Post Holding Inc.

Strategic Marketing Analysis

Attractive Consulting Group
Introduction

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Introduction → Alts & Rec → Analysis → Strategy → Action Plan
“Post has grown from a single operating unit to a diversified consumer packaged goods holding company competing in multiple categories with dynamic growth prospects and a strong cash flow model.”
Post has experienced declines in its healthy brands while smaller companies such as KIND are growing in this segment. As a result Post is being pushed out of the market by smaller manufacturers. Additionally, the big competitors are successfully using nostalgic tactics to target the older consumer leaving Post behind.
Alternatives

**Purchase More Brands**

- Acquire Untapped Products Brands
- Use acquired brands to bolster current position

**Pros**
- Already developed Brand
- Defense against smaller Brands
- Increases Market Share

**Cons**
- Currently Not Possible
- Expensive

**Introduction** → **Alts & Rec** → **Analysis** → **Strategy** → **Action Plan**
Focus on Sweet Cereal

- Increase Variety
- Mimic Nostalgic Tactics

**Pros**
- Already Successful
- Cheaper
- Easier to use Nostalgic tactics

**Cons**
- Loss of Market Share
- Lost Opportunity
- Stagnant Market
We purpose that Post emphasize the success of MOM brands to do the same with their faltering healthy brands. Simultaneously they should extend the Post’s Goodness brand by developing a savory nutrition/cereal bar. Both initiatives will focus on SVC objectives which are Sustenance, Variety, and Convenience.
Breakfast Alternatives

- Breakfast cereals is predicted to decline by 8% in value sales terms at constant 2014 prices to reach US$10.3 billion in 2019

Convenience & Unconventionality

- Consumers are turning to more convenient products such as Greek yoghurt and snack bars
- Consumers are also turning to previously unconventional foods for breakfast such as liquid meals such as Carnation instant breakfast.

Source: (MINTEL, 2015)
Post expands its products and acquires Michael Food Groups.

Post acquires MOM for $1.15 billion. Expansion in breakfast cereal business.

Decision: MOM will launch all future cereal products. Develop breakfast bars under Goodness’ brand name.

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**Analysis**

- **Introduction**
- **Alts & Rec**
- **Analysis**
- **Strategy**
- **Action Plan**
Market Challenges & Opportunities

Millennials - Private Label Cereal
- 63% of Millennials believe that private label cereal tastes as good as name-brand cereal

Nostalgia
- 67% of Millennials count the brands they liked as children as their favorites

Portable Offering
- 40% of consumers want cereal to be more portable

Energy & Satiety
- 55% of cereal consumers need cereals to keep them full

Marketing Challenges

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Private Label Cereal</th>
<th>Nostalgia</th>
<th>Portable Offering</th>
<th>Energy &amp; Satiety</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Capacity</td>
<td>×</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Source: (MINTEL, 2015), (Washton Brown Associates, 2014)
Analysis

Strategic Opportunity

**Millennials continue to shape new product development**
(persons aged 19-35)

- Flavor innovation
- Creative packaging - stand-up pouches & Portable
- Marketing as nostalgic snack or breakfast treat

**Characteristics Most Important When Buying Cold Breakfast Cereal**

- Flavor innovation
- Creative packaging - stand-up pouches & Portable
- Marketing as nostalgic snack or breakfast treat

**Selling point - Tasty but healthy**

**Product Characteristics:**
- Low Price
- Tasty
- Healthy Ingredients
- Sustenance

Source: (MINTEL, 2015), (Washton Brown Associates, 2014)
Analysis: How The Bar Fits

**Convenience**
- Many consumers eat several smaller meals
- Looking for portable options

**Sustenance**
- More filling options, Fuller longer
- Savory over Sweet

**Beyond Breakfast**
- 60% of consumers say cereal is a great snack foot
- Throughout the day choices

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### Table 6-1
Reasons Why Consumers Eat Nutrition or Cereal/Granola Bars, 2014 (percent of those eating nutrition or cereal/granola bars)

