

MSU Product Center

For Agriculture and Natural Resources

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Wheat: Cereal Bars – Few opportunities

Market drivers that provide few opportunities

- There are **few** opportunities for cereal bar products that appeal to the demand driver of **value**.

Specific opportunities

- A major determinate of cereal bar consumption is the presence of children in the home; 69 percent of households with children consume cereal bars compared with 46 percent of households without children. It appears that there is room for growth in the cereal bar market.
- In order to appeal to value a firm needs to be large enough to take advantage of economies of scale. Most new firms will not be able to do this and therefore will not be successful in appealing to this demand driver.
- One way to appeal to this demand driver is to develop a product or market in partnership with a larger firm.
- Another way to appeal to this demand driver is to be the low cost provider of products to convenience stores and perhaps vending machines.

New examples

- From 2000 through 2004 there were 1,952 new product introductions throughout the world in this product category.
- Walgreens Deerfield Farms Snackin'Flax Granola Bites, available in Walgreen stores.
- Many other retailers such as Target, Aldi, etc. also offer their own private label brands.

Special issues

- Entry into the market may be difficult, the market is maturing rapidly, and several large firms are already in the market.
- Finding self space in supermarkets may be difficult. Supermarkets are increasingly offering their own cereal bar products through their own in stores. However, there may be opportunities in offering products to health food stores, convenience stores, etc.

Key to success

- Consider whether or not it would be possible to combine products attributes such as value and wellness. Is it possible to develop a partnership with an existing firm?

Sources

Mintel. Cereal Bars.

_____. Global New Products Database.