

Breakfast Cereals - US - August 2013

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“Manufacturers should continue to develop products that meet consumer demand for wholesome and portable offerings in an effort to revitalize stagnant cereal sales. A new focus on adults, following decades of appealing to younger consumers, is now needed to revitalize the category.”

– Amanda Topper, Food Analyst

In this report we answer the key questions:

- What can be done to revitalize the category?
- How can breakfast cereals capture sales from new demographics?
- How can the hot cereal segment continue to warm up the category?

The breakfast cereal category is highly-saturated with a cold cereal household penetration rate of 91.6% and a hot cereal household penetration rate of 61.8%, according to IRI Builders Panel data. Cold cereal sales have remained virtually flat during the past several years, with a 1% decline from 2011-13 to reach \$10.1 billion. The hot cereal segment has proven to be the category's true area of growth, showing a 7% sales increase from 2011-13. After inflation, however, the category experienced actual declines of 7%, bringing sales to \$11.5 billion.

Manufacturers are rapidly innovating to meet changing cereal eating occasions that are moving away from the breakfast table and toward on-the-go consumption. Consumer interest in better-for-you foods is extremely relevant to the category. Product innovation is being driven by a demand for high-protein, high-fiber and low-sugar options. To keep the category moving forward, adults are increasingly being targeted.

Mintel here provides a comprehensive analysis of the following factors that have the greatest potential to impact the category's performance:

- How macro level trends (e.g., economy, America's obesity problem, aging Baby Boomers, HHs with children) are impacting the breakfast cereal category
- How the market is broadening and how future growth will hinge on a growing interest in snacking, and expanded premium offerings
- How both hot and cold cereal segments have been performing in recent years, and how they are expected to perform in the near term. Also, what impact do the segments have on each other's sales performance
- Challenges (including interest in health and expansion of QSR/grab-and-go offerings) to the market and how manufacturers and retailers can position products to confront them
- How inertia as well as new product innovation (including on-the-go offerings) are impacting sales trends for the category as a whole and in each of its segments, plus growth forecasts through 2018
- Which brands are gaining, which are losing, and why, as well as the relevant trends of private label performance within the market

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DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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