BREAKFAST CEREALS – GERMANY – 2022

Promote cereals’ affordable image amidst high inflation; address sugar concerns with BFY features and the post-lockdown usage dip with novel formats and occasions.

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Breakfast Cereals - Germany - 2022

This report looks at the following areas:

- Market drivers for breakfast cereals, including the sugar challenge and the impact of inflation
- Types of breakfast cereals used, with muesli and porridge/oats being the most popular
- Frequency of consumption, with most cereal users eating them at least once a week or more
- Breakfast cereal eating occasions, with many 16–34s having several eating occasions
- Purchase of breakfast cereals, including in-store and online purchases
- Attitudes and behaviours related to breakfast cereals, including future market opportunities linked to better-for-you features, semi-personalisation and snackification
- Interest in purchasing breakfast cereal concepts, including better-for-you and novel formats, textures and flavours
- Recent product launch activity, innovations, market share and size

66% of Germans typically eat breakfast cereals, with 16–24s being more likely to do so as childhood habits fade into early adulthood. Yet, 25–44s have most annual cereal eating occasions as parents of under-18s and growing up in the breakfast cereal boom of the ’80–90s.

From June 2021–June 2022, a 16.4% price inflation for porridge oats and 5.4% for cornflakes/muesli occurred amidst rising energy and ingredient costs (eg oats). Whilst brands will be

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challenged by financially squeezed consumers trading down to private labels, they can promote cereals' affordable image with price anchoring, larger value-for-money packs and refill stations as the 'good for the planet, good for the wallet' option.

With high obesity levels in Germany and 50% of cereal users agreeing they contain too much sugar, sugar remains the key foe. Besides launching less-sweet cereals to appeal to 53% of Germans, brands can shift the narrative from high in sugar to positive nutrition. 'Guilt-free' cereals that use vegetables, legumes and ancient grains, provide nutritional transparency (eg Nutri-Score) and focus on gut health, have potential.

Beyond this, opportunities exist in the semi-personalisation space for toppings to upgrade plain cereals, exploring snackification, championing sustainable nutrition and targeting adults with nostalgic propositions.
EXECUTIVE SUMMARY

Key issues covered in this Report

- Overview
- The five-year outlook for breakfast cereals

Market context
- Graph 1: frequency of eating breakfast cereals, by age group, 2022
- Government and consumer scrutiny is likely to encourage further sugar reformulations
- Breakfast cereals’ image remains tarnished amidst high sugar levels
- Despite rising costs, cereals can benefit as a cheap breakfast option in an inflationary climate

Mintel predicts
- Whilst value growth can be expected due to price rises, consolidation in volume is likely
- Expect volume consolidation after the COVID-19 at-home usage surge
- Value growth is likely amidst rising prices
- Market size and forecast

Opportunities
- Amidst recessionary mindsets, position cereals as the financially smart breakfast option
- Target adults with themes linked to childhood and nostalgia that provide comfort
- Develop ‘toolboxes’ to upgrade and semi-personalise plain cereals
- Shift the narrative from ‘high in sugar’ to positive and ‘guilt-free’ nutrition
- Put gut health at the centre of your value proposition

The competitive landscape
- Graph 2: company retail volume shares of breakfast cereals, 2021
- Graph 3: company retail value shares of breakfast cereals, 2021

MARKET DRIVERS

The German economy
- Graph 4: key economic data, in real terms, 2019-23
- Inflation is the key concern in 2022 for consumers, brands and the economy...
- …impacting financial wellbeing and consumer expenditure
Market drivers specific to breakfast cereals

- High sugar levels remain a hurdle amidst rising obesity in Germany
- Breakfast cereal manufacturers face a sugar reduction dilemma
- Sugar levels will remain under close government and consumer scrutiny
  - Graph 5: average sugar levels in breakfast cereals, 2018-22
- The Nutri-Score will drive usage of BFY products and level the nutritional playing field in the long term
- Hybrid working will keep usage levels higher versus pre-COVID-19
- Rising prices pose a challenge, yet cereals can benefit as a cheaper breakfast option
  - Graph 6: population, by age group, 2020-30

WHAT CONSUMERS WANT AND WHY

Types of breakfast cereals eaten

- Graph 7: overall breakfast cereal consumption, by age, 2022
- Graph 8: types of breakfast cereals typically eaten, by age group, 2022
- Graph 9: repertoire of types of breakfast cereals typically eaten, 2022
- Graph 10: types of breakfast cereals typically eaten by breakfast cereal consumers, by age group, 2022

Frequency of eating breakfast cereals

- Graph 11: frequency of eating breakfast cereals, by age, 2022
- Graph 12: frequency of eating breakfast cereals, by age, 2022

Breakfast cereal eating occasions

- Breakfast is the key occasion, yet the snacking opportunity is growing
  - Graph 13: repertoire of occasions on which breakfast cereals are eaten, 2022
- Target night owls with a natural energy boost for the morning
- Cereals can be positioned as flexible snacking solutions for less-structured mealtimes
- With most Germans snacking daily, the opportunity for cereal snacks is vast
- More than other age groups, 16-34s use breakfast cereals to snack
  - Graph 14: breakfast cereal eating occasions, 2022
  - Graph 15: snacking frequency, by age, 2021
  - Graph 16: consumers who snack once a day or more, by selected demographics, 2021
- Position breakfast cereals as a smart alternative to at-home snacks

