002365961, 024861, 09792 2003366961, 049881, 10993 2004368971,

070901, 12494 2005369971, 084911, 12694 2006372981, 129941, 14896

2007 (est)3801001, 1951001, 195100 20083791001, 2301031, 210101

20093831011, 2891081, 243104 20103831011, 3291111, 268106

20113851011, 3761151, 290108 20123861021, 4251191, 312110 % change

2002-074179 % change 2007-1221910 Source: mintel UK retail volume and

value sales of hot cereal, 2002-12 Current pricesAt 2007 prices 000

tonnesIndex? mIndex? Index 2002397666787183 2003438468807285

2004479273867790 200549968510088104 2006521028710288104 2007

(est)511008510085100 200851999110790106 2009521029611393109

20105310510111996113 20115510710612499116

201256110111130102120 % change 2002-07312920 % change 2007-

12103020 Source: Mintel Appendix 9: Number of times consumers eat

breakfast per week, January 2007 Base: 2, 159 adults aged 18+ who eat

breakfast Source: Putting Breakfast First Survey – Breakfast Cereal

Information Service. January 2007 Appendix 10: Product eaten at breakfast

and frequency, December 2006 Base: 2, 159 consumers who eat

breakfastFruitBrown bread/toastWhite bread/toastCroissant/ other

pastriesYogurtBowl of cereal Every day12771420 5 to 6 times444-213 3 to 4

times a week99101414 Once or twice a week (usually weekends)711125310

Once or twice a week (usually midweek)911113512 Once a fortnight778556

Once a month666955 Less often15191725159 Never302425495512 Don't

<https://assignbuster.com/breakfast-cereals-in-uk-07/>

know111231 Source: Putting Breakfast First Survey – Breakfast Cereal Information Service. January 2007 Appendix 11: Consumption of cold breakfast cereals in the last 12 months, 2003-07 2003200520072005-07 %%% point change All users8786. 287.

2+1. 0Heavy users6. 97. 36.

8-0. 5 Medium users38. 538. 439.

3+0. 9 Light users40. 439. 440+0. 6 Non-users1313. 812.

8-0. 2 Base: adults aged 15+ Heavy users – more than once a day; Medium users – once a day Light users – 2/3 times a week or less Taken from the TGI survey of around 25, 000 adults Source: GB TGI, BMRB Autumn 2003, Q4 2005 & 2007/Mintel Consumption of hot breakfast cereals in the last 12 months, 2003-07 2003200520072005-07 %%% point change All users42. 645. 750. 34. 6 Heavy users5.

66. 88. 41. 6 Medium users7.

28. 310. 82. 5 Light users27. 328. 329.

51. 2 Non-users57. 454. 49.

7-4. 6 Base: adults aged 15+ Heavy users – once a day or more; Medium users – 2/3 times a week Light users – once a week or less Taken from the TGI survey of around 25, 000 adults Source: GB TGI, BMRB Autumn 2003, Q4 2005 & 2007/Mintel Appendix 12: Signpost: Appendix 13: Value share of sub-sections of the RTE breakfast cereal market, 2007 Cereal? m%Brand examplesGrowing or declining Kids501. 942Coco Pops, Rice Crispies, Sugar <https://assignbuster.com/breakfast-cereals-in-uk-07/>

Puffs, Mega Munchers, Fruit Loops Growing Naturally good 346. 629 Jordan's, Dorset, Alpen, Special K Growing Favorites 239. 020 Cornflakes, Crunchy Nut Growing Reduced fat/calorie/sugar 95. 68 Health Living, Reduced Sugar, Reduced Salt Declining Organic & free from 12.

01 Jordan's Organic, Doves Farm Growing \* For sector definitions please see appendix Source: Mintel Appendix 14: Seasonal changes: Source: Nielsen Media Research/Mintel Appendix 15: UK retail distribution of breakfast cereal, 2003-07 2003 2005 2007 (est) % change % change ? m%? m%? m% 2003-05 2005-07 Grocery multiples 1, 039931, 094941, 203945. 310. 0 Convenience 404393383-2. 5-1. 5 Independent/others\* 383363383-5.

36. 7 Total 1, 1171001, 1691001, 2801004. 79. 5 \* includes health food discount stores Source: Mintel Appendix 16: Opportunities and threats in the competing markets, 2002-06 Market size (2006) & % change 02-06 Major inhibitors Major drivers Strategies for growth Fresh fruit ? 3, 796m +20.