<table>
<thead>
<tr>
<th>Statement</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>I eat them as a snack...</td>
<td>53%</td>
</tr>
<tr>
<td>They are convenient for snacking on the go.</td>
<td>46</td>
</tr>
<tr>
<td>They are easy to keep on hand as a snack.</td>
<td>45</td>
</tr>
<tr>
<td>They are healthier than other snacks.</td>
<td>42</td>
</tr>
<tr>
<td>I eat them to replace meals such as breakfast or lunch.</td>
<td>26</td>
</tr>
<tr>
<td>I eat them as a supplement to meals.</td>
<td>21</td>
</tr>
<tr>
<td>They give me a burst of energy when I need it.</td>
<td>21</td>
</tr>
<tr>
<td>They help me manage my weight.</td>
<td>18</td>
</tr>
</tbody>
</table>

Source: Packaged Facts November 2014 National Online Consumer Survey

Source: (Washton Brown Associates, 2014)
Analysis

March 2013

February 2015

Already growing faster than expected

Introduction

Alts & Rec

Analysis

Strategy

Action Plan

Source: (MINTEL, 2015), (Washton Brown Associates, 2014)
**Introduction**

**Analysis**

**Strategy**

**Action Plan**

Source: (Washton Brown Associates, 2014)
Strategy

1. Continue transition of all Post cereal into MOM brands
2. Re-launch “Goodness TO-GO” brand with trendy new meal replacement bar
3. Transition “Goodness TO-GO” brand into MOM Brands
4. Finance MOM Brands’ R&D and Marketing

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Many bars are in the market currently. They all do one or two things right.

**Attributes** wanted in a bar from 18-34’s:
- Savory flavor
- Filling
- Convenience
- Affordable
- Healthy
- Strong brand recognition
• Enter into cereal and nutrition bar with an addition to the Goodness To-Go product line
  • Currently is only drinkable shakes
• Research shows bars are trending in the market
• Bar is a Goodness To-Go brand extension
• Bar will be developed from the shake to ensure health, flavor, and hunger filling qualities
• Will re-launch Goodness TO GO brand as a better, trendier way to replace a meal
Strategy

Transition Goodness To Go brand to MOM Brands

MOM Brands is better suited for the re-launch of brand
- Similar existing brands
- Focuses on healthy and low cost
- Will be able to focus efforts on brand unlike Post

MOM has brand positioning that appeals to 18-34 year olds
- Environmentally friendly
- Natural ingredients/Healthy choices
- Upbeat, strong brand
- Low cost, good quality
Action Plan

**Product**
- **Hot Cereal**
  - MOM continues selling its hot cereal
- **Sweet Cold Cereal**
  - Keep selling Post Holding’s popular products
- **Healthy Cold Cereal**
  - Repackage and sell both Post and MOM’s products

**Promotion**
- **Marketing**
  - Nostalgia
  - Portable Package
  - Healthy Ingredients
  - Energy & Satiety
  - Environmental Friendly Element

**Places**

<table>
<thead>
<tr>
<th>Category</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supermarkets or grocery store</td>
<td>67%</td>
</tr>
<tr>
<td>Walmart</td>
<td>41%</td>
</tr>
<tr>
<td>Supermarkets other than Walmart</td>
<td>23%</td>
</tr>
<tr>
<td>Whole Sale Club</td>
<td>16%</td>
</tr>
<tr>
<td>Dollar Store</td>
<td>10%</td>
</tr>
<tr>
<td>Whole Foods, Trader Joe’s</td>
<td>8%</td>
</tr>
</tbody>
</table>

**Price**
- **Low Price**
  - Lower Post Holding’s healthy cereal cost by eliminating packaging and other unnecessary costs
  - Use low price to win over private-label cereal’s supporters

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Recap

• Improve the healthy brands through MOM
• Enter into the nutrition/cereal bar market targeting the young adult demographic
• Emphasize SVC objectives, particularly with the nutrition/cereal bar

With these adjustments and initiatives Post will be able to gain a grassroots feel to compete with smaller brands and gain market share with high quality products at a better price.
Appendix

Buyer Power
-No single leader, but price sensitive

Supplier Power
-Generally Suppliers can be replaced very easily

Substitutes
-Several options to turn to, even within market

Rivalry
-With slow growing market share is highly fought over. Also will be involved in a growing market

New Entrants
-Capital, Distribution, Loyalty to Brand