Purchase of breakfast cereals

- Graph 17: purchase of breakfast cereals, by age, 2022
- Engage breakfast cereal users on social media with home baking content
- Build online momentum with unique concepts that trigger sensory stimulus
Behaviours related to breakfast cereals

- Position breakfast cereals as the breakfast choice for savvy consumers
  - Graph 18: behaviours related to breakfast cereals, 2022
- Appeal to financially squeezed cereal users and those with COVID-19 cash savings separately
- Position breakfast cereals as the smart breakfast choice for financially squeezed consumers
- Provide emotional comfort with nostalgic cereals targeted at adults
- Target white collar workers who have COVID-19 cash reserves with premium cereals
- More scope for brands to look at trendsetting markets to instil novelty into cereals
- Experiment with flavours, textures and colours to maintain COVID-19 usage momentum
- Position toppings as toolboxes for semi-personalisation to upgrade plain cereals
- Toppings can seize the window of opportunity set by the oat trend
- More scope for cereal market players to enter the ‘pick and shovel play’
  - Graph 19: interest in/past usage of personalised food/drink concepts, 2021*

Interest in purchasing breakfast cereal concepts

- Functional health benefits are high on breakfast cereal buyers’ agendas
- Breakfast cereals prove to be the ideal platform for functional health benefits
  - Graph 20: preferred categories for functional health benefits, 2021
- Interest in breakfast cereal health concepts align strongly with the overall needs of the population
- Take digestive health to the next level and put the ‘good gut’ at the centre of your value proposition
- Breakfast cereals can promote ingredients that boost the gut microbiome
- Cereals can elevate functional prebiotic fibres amidst growing interest in gut health
- Make breakfast cereals the go-to immune-boosting food for the long term

Attitudes towards breakfast cereals

- Breakfast cereals still have an image issue with ‘hidden sugars’
  - Graph 21: attitudes towards breakfast cereals, 2022
- Continue to innovate around sugar reduction in breakfast cereals
- Shift the narrative from high in sugar to positive nutrition and improved nutrient density
- Develop guilt-free cereals using vegetables, legumes and ancient grains
- Cereal brands can build a moral and responsible ethos by promoting nutritional transparency
- Find synergies with dairy alternatives to encourage sustainable nutrition
- Explore the upcycling opportunity amidst rising ingredient costs and eco-consciousness
- Eco-friendly packaging is high on consumers’ environmental agenda
  - Graph 22: important ethical and environmental factors when making food and drink choices, 2021*
- Invest in in-store refill solutions and plastic-free packaging
LAUNCH ACTIVITY AND INNOVATION

- Graph 23: breakfast cereal launches, by ultimate company, 2018-22
- Graph 24: hot breakfast cereals launches, by launch type, 2018-22
- Graph 25: cold breakfast cereal launches, by launch type, 2018-22

• Market leader Peter Kölln appeals to eco-conscious consumers with oat-based cereals
• Peter Kölln aims for long-term partnerships with farmers
• The announced Kellogg split could increase the focus on ‘snackification’
• Dr. Oetker’s vast portfolio aligns with key cereal trends
• Nestlé Cereal Partners leads with nutritional transparency in the cereal category
• A strong COVID-19 online sales boom further focuses mymuesli on the D2C opportunity

- Graph 26: breakfast cereal launches, by top claims, 2021
- BFY and sustainable ingredients are high on retailers’ agendas
- Graph 27: breakfast cereal launches, by top cereal ingredients, 2021
- On-the-go claims lost momentum due to COVID-19
- High-fibre claims lead the health claims landscape
- Graph 28: breakfast cereal launches, by top 10 claims, 2021
- Added sugar remains the key foe in breakfast cereals
- Plant-based protein becomes a staple ingredient in cereals

- Graph 29: % of total food, drink and breakfast cereal launches with Nutri-Score labelling, 2018-22
- Graph 30: food and drink launches with the Nutri-Score, by category, 2021
• Breakfast cereals reveal the truth about their products’ health credentials with the Nutri-Score

Advertising and marketing activity

• Dr. Oetker’s Vitalis targets those who are ‘hungry for life’
• W.K. Kellogg is positioned as a moral brand
• mymuesli goes behind the scenes
• Nesquik promotes the Nutri-Score A to parents

MARKET SHARE

• Market share in breakfast cereals
• Peter Kölln strengthens its pole position amidst high interest in oats
• Private labels lead volume shares, yet lost momentum during COVID-19

MARKET SIZE, SEGMENTATION AND FORECAST

• COVID-19 boosted breakfast cereal sales, especially for hot cereals
• Retail value sales of breakfast cereals, by segment, 2019-21
• Retail volume sales of breakfast cereals, by segment, 2019-21
• A consolidation in volume sales is likely, whilst value growth can be expected
• High inflation and the resulting price rises will boost value growth
• Expect a volume decline after the COVID-19 boom

APPENDIX

Appendix – products covered, abbreviations, consumer research methodology and language usage
• Products covered in this Report
• Abbreviations
• Consumer research methodology
• A note on language

Appendix – market size and central forecast methodology
• Forecast methodology
• Forecast methodology – fan chart
• Market size and forecast – value
• Market size and forecast – volume
• Market forecast and prediction intervals – value
• Market forecast and prediction intervals – volume
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