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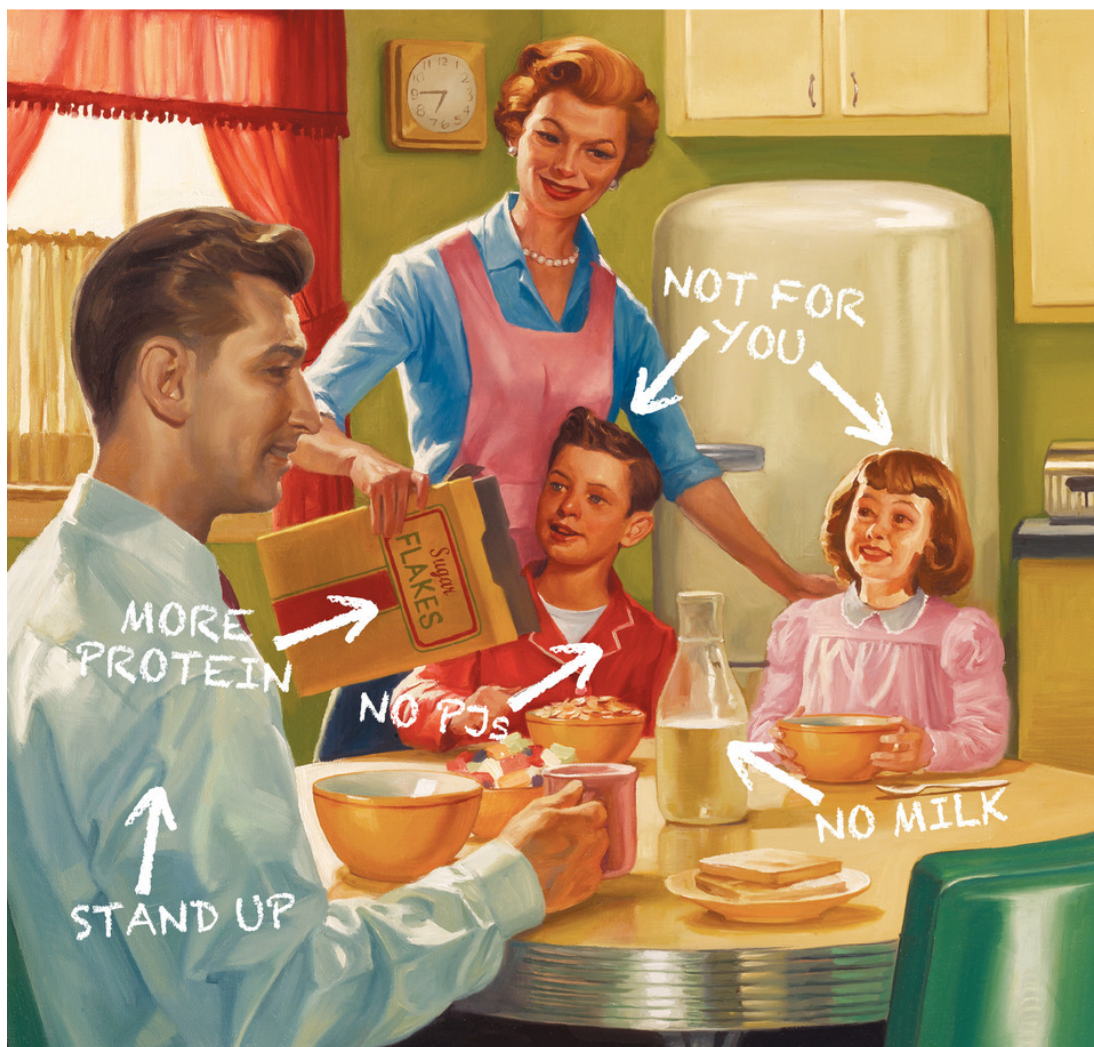
FOOD & DRINK

Pitching Cereal for Dinner and Late Nights

Breakfast Makers Need You to Feel Less Guilty; Cinnamon Toast Crunch With Videogames

By SARAH NASSAUER

June 18, 2014 7:12 p.m. ET



Not for You

Cereal makers are focusing on adults who love sugar cereal. Around 50% of some sugar cereals are now eaten by adults.

Stand Up

Sitting at a table takes too long. A new Lucky Charms ad shows an actor walking around while eating a bowl of cereal.