2% Highly competitive market Loss leading items The 5 a day message – This government sponsored guideline is heavily promoted and actively taught in schools. The obesity epidemic a greater focus on health which is leading to increased consumption of fruit and vegetables. Increase in wealth and familiarity with fruits means that consumers are more open to trying new options. Conveniently packaged products that can fetch a higher price.

Organic fruit Fair-trade products (particularly bananas) Expansion into premium and rare/exotic varieties The introduction of locally sourced options Superfoods and eating for health Yogurt ? 1, 397m +28. 6% Pressure on prices Mixed messages and confusing health claim The rise of healthy

indulgence Popularity of functional products Rising levels of obesity Demand for natural products Consumers self diagnosing minor digestive health complaints Organic products at competitive prices More premium cream based products perfect for indulgence. Free from range expanding, products catering for different health needs. Child targeted products that please both parent and child.

Bread ? 2115m +10. 3 Rising raw material prices Growing fear of the white bread Awareness of complex carbs Home Baking resurgence Decline in heavy usage Health eating trends more opportunities for high value breads Rise of the foodie The health movement particularly the turn away from white bread High value artesian style breads. Super food breads with toppings including nuts and seeds Smaller more convenient loafs White breads with the goodness of brown Cereal bars ? 270 56% The number of consumers prepared to purchase Relative price to breakfast cereals Healthy eating trends Time poor cash rich consumer The resurgence of breakfast from a health perspective The trend towards healthy yet natural products. Large number of market players, who are prepared to innovate Good healthy snack alternative Natural and free from options Indulgent options that can be eaten as a necessity and a treat.

Mixed selection packs. Super food and functional food versions. Source: mintel Appendix 17: Price per Kilo of RTE Brands from Selected Supermarkets, January 2008 Source: Storechecks/Mintel Price per Kilo of Hot-Cereal Brands from Selected Supermarkets, January 2008 Source: Storechecks/Mintel Appendix 18: Main monitored media spend, by

advertiser, 2003-07 ? m20032004200520062007\* ? m? m? m? m? m  
Kellogg's34. 343.

849. 252. 554. 6 Nestle18. 720.

619. 821. 224. 5 Weetabix8. 04.

19. 311. 910. 9 Jordans0. 50.

71. 11. 81. 7 Quakers1. 71.

70. 11. 70. 4 \* Jan-November 2007 Source: Nielsen Media Research/Mintel  
Appendix 19: Map of manufacturers and brands in the breakfast cereals  
market, 2008 Kellogg'sCrunchy OatbakesCountry Store All-BranHoney Loops  
Bran FlakesJust Right Coco PopsLuxury Muesli CornflakesRiciclesCrunchy  
NutStart FrostiesRice Crispies Fruit ' n FibreSpecial K OptivitaWheats Cereal  
Partners UK (Nestle)CheeriosFitnesse Oat CheeriosAlmond Oats Shredded  
WheatNesquik ClustersOats & More Golden NuggetsForce Flakes Cinnamon  
Cookie Crisp Shreddies WeetabixWeetabixOatibix WeetaflakesWeetos Alpen  
CerealsStars Crunchy BranOatiflakes Ready Brek Source: Mintel Appendix  
20: The Weetabix Food Company Timeline 1932 – Weetabix founded by two  
South Africans who introduced the Weetabix breakfast products to the UK  
1936 – Weetabix Limited was incorporated by, among others, the George  
family 1967 – Weetabix entered the Canadian market 968 – Weetabix  
entered the US market 1971 – Alpen Muesli launched 1991 – Ready Brek,  
acquired from Lyons Tetley 2002 – Alpen bars launched 2004 – Seriously  
Oaty launched 2005 – Weetaflakes launched 2006 – Alpen Light bars  
launched 2006 – Oatibix launched 2007 – Oatiflakes launched 2007 – Alpen

Luxury range launched 2007 – Alpen Groove bars launched Source: weetabix Ltd. 2008. Appendix 21: The top-selling breakfast cereals in the UK, by estimated brand shares, 2006-07.

Source: Mintel 200620072006-07 ? m%? m%% change Weetabix95. 48102. 587. 4 Special K90. 5799. 489.

8 Corn Flakes66. 565. 65-0. 6 Crunchy Nut Cornflakes57. 4564.

6512. 5 Coco Pops39. 9343. 037. 8 Rice Krispies35. 0343.

