

Cereal Marketing Project

A major manufacturer of nutritious and delicious breakfast cereals has just hired you. Your first assignment is to work with a team that has been given the responsibility of developing a brand new cold breakfast cereal. You will come up with the product idea, packaging, cereal name, and price. Most products are aimed at specific consumers called target markets.

Target Markets are specific consumers that have wants and needs in common and therefore would be looking for the same specific product. Three to six year old children and their buyers (their parents) would want a different cereal than serious athletes or retired individuals sixty to eighty years old. The product needs to meet the needs and wants of the target consumers.



T H E A S S I G N M E N T

As a team (2 members), complete the following:

- **Target Market** - choose the target demographic for your product
- **Product Design** - determine the contents of your cereal
- **Price your Product** - price for producers, for retailers, for consumers
- **Promotion of your Product** - produce an attractive package for your cereal and one promotional tool
- **Placement** - determine the best place to promote and offer your product

Each team is responsible for a *written report* and *presentation*.

Target Market

Choose the target demographic for your product. Write a brief description of your target market.

Example:

The target market is made up of young teenagers (both sexes) from 12-14. They are starting to become independent and want to be “grown up.” They look to teenagers as their role models, love popular music, sports, and video games. Their parents still make the ultimate decision about which breakfast cereal to buy. The parents want a nutritious cereal that will provide a good breakfast, but also one that their teenagers will eat.

Product

You must produce a product that will appeal to the wants and needs of your target market. Use the *Breakfast Cereal Cost List* to help you design this new product. It has the *basic cost* for cereal and the *basic cost* for the box. To make your cereal unique so that the consumer will purchase your cereal instead of one of your competitors, you will select “add-ons” to add to your cereal, your box, and the package design. This requires thought and research.

Research

Research is to provide information about what the consumer wants and needs. Often this is done with surveys or by looking at the competition. For your research, create a survey of at least five questions to give to ten people in your target market. Your questions should be closed-ended and make sure the questions are geared towards your target market. A question for a five year old will be different than a question for a fourteen year old.

SAMPLE QUESTIONS

Do you enjoy sugary cereal or cereal rich in fiber?

Does price of cereal determine which cereal your parents buy?

Do you like marshmallows in your cereal?

Price

Price is determining a dollar amount you can sell the product for. Complete the Production/Development Cost Worksheet. Write the basic costs of your cereal and box onto your cost worksheet. Carefully consider your research and your own preferences and then list any additions that will be added to your cereal, the box, and the design.

Determine **Total Production Cost** (by adding all costs of the cereal)

Determine **Cost to Retailers** (by adding Total Production Cost and Profit)

Determine **Cost to Consumers** (by adding Cost to Retailers and Profit)

Profit is very important to a Production Company or a Retail Store. To stay in business, a company must make enough money to cover costs of production plus items such as: employees, building leases, utilities, stockholder's dividends, etc.

Promotion

Produce an attractive package for your cereal which supports your overall marketing strategy. Be sure to cover each side of the cereal box. Keep your target market in mind as you are designing your package. You might want to also look at your competition.

Create at least one promotional tool for the product (jingle, commercial, flyer, radio announcement, magazine ad, Internet advertisement, etc.)



Written Report

Your written report will include five sections. Please label them clearly.

Brief Marketing Strategy

In this paragraph, your team should discuss the general approach of your marketing strategy. You may want to include what The Business as a whole is trying to achieve as well as what the development of your new cereal will add to the company. Investors want to hear that your product will be profitable so this is your opportunity to catch their attention and “wow” them with your research, product, and ideas. It would be a good idea to look at other corporate mission statements and marketing strategies on their websites.

Product

In this section, your team should include the survey questions and responses from your target market.

Price

This section should contain your Production/Development Cost Worksheet.

Promotion

In this paragraph, explain why the promotional tool you selected will work best for your product. Make sure to discuss any strategic alliances with other corporations and why your team chose that company. Include a copy of your promotional tool.

Place

Discuss how your product will reach the customer (through the mail, by telephone, in the grocery store). If in a store, where in the store (depends on demographic)? Include your rationale for determining the particular place your team chose to sell your product.