No PJs

The same ad shows people eating in clothes, not pajamas, to cue that cereal can be eaten any time of day.

More Protein

Protein-heavy breakfasts are popular. Kellogg's marketing reminds people that cereal and milk have protein and other nutrients.

No Milk

Milk consumption is declining. Cereal makers are considering ads with alternatives like yogurt or almond milk.

Roberto Parada

Cereal sellers are pinning their hopes on people like Jon Press.

WSJ Radio

Sarah Nassauer and The Wall Street Journal
This Morning's Gordon Deal explain how
cereal companies are targeting consumers in
a new way after years of sluggish sales.

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Since he's out the door by 6:45 a.m. weekdays, eating cereal in the morning takes too long, the Potomac, Md., resident says. But after his two children are in bed, it's Cinnamon Toast Crunch time, often while he's at his laptop blogging about Washington Capitals hockey. Sugary cereal for dessert "doesn't feel quite as horrible" as cookies or cupcakes, says Mr. Press, a consultant to the federal government.

Cereal companies are zeroing in on behaviors they largely ignored in the past: what they call off-breakfast eating. That means adults eating cereal at night or children snacking on it throughout the day. As a hint to consumers, Kellogg Co., the largest seller of cereal in the U.S., recently put Special K Chocolate Almond, Frosted Mini-Wheats and other cereals in boxes with a starry night sky backdrop.

Around 20% of cereal eating happens outside of breakfast, but some still feel guilty about cereal for dinner or at other times, says Jim Murphy, president of Big G, the cereal division of General Mills Inc. "There is an opportunity for us to alleviate some of the guilt" by giving people permission, something it conveys with advertising, he says.

Cereal companies have rarely pushed much beyond the morning. Today, while cereal is still the most common breakfast in the U.S., volume sales have decreased or been flat every year since 2000, decreasing about 3% during the past year compared with the previous 12 months, according to sales data from Nielsen, Euromonitor and other retail sales-tracking companies.

Among consumers' gripes: Cereal takes too long to eat during the morning rush and you can't eat a bowl of it in the car. Companies introduced cereal bars as on-the-go breakfast options, but that success has eaten into sales of traditional cereal.

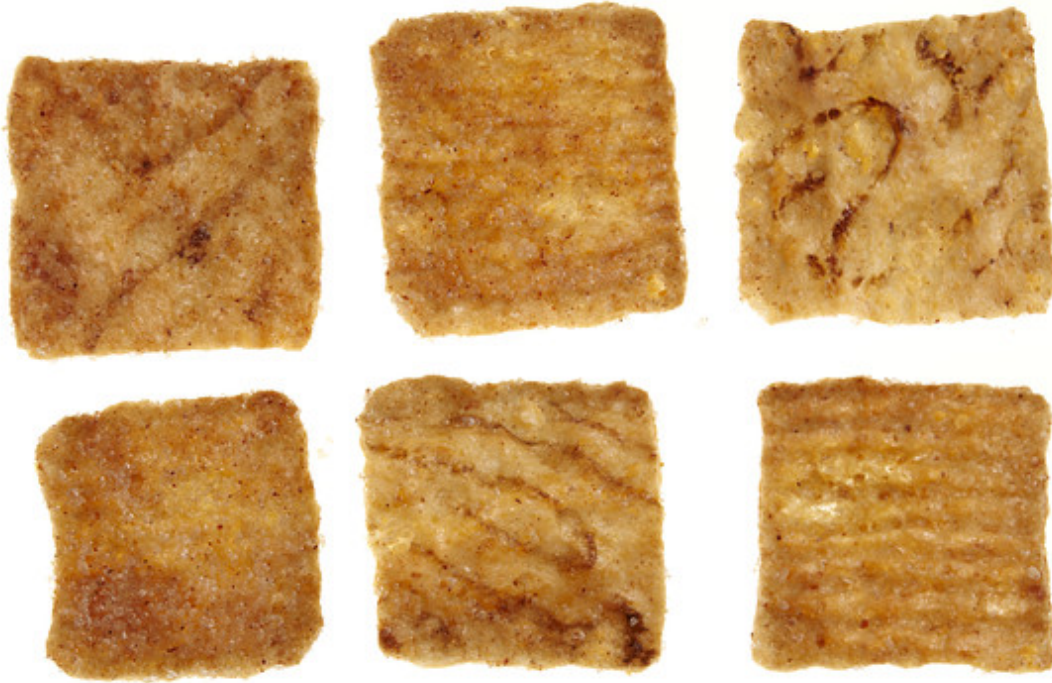
As sales of cereal in the U.S. continue to fall, cereal brands are starting to target late-night snackers and adults who are too busy in the morning to sit down with cereal. WSJ's Sarah Nassauer joins Lunch Break with Tanya Rivero. Photo: F. Martin Ramin for The Wall Street Journal