0322. 9 Shreddies34. 0333. 83-0.

6 Oatso Simple28. 2232. 8316. 3 Cheerios28. 2231.

029. 9 Frosties27. 3229. 728. 8 Shredded Wheat27.

0226. 62-1. 5 All Bran Bran Flakes 27. 3225.

62-6. 2 Fruit and Fibre22. 4220. 52-8. 5 Sugar Puffs20. 4219.

52-4. 4 Kelloggs Variety16. 6118. 4110. 8 Weetabix Minis17.

5116. 01-8. 6 Shreaded Wheat Bitesize14. 6116. 4112.

3 Country Crisp14. 0113. 01-7. 1 Alpen13. 6113. 31-2.

2 Crunchy Nut Clusters11. 7113. 3113. 7 Own Label237. 620243. 0202.

3 Others292. 24310. 0246. 2 Total1, 2161001, 2801005.

3 Appendix 22: Key developments in the Kellogg's portfolio, 2007 BrandNew product developmentDriver/Motivation Special KSpecial K Bliss, Special K

<https://assignbuster.com/breakfast-cereals-in-uk-07/>



Sustain, Special K Oats& Honey Drop a Jean Size Challenge More variation of health options to keep the consumer engaged in the brand A promotion designed to increase frequency of purchase. Special K range Mini Breaks Guilt-free snack designed as a healthy alternative to crisps Coco Pops Mega Munchers, Crunchy Curls, Creations, Moons and Stars Engage children in Coco Pops despite limited advertising. Cornflakes Hint of Honey, Cornflakes Multigrain A more demanding health conscious audience Fruit and Fibre Relaunched A more demanding health conscious audience Source:

Mintel Reference: Appendix 1 Appendix 2 Appendix 3 Appendix 4 Appendix 5 Appendix 6 Appendix 7 Appendix 8 Appendix 9 Appendix 10 Appendix 11 Appendix 12 Appendix 13 Appendix 14 Appendix 15 Appendix 16 Appendix 17 Appendix 18 Appendix 19 Appendix 20 Appendix 21 Appendix 22  
Breakfast cereals in UK, Mintel Report (2008) [http://academic.mintel.com/sinatra/oxygen\\_academic/search\\_results/show&/display/id=](http://academic.mintel.com/sinatra/oxygen_academic/search_results/show&/display/id=227674/list/id=227674=NSItem=News=1/display/id=233120=233120)

[227674/list/id= 227674= NSItem= News= 1/displ y/id= 233120= 233120](http://academic.mintel.com/sinatra/oxygen_academic/search_results/show&/display/id=227674/list/id=227674=NSItem=News=1/display/id=233120=233120)  
[accessed on 1/03/2008] 24. Benefits of breakfast cereals, The European Breakfast Cereal Association, (2008) [http://www. ceereal.](http://www.ceereal.eu/documents/20070312%20Final%20Brochure.pdf)

[eu/documents/20070312%20Final%20Brochure. pdf](http://www.ceereal.eu/documents/20070312%20Final%20Brochure.pdf) [accessed on 10/052008] 25. Information nutritional signpost labeling- breakfast Cereals Criteria, Food standard law, (2008) [http://www.](http://www.foodstandards.gov.uk/multimedia/pdfs/breakfastcerealpaper.pdf)

[foodstandards. gov. uk/multimedia/pdfs/breakfastcerealpaper. pdf](http://www.foodstandards.gov.uk/multimedia/pdfs/breakfastcerealpaper.pdf) [accessed on 13/04/2008] 26. Regulation and legislation on breakfast cereals, Food Standards Agency (2008) [http://www. food.](http://www.foodstandards.gov.uk/multimedia/pdfs/breakfastcerealpaper.pdf)

gov. uk/foodindustry/regulation/ [25/05/2008] 27. Regulation on Fortification, British Nutrition Foundation (2008) <http://www.nutrition.org.uk/home.asp?siteId=434343232991> [accessed on 14/03/07]

28. The UK Breakfast Cereals Market Has Grown In Value Terms, BNET United Kingdom (2007) [http://findarticles.com/p/articles/mi\\_m0EIN/is\\_2007\\_June\\_11/ai\\_n19207742/pg\\_1](http://findarticles.com/p/articles/mi_m0EIN/is_2007_June_11/ai_n19207742/pg_1) [accessed on 2/04/2008] 29.

