

Cereal Thriller? Millennials Couldn't Be Bothered

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The cereal industry has been a solid category for **brands** and marketers to rely on for decades. After all, breakfast is supposed to be the most important meal of the day. There is a certain group, however, that isn't interested in the breakfast staple that has made up the first meal of the day for many Americans for a long time.

Millennials don't like cereal. Consumers are more likely to start their day with Greek yogurt or smashed avocados on toast than a good old bowl of cold cereal, the [New York Post](#) reports, which has left General Mills with cereal falls that fell 2 percent in its most recent fiscal quarter and flat over the past nine months.

Kellogg's, meanwhile, reported that sales of its core six breakfast cereals — Special K, Raisin Bran, Frosted Flakes, Froot Loops, Rice Krispies and Frosted Mini-Wheats — managed a volume gain of just 0.5 percent in 2015.

Overall cereal sales in the US have fallen from \$13.9 billion in 2000 to about \$10 billion in 2015, the *Atlanta Journal Constitution* [reports](#).

Too busy tweeting to be eating, or 'gramming to be cramming in cereal? Millennials just don't see the point of cereal, **Amanda Topper**, senior food analyst at Mintel, told [GQ](#). They are "the most likely age group to say that cereal just gives them a sugar rush, in place of actual energy."

Her firm's researchers learned that 40 percent of millennials think it takes too much work to clean up after eating cereal, too. And as the [American Egg Board](#) has been [following](#), they want "fresh and exciting food that is ordered, created and delivered in ways this group finds acceptable."

Last months the [New York Times](#) reported that millennials who do eat breakfast at home are consuming "hot grains, smoothies, yogurt or breakfast sandwiches" instead of cold cereal. While General Mills cereal sales of the last nine months have been flat, **Kellogg's** have gone up a mere 0.5%. This isn't exactly a new problem, however — US [cereal sales](#) are down 28 percent in the last 15 years.

"The cereal category is certainly shifting," **Melissa Abbott**, director of culinary insights for food

research firm Hartman Group, told the *Times*. “Consumers overall are less interested in industrially processed grains as a meaningful start to their day.”

General Mills, however, told analysts during its [quarterly earnings call](#) this week that it expects things to get better. As COO for US Retail Jeff Harmening told analysts in discussing its latest [results](#) this week (see remarks below), he’s “bullish” on the prospects for the company’s cereal **brands** by the end of this year. Maybe it’s found a way to convince millennial hipsters to start sliding a bowl of cereal onto their breakfast tables—prettifying them for an Instagram pic?—and wash them after.

Harmening’s remarks:

*Retail sales trends in the cereal category have been improving this fiscal year. And we have returned to share growth in recent months behind consumer first product renovation on trend **innovation** and effective messaging. Our product renovation initiatives are working in our cereal business. Retail sales of gluten-free Cheerios varieties are up 2% since we launched, after declining high single digits last year.*

As of January, 75% of our cereals, no longer include artificial flavors and colors. The seven cereals that received recipe changes in January have posted 6% retail sales growth, since launch, after posting a 6% decline, last year. And last year’s largest Consumer First renovation news (of) more Cinnamon and Cinnamon Toast Crunch is delivering 8% retail sales growth this year, on top of 8% growth, a year ago.

*Nature Valley has been a key focus for our cereal **innovation** efforts in recent years. Initially we launched the **brand**, as a protein Granola and have since extended it, to ready-to-eat cereal Muesli, Granola bites and oat meal. Retail sales for this franchise increased 44% last year and are up 35% so far this year, through a combination of new product news, media support and sampling. The ready-to-eat cereals that we launched in January are performing well. And we will keep the momentum going next year, with more news on the business.*

So I am bullish on our prospects for cereal growth, we will start to lap some of the display headwinds in the fourth quarter.

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