People are also being pulled away from cereal by protein-filled breakfast options like Greek yogurt, fast-food egg sandwiches and protein bars. That's because more people see protein as healthy and filling, says Noel

Geoffroy, senior vice president of marketing and innovation for Kellogg U.S. Morning Foods. She and other Kellogg's executives call the trend "unconscious migration" from cereal.

Kellogg has sold less cereal so far in 2014 compared with the same period last year, continuing a recent trend. But cereal sales at General Mills are up 2% during the first nine months of its fiscal year, compared with a 2% decline over the same stretch a year earlier.

Sales of sweetened cereal brands are outpacing cereal overall in part because adults are eating them outside of breakfast, says Jenny Zechmeister, marketing manager for General Mills cereals Lucky Charms and Cinnamon Toast Crunch. The cereals suffering most are the "plain grain" brands like Kix, Wheaties and Corn Flakes.



Cinnamon Toast Crunch *F. Martin Ramin/The Wall Street Journal*

At General Mills headquarters in Golden Valley, Minn., the focus has been on saving cereal by finding enough niches in the market.

Cinnamon Toast Crunch is a popular snack for 20- and 30-somethings while playing videogames at night, says Ivan Martinez, a consumer insights manager for the cereal division at the company. As a result, Cinnamon Toast Crunch sponsored a videogame conference last year in Los Angeles.

During the midnight release of the PlayStation 4 videogame console this winter, employees running the cereal's Twitter account sent out about 90 tweets interacting with gamers and others.

Pushing cereal in nontraditional ways is a new frontier born of necessity. A Lucky Charms ad now airing shows two 30-something adults eating Lucky Charms. One eats the marshmallow cereal while walking around the house, a portrayal that spurred internal debate, Ms. Zechmeister says. Some executives wondered why he wasn't sitting at a table, a more traditional portrayal of eating cereal.



Fruity Pebbles F. Martin Ramin/*The Wall Street Journal*

Another topic of debate: if actors should be out of pajamas to subtly suggest eating cereal any time of day. The actors wear street clothes in the final product.

More shoppers could be nudged to see cereal as an ingredient, not a meal or snack, says Doug Martin, marketing manager for Cheerios. "Throw a handful into a smoothie for extra fiber," he suggests.

Mr. Martin considered reviving an early 1980s Cheerios ad that shows a mother cooking Cheerios in a skillet with butter and salt, then serving it to her children like popcorn. "It's ridiculous," says Mr. Martin, "but also subtly gets the message across" that cereal can be eaten in new ways. So far the company has failed to find all the actors in the decades-old ad to pay them royalties, even after hiring a private investigator, Mr. Martin says.

Cereal companies are also far from giving up on the morning.

General Mills hopes to convince people to carve out more time for breakfast at home. Its Family Breakfast Project, a partnership with the Family Dinner Project, an organization that promotes the benefits of family dinners, leads people through seven days of what General Mills estimates are seven extra minutes for family breakfast.

The program recommends making a clothing checklist for children the night before and topics of conversation. "Have your kids ask what you were like as a kid," the Cheerios site suggests.

"If I can get just one more morning out of a month back to eating cereal, that's all I need," says Mr. Murphy, president of the cereal division.

As eating habits evolve in favor of food perceived as fresh and simple, grocery store sales of fresh meat, bakery items and fresh produce are rising. Sales of dry grocery products like cereal, soup and soda stayed flat, according to Nielsen data analyzed by Virginia Morris, vice president of consumer strategy and insights for Daymon Worldwide, a Stamford, Conn.-based retail consultancy.

"Consumers are looking to foods that, compared to cereal, are fresher," like fruit, yogurt or eggs, says Anthony Shurman, vice president of marketing at Post Foods, which is owned by Post Holdings Inc., maker of Honey Bunches of Oats, Fruity Pebbles and other brands. That's why Post markets its high-fiber, high-protein Great Grains cereal as "less processed," with "gently cracked wheat," he says.

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