

# HOT & COLD CEREAL – US – 2024

Cereal breaks free from the breakfast confines as evolving eating habits and perceived convenience push the category across traditional consumption occasions.



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# Hot & Cold Cereal – US – 2024

## This report looks at the following areas:

- The short-, medium- and long-term effects of inflation on hot and cold cereal and consumer behavior
- Reported usage of hot and cold cereal
- Motivations for anticipated increase in hot and cold cereal consumption
- Anticipated future usage of hot and cold cereal
- Hot and cold cereal occasions
- Factors of importance when choosing hot and cold cereal
- Attributes considered to make cereal "healthy"
- Innovation of interest in hot and cold cereal
- Attitudes towards hot and cold cereal
- Trends in launch activity for hot and cold cereal and opportunities for further innovation



Cereal breaks free from the breakfast confines as evolving eating habits and perceived convenience push the category across traditional consumption occasions.

## Overview

Cereal is evolving beyond its traditional role as a breakfast staple, adapting to shifting consumer habits and perceptions. While it remains a go-to morning food, its appeal has broadened to include roles such as a convenient dinner option, a guilt-free indulgence, and a quick source of energy for those on the move. Brands can stand out by doubling down even more on convenience and offering unique flavors, as flavor is the top priority for consumers. Providing value is crucial, not only through pricing strategies like discounts and special offers but also through the addition of indulgent and convenient features.

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While it must remain true to its breakfast origins, meeting key breakfast needs like taste and satiation, it also has the potential to fulfill snacking requirements, such as convenience and indulgence, thereby appealing to consumers throughout the day. While innovative flavors and product types can be successful, simply reminding consumers of cereal's inherent value as an uncomplicated breakfast option and encouraging its use in various contexts throughout the day could be a significant strategy to maintain consumer interest and engagement in the category.

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# Report Content

## EXECUTIVE SUMMARY

- What you need to know
- Cereal sales rise from the impact of inflation and broadened use
- Market predictions
- What consumers want and why
- Opportunities
- Opportunities for growth lie within the sweet spot of value, versatility and flavor

## MARKET DYNAMICS

### Market context

### Market drivers

- Consumers will continue to fall back on at-home consumption as food away-from-home prices remain high
- Inflation lets up, but continues to drive sustained high costs of cereal ingredients
- Optimistic financial outlooks could boost (or challenge) cereal
  - Graph 1: opinions on financial future, 2024
- Private-label strengthens its hold
  - Graph 2: total multi-outlet sales of private-label food, at current prices, 2018-23
  - Graph 3: private label share of multi-outlet food sales, 2018-23
- Will snacking send cereal packing?
  - Graph 4: reasons for snacking, 2023

### Market size and forecast

- Cereal will remain a staple in pantries for the foreseeable future
- Cereal is expected to reach nearly \$15bn in sales by 2028
- Cereal makes slow but steady gains
- Value- and convenience-seeking consumers increasingly turn to alternate channels for their cereal purchases
  - Graph 5: total retail sales of hot & cold cereal, by channel, at current prices, 2019-24

### Market segmentation

- Cold cereal makes up the majority of category sales
  - Graph 6: total retail sales and forecast of hot & cold cereal, by segment, at current prices, 2019-29
- Hot & cold cereal is on a slow upward trajectory

## Market share/brand share

- Private labels and "other" brands steal share from category leaders
  - Graph 7: market share of hot and cold cereal, by leading brands, 2024
- Top brands: General Mills, Kellogg, & PepsiCo post sales declines despite overall category growth

## Cold cereal

- Legacy companies experience sluggish performance
- Private label, "other" brands and Post make gains amongst declines in top brands
- General Mills and Kellogg's hold collectively over 50% of cold cereal share, but have lost share in the past year
  - Graph 8: market share of cold cereal, by leading companies and brands, 2024
- Private label leads the way in cold cereal growth signaling continued importance of value

## Hot cereal

- Amidst struggles, hot cereal brands have potential
- Private label sees growth amidst struggling brand names
- PepsiCo holds over 50% of the hot cereal market, but loses share
  - Graph 9: market share of hot cereal, by leading companies and brands, 2024
- Premium brands and private labels show resilience amongst category declines

## CONSUMER INSIGHTS

### Consumer fast facts

#### Cereal consumption

- Consumers prefer quick and sweet cereals
  - Graph 10: consumption of cereal types, 2024
- Despite a minor slowdown, cereal isn't leaving consumer's tables
  - Graph 11: types of cereal consumed, 2022-24
- Generational preferences shape the diverse landscape of cereal consumption
  - Graph 12: types of cereal consumed, by generation, 2024
- Tailor cereal appeal to the growing solo household market
  - Graph 13: types of cereal consumed, by household size, 2024

#### Anticipated change in cereal consumption

- Almost a quarter of cereal consumers anticipate an increase in their consumption
  - Graph 14: anticipated change in cereal consumption, 2024
- Cereal growth is propelled by its convenience, affordability, and wider use
  - Graph 15: motivations for anticipated increased cereal consumption, 2024
- Opportunity is ripe to capture younger cereal consumers

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- Graph 16: anticipated change in cereal consumption, by generation, 2024
- Gen Z and Baby Boomers embrace untraditional cereal consumption
  - Graph 17: motivations for anticipated increased cereal consumption, by generation, 2024
- Nurture loyalty by crafting cereals that grow with kids and win parental trust
  - Graph 18: anticipated change in cereal consumption, by children in household, 2024
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  - Graph 19: anticipated change in cereal consumption, by race, 2024
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## Cereal occasions