Presentation

You are trying to convince the “shareholders” (the class) to invest in your product idea. In your presentation, you should discuss the following:

- Marketing Strategy - what is it?
- Target Market - who are you developing this product for?
- Product - explain the research methods and results
- Price - what is it? how was it determined?
- Promotion - how will you promote your product? why?
- Place - how will your product get to the customer? explain why

Breakfast Cereal Cost List

BASIC COSTS

Cost of Cereal	\$0.70	Basic Cost 15 oz. of cereal with basic nutritional value
Cost of Box	\$0.32	Four-color with wax paper inner wrapper

ADD-ON COSTS

Cereal		
Sugar Coating		\$0.27
Coloring (raspberry red, lemon yellow, etc.)		\$0.16
Unique or unusual shapes		\$0.14
Marshmallows		\$0.23
Fruit (raisins, blueberries, etc.)	Each	\$0.26
Nuts	Each	\$0.24
Reduced fat and calories		\$0.27
Enhanced nutritional value		\$0.32
Box		
Box larger than 15 oz or oddly shaped		\$0.16
Foil inner wrapper		\$0.13
Other		
Premium (a neat-o prize)		\$0.42
Celebrity endorsement or on package		\$0.50
Fictional character on package		\$0.25

Production/Development Cost Worksheet

Cost of Market Research	\$0.20	(Product development)
Cost of Advertising	\$0.35	(Promotion)
Cost of Distribution	\$0.15	(Place)
Cost of Cereal	\$0.70	Basic Cost
Cereal Add-ons	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
Cost of Box	\$0.32	Four-color with wax paper inner wrapper
Box Add-ons	\$	
	\$	
	\$	
Premium	\$	
Celebrity or Fictional Character	\$	
Total Production Cost	\$	(total of all costs listed above)
Profit to Manufacturer	\$	(total production costs × 13%)
Cost to Retailers	\$	(total production costs + profit to manufacturer = wholesale price)
Profit to Retailers	\$	(cost to retailers × 8%)
COST TO CONSUMERS	\$	(cost to retailers + profit to retailers = retail price)

Cereal Marketing Project Evaluation



WRITTEN REPORT

FAIR
(1-2)

GOOD
(3-3.5)

EXCELLENT
(4)

Brief Marketing Strategy

- Would potential investors be "wowed"?
- Was an explanation given as to how the new cereal would add to the company?
- Was target market described?

Product

- Were survey questions and results included?
- Were the survey questions appropriate for the target market?
- Did the survey gather useful data?

Price

- Was the Production/Development Cost Worksheet filled out correctly and included?
- Is the price given supported by an explanation?
- Is the price competitive?

Promotion

- Is the cereal box designed to appeal to the target market?
- Is the cereal box attractive? Are all sides of the box covered?
- Does the promotional tool appeal to the target market?
- Was there rationale given as to why that promotional tool was selected?

Place

- Does the rationale support the choice of placement?

PRESENTATION

FAIR
(1-2)

GOOD
(3-3.5)

EXCELLENT
(4)

Content

- Were all of the following discussed:
 - Marketing Strategy
 - Target Market
 - Product
 - Price
 - Promotion
 - Place

Design

- Was the design appealing to potential "investors"?

Teamwork

- Did each team member participate in the presentation?

Quality

- Was it a professional presentation?

Cereal Marketing Project “Investor” Evaluation



CEREAL NAME	CELEBRATIONS	DRAWBACKS	INVEST?	RANKING
			Yes / No If No, why not?	
			Yes / No If No, why not?	
			Yes / No If No, why not?	
			Yes / No If No, why not?	
			Yes / No If No, why not?	
			Yes / No If No, why not?	

CEREAL NAME	CELEBRATIONS	DRAWBACKS	INVEST?	RANKING
			Yes / No If No, why not?	
			Yes / No If No, why not?	
			Yes / No If No, why not?	
			Yes / No If No, why not?	
			Yes / No If No, why not?	
			Yes / No If No, why not?	
			Yes / No If No, why not?	