

Cereal Bars - US - November 2004 (\$2995.00)

Mintel estimates the consumer market for cereal bars in the U.S. at \$2.2 billion in 2004, excluding sales through Wal-Mart and natural food stores. The market grew at a compound annual growth rate of 13.4% between 1999 and 2004. Products in the category include cereal/snack/breakfast bars such as Kellogg's Nutri-Grain bars or General Mills' Milk 'n Cereal bars; intrinsic health bars like Atkins' Advantage bars or Ross Labs' ZonePerfect bars; and granola bars such as Quaker Oats' Chewy Granola or General Mills' Nature Valley bars. The category is one of the fastest growing food categories, benefiting from the confluence of the interest in low carb foods, the desire for healthier snack and meal replacement alternatives, and the demand for portable snacks and meals.

Although cereal bars have been on the market since General Mills introduced a granola bar in the 1970s, the category exhibits traits more suggestive of a formative category than a mature one. Growth rates are high, consumer sampling is significant, and new product introductions driving sales. There are few demographic points of differentiation among consumers. Overall growth rates are high, with products from Atkins Nutritionals accounting for a large portion of it in 2002-2004. In recent years, the major multinational food companies have acquired leading cereal bar brands. Currently, the market leaders include Kellogg, Quaker Oats, General Mills, Atkins, and Unilever/Slim-Fast.

Based on Mintel research, overall growth in the market should slow but remain strong-with sales expected to rise 7.6% at an inflation-adjusted annual rate between 2004 and 2009. Growth is expected to result from the following four factors:

- Increasing the percentage of households that consume cereal bars from its current 55% level
- Increasing the frequency of use of cereal bars for as many eating occasions as possible (e.g. snack, energy boost, weight-loss, meal replacement)
- Aggressive product development to improve and broaden the flavor choices
- Increasing media expenditures to support brand development and encourage brand loyalty

For the purposes of this report, the following definitions have been used:

Cereal bars are also commonly referred to as snack bars. In general, both types are cereal-based (traditionally oat-based) and contain ingredients such as nuts, seeds, fruit, raisins, and chocolate. However, some snack bars may not have a traditional cereal base (e.g. soy). Cereal bars can be used for multiple purposes such as breakfast, snacks, energy, meal replacement, and weight control. For consistency, the term "cereal bars" will be used throughout this report when referring to the entire market for cereal, breakfast, snack, weight loss, meal replacement, energy, and nutrition bars.

Within the cereal bar category, the report covers four segments (three in detail) including:

- Intrinsic health bars, including energy bars and weight loss/portion control bars that are designed to control fat, control carbohydrates, and/or deliver high fiber as well as a range of vitamins and minerals and sometimes other benefits (e.g. Atkins, PowerBar, Clif, etc.)
- Breakfast/cereal snack bars, including bars derived from cereal brands or intended as a healthy snack or breakfast alternative (e.g. Milk 'n Cereal Bars, Special K bars, Morning Start, etc.)
- Granola bars such as Quaker Oats' Chewy Granola

--Rice snack squares (topline coverage only)

This report does not include cake bars, nut-based confectionery bars, chocolate confectionery, breakfast cereals, trail mix, cookies or crackers.

Other Mintel reports of relevance include:

- Breakfast Cereals - US - November 2003
- Low Carb - US - May 2004
- Dining Out Review: Volume I - Quick Service Restaurants - US - May 2004
- Kids' and Teens' Eating Habits - US - June 2004
- Eating Habits - US - July 2004
- Dining Out Review: Volume V - Snack Shops - US - August 2004
- Organic Food and Beverages - US - August 2004
- Functional Food - US - October 2004
- Breakfast Foods: Volume 1 - The Marketplace - US - November 2004
- On the Go Food and Drink Packaging - US - November 2004
- Ingredient Trends - US - December 2004