- Horizons need expanding: from breakfast staple to versatile snack and meal companion
  - Graph 20: cold cereal consumption occasions, 2024
- Nudge consumers into new hot cereal occasions
  - Graph 21: hot cereal consumption occasions, 2024
- Help consumers adventure "off the beaten track" on cereal occasions
  - Graph 22: cereal consumption occasions, 2024
- Younger generations buoy cereal uses beyond traditional breakfast
  - Graph 23: hot cereal consumption occasions, by generation, 2024
  - Graph 24: cold cereal consumption occasions, by generation, 2024
- Parents rely on cereal for fuss-free feeding
  - Graph 25: cold cereal consumption occasions, by parental status, 2024
  - Graph 26: hot cereal consumption occasions, by parental status, 2024

## Factors of importance in cereal choice

- Keep taste and value at the core of cereal offerings
  - Graph 27: factors of importance when choosing cereal, 2024
- Blend comprehensive and focused strategies for cross-generational appeal
  - Graph 28: factors of importance when choosing cereal, by generation, 2024
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  - Graph 29: factors of importance when choosing cereal, by parental status and gender, 2024
- Unlock value for lower-income consumers through a range of approaches
  - Graph 30: factors of importance when choosing cereal, by household income, 2024
- There is no single approach to providing cost-savings

## Attributes associated with cereal types

- Maximize cereal perceptions through customization and convenience
  - Graph 31: attributes associated with cereal types, 2024
- Is cereal breakfast or a snack? Younger consumers think it can be both
  - Graph 32: cereals associated with "good as a snack," by generation, 2024

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- Sweetened cold cereals strike the sweet spot between flavor and wellness
  - Graph 33: attributes associated with lightly sweetened cold cereal, by various demographics, 2024
- Wallet-friendly nutrition: the value of customizable oatmeal
  - Graph 34: attributes associated with oatmeal and overnight oats, by various demographics, 2024

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- Embrace traditional health benefits in cereal
  - Graph 35: attributes considered to make a cereal "healthy," 2024
- Generational health perspectives demand varied approaches
  - Graph 36: attributes considered to make a cereal "healthy," by generation, 2024
- "Health" looks different across generations
- Support overall family health with nutrition-forward cereals
  - Graph 37: attributes considered to make a cereal "healthy," – any rank, by parental status, 2024

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- Cereal can be the ultimate budget-friendly, comfort food
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  - Graph 40: cereal attitudes, 2024

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  - Graph 41: interest in cereal innovation, 2024
- Brands don't need to "reinvent the wheel" in cereal innovation
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- Make cereals adaptable in the age of flexible work
  - Graph 44: interest in cereal innovation, by work from home status, 2024

# INNOVATION AND MARKETING TRENDS

## Launch activity and innovation

- Cereals continue to receive BFY makeovers...
  - Graph 45: launches of hot and cold cereals with various claims, 2019-23

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- ...yet kid-focused cereals fall behind adult cereals in health perceptions
  - Graph 46: [no title]
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  - Graph 47: percent of hot and cold cereal positioned for children (5-12), 2019-24
- Brands provide a sweet escape through dessert-inspired offerings
- Decadence sometimes goes to the extreme...
  - Graph 48: [no title]
- ... but some brands attempt to keep health at the core
  - Graph 49: [no title]
- Brands blur lines between cereal products
- BFY cereal's versions of "sugary" cereals struggle...
  - Graph 50: [no title]
- ...but emphasizing value claims and including inherently healthy ingredients may be the key
  - Graph 51: [no title]
- Cereals get snackified
- Brands go beyond flavor innovation with crunchy, colorful experimentation

## Marketing and advertising

- Reese's Puffs, Reese's Puffs! Eat 'em up, Eat 'em up, Eat 'em up, Eat 'em up!
- Brands lean into "little treat" culture
- Brands forge collaborations for new (yet familiar) experiences

## Opportunities

- Let them eat "cereal for dinner..."
- Forge partnerships with brands across categories to help consumers create a balanced meal
- Make cereal the go-to when people (especially Gen Z) don't have the time or the know-how to cook
- Oatmeal could use a facelift
- Innovation falls behind demand in hot cereals
  - Graph 52: launches of hot cereals, 2019-24
- Help consumers beat the heat

## APPENDIX

- Market definition
- Consumer research methodology
- Generations
- Abbreviations and terms
- Forecast methodology
- Forecast fan chart methodology



## The market

- Retail sales and forecast of hot & cold cereal, at current prices
- Retail sales and forecast of hot & cold cereal, at inflation-adjusted prices
- Retail sales of hot & cold cereal, by segment
- Average annual household spending on hot & cold cereal, 2019-24
- Total sales of hot & cold cereal, by segment, at current prices, 2022 and 2024
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- Value, average price and volume of multi-outlet cold cereals
- Total retail sales and forecast of hot cereal, at current prices
- Total retail sales and forecast of hot cereal, at inflation-adjusted prices
- Value, average price and volume of multi-outlet hot cereals
- Total retail sales of hot & cold cereal, by channel, at current prices
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- Supermarket sales of hot & cold cereal, at current prices
- Sales of hot & cold cereal through other retail channels, at current prices
- Multi-outlet sales of hot and cold cereal, by leading companies, rolling 52 weeks 2023 and 2024
- Multi-outlet sales of cold cereal, by leading companies and brands, rolling 52 weeks 2023 and 2024
- Multi-outlet sales of hot cereal, by leading companies and brands, rolling 52 weeks 2023 and 2024

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