

MSU Product Center

For Agriculture and Natural Resources

Funding: USDA Rural Development Cooperative Service Market Advisor: The Hale Group

[Use of this material is subject to caution.](#)

Wheat: Cereal – Selective opportunities

Market drivers that provide selective opportunities

- There are **selective** opportunities for cereal products that appeal to the demand drivers of **ethnicity**, **wellness** and **indulgence**.

Specific opportunities

- In one survey 95 percent of households consumed cereal. Households with children and teenagers are particularly large consumers of cereal.
- Some ethnic groups on average have larger families than the overall U.S. average. Larger family size implies more children. This may create an opportunity for cereal makers.
- Cereal is considered by many to be a healthy food. Vitamin fortifications, reduced sugar, whole grain, etc. could be used to appeal to wellness.
- One way to appeal to indulgence is to develop products consumers want. According to one survey, 20 percent of men and 15 percent of women have not found a cereal they really like. There appears to be a group of consumers that would like a greater variety or mix of flavors and ingredients in cereal products.
- One way to appeal to ethnic consumers is to use flavors that they prefer, and to use labels that are in more than one language.
- Alternative distribution channels, ethnic food stores and health food stores may provide opportunities.

New product examples

- From 1998 through 2003, there were 815 new cereal products introduced in the U.S. Many of these products focused on health attributes.
- General Mills Para Su Familia, Raisin Bran.
- Kellogg's Frosted Mini-Wheats in Vanilla Crème flavor.
- Kashi, Honey Puffed Kashi, free of preservatives and added oils.

Special issues

- In order to be successful a good understanding of the tastes and preferences of the targeted group needs to be considered.
- Finding shelf space in supermarkets may be difficult. Supermarkets are increasingly offering their own private label brands. However, there may be opportunities in offering products in health food stores, gourmet stores, direct sales, or through local ethnic food stores.

Key to success

- Consider whether or not it would be possible to combine products attributes. Be able to cater to the preferences of the targeted ethnic group.

Sources

Mintel. Cereal.

_____. Global New Products Database.