Isomalt- artificial sweeteners information, Palatinit (2008) [http://www.beneo-palatinit.com/en/Food\\_Ingredients/ISOMALT/](http://www.beneo-palatinit.com/en/Food_Ingredients/ISOMALT/) [accessed on 23/04/2008] 30)

Isomalt sweetener information, Isomalt from Palatinit (2008) [http://www.heingredients.co.uk/Palatinit%20GmbH/isomalt\\_main\\_page.htm](http://www.heingredients.co.uk/Palatinit%20GmbH/isomalt_main_page.htm) [accessed on 23/04/2008] 31)

Information on Kellogg's, Kellogg's (2008): <http://www.kelloggs.co.uk/> [accessed on 19/04/2008] 32) Information on Cereal Partners, Cereal Partners (2008): <http://www.cerealpartners.co.uk/> [accessed on 19/04/2008] 33)

Information on Weetabix, Weetabix (2008): <http://www.weetabix.co.uk/> [accessed on 19/04/2008] 34) Case study on Kellogg's, The Times 100 (2008): <http://www.thetimes100.co.uk/studies/view-summary-using-aims-objectives-to-create-business-strategy-6-267.hp> [accessed on 10/05/2008] 35)

Cereal partners expand despite falling market, Bakery and snacks (2006) [http://www.bakeryandsnacks.com/p/articles/mi\\_m0EIN/is\\_2007\\_June\\_11/ai\\_n19207742/pg\\_1](http://www.bakeryandsnacks.com/p/articles/mi_m0EIN/is_2007_June_11/ai_n19207742/pg_1) [accessed on 2/04/2008]

com/news/ng.asp?id=70006-cereal-partners-worldwide-nestle-cereals-general-mills [accessed on 21/04/2008] Bibliography Books: 1) Fast. B. R et al. , Breakfast cereals and how they are made.

, American association of cereal chemists, inc. 2) Johnson. G et al. , (1999). , Exploring corporate strategy. , 5th edition.

, Prentice Hall. Websites: 1) A Review of the UK Food Market, Cornwall Taste of the West (2006) [http://www.cornwalltasteofthewest.co.uk/idupload/images/the\\_uk\\_food\\_market.pdf](http://www.cornwalltasteofthewest.co.uk/idupload/images/the_uk_food_market.pdf) [accessed on 15/05/2008] 2) Ban on Unnecessary Colour for Children, The Management System Community (2008) <http://businessassurance.com/food/news/> [accessed on 20/03/2008] 3) Breakfast cereals in UK, Mintel Report (2008) [http://academic.mintel.com/sinatra/oxygen\\_academic/search\\_results/show&/display/id=227674/list/id=227674&type=NSItem&class=News&page=1/display/id=233120&anchor=233120](http://academic.mintel.com/sinatra/oxygen_academic/search_results/show&/display/id=227674/list/id=227674&type=NSItem&class=News&page=1/display/id=233120&anchor=233120) [accessed on 1/03/2008] 4) Breakfast cereals: Global industry guide, Report Buyer (2008) [http://www.reportbuyer.com/food\\_drink/bread\\_bakery/breakfast\\_cereals\\_global\\_industry\\_guide.html](http://www.reportbuyer.com/food_drink/bread_bakery/breakfast_cereals_global_industry_guide.html) [accessed on 10/04/2008] 5) Breakfast Food statistics, Topher's Breakfast cereal Character Guide (205) <http://www.lavasurfer.com/cereal-stats.html> [accessed on 13/05/2008] 6) Breakfast Reports in United Kingdom, The keynote (2008) <http://www.keynote.co.uk/CnIsapi.dll?fld=X&alias=kn2k1&uni=2322&SetUserType=1&jump=&collapseLevel=0&fromPage=StatAZ&AutoShowFirstRecord=>

1&search= SY%20=%2010-1922-55985&Browser= NETSCAPE [accessed on 12/04/2008] 7) Benefits of breakfast cereals, The European Breakfast Cereal Association, (2008) <http://www.eereal.eu/documents/20070312%20Final%20Brochure.pdf> 8) Case study on Kellogg's, The Times 100 (2008) <http://www.thetimes100.co.uk/studies/view-summary-using-aims-objectives-to-create-business-strategy-6-267.php> [accessed on 10/05/2008] 9) Cereal Growth Slow as Challenge Continue, Food Navigator (2007) <http://www.foodnavigator-usa.com/news/ng.asp?n=79780-mintel-kellogg-general-m>