Cereal Creation  
Phase 1: Marketing Research (Chapters 28-29)

Did you know that American’s eat so much cereal each year that a chain of empty boxes would stretch all the way to the moon and back. Cereal is big business and cereal makers work hard to sell it.

Companies conduct market research to help them make decisions. As you create a new cold cereal, you will have many questions. You will need to know what kids want in their cereals. You will also need to know what the kid’s parents are willing to buy. Your market research   
  
You will be conducting both primary and secondary research in order to obtain the data that will be useful to you.

**SECONDARY DATA**

Watch the following movie and make notes. Cereal: History in a Bowl

1. The cereal industry is a \_\_\_\_\_\_\_\_\_\_\_\_\_ billion dollar industry.
2. How much cereal is eaten each year?
3. What led to the need for a new breakfast food?
4. What was the first breakfast cereal?
5. Who introduced it?
6. What is Battle Creek Michigan and why is it important?
7. At the high of cereal rivalry, there were \_\_\_\_\_\_\_\_\_\_\_ competitors all vying for a piece of the market.
8. What led to many competitors downfalls?
9. What did Alexander P. Anderson do in 1901?
10. What did he invent?
11. Who did he team up with after this discovery?
12. Where did they do some major marketing?
13. What did they do?
14. Cereal companies started to realize that american’s want \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
15. Gene McKay was an innovator. Who did he work for?
16. What cereal did he invent?
17. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ keeps cereal popular
18. If cereal doesn’t \_\_\_\_\_\_\_\_\_\_\_\_\_\_ good, they wouldn’t eat it. So the race was on to make a \_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_ cereal.
19. What ingredient rescued cereal from its blandness?
20. What did parents have to say about this?
21. Had to come up with new ways to attract customers. What did they start doing?
22. When did trade characters explode?
23. When were premium giveaway’s introduced?
24. What example do they give for the most successful giveaway?
25. Cereal Advertising strategies have been the same for the last \_\_\_\_\_\_\_\_\_\_\_\_ to \_\_\_\_\_\_\_\_\_\_\_ years.
26. How many boxes of cereal do American’s buy each year?
27. How is technology affecting the industry now?
28. What are new trends in the industry?

Read the following and make notes: <http://www.lavasurfer.com/cereal-analysis.html>

History

1. Who created cereal?
2. When was cereal first created?
3. What percentage of American’s eat cereal daily?
4. Who is credited for launching the breakfast food industry?
5. Who are key industry competitors?

Economic Analysis

1. The big four make up what percentage of the market?
2. What type of market structure does the cereal industry have?
3. Give a breakdown of market share?
4. Would it be easy for someone to break into this industry?
5. What are two barriers to entry?
6. Rivalry in the industry is very \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
7. How often do buyers typically purchase cereal and in what quanity?
8. Who has the power in the industry?
9. Why are grocery stores a power holder in the industry?
10. How do suppliers also have power in the industry?
11. As cereal prices rise, what do consumers do?
12. What are some substitutes to cereal?
13. What is the biggest down fall for other companies entering the cereal industry?
14. How have cartoon characters affected the potential entry into the industry?

Target Audience

1. What percentage of American’s eat cereal for breakfast?
2. What is the median income of cereal eaters?
3. Consumers are spending more or less for breakfast?
4. Competitor Chart

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Cereal Name | Company | Date Introduced | Price for Standard Size Box | Slogan | Trade Character |
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**PRIMARY DATA** (data obtained for the first time and used specifically for the particular problem or issue under study)

**Survey Creation**

You want to start producing a cereal targeted at kids age 5-8. You have conducted secondary research to learn about the cereal industry and trends in the industry but it is now time to do some opinion research.

You are to create a primary preference survey targeted at kids that will gather need information to help you develop a product that kids will like. Your survey has to be a minimum of 10 questions. Make sure that your survey is written appropriately for the target audience.

Make sure that you follow the writing and format guidelines on page 621-622. There is a sample questionnaire on page 622 in your book.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Rubric  Kids Preference | Yes | No | Points possible | Points earned | Comments |
| Validity of Survey |  |  | 1 |  |  |
| Reliability of Survey |  |  | 1 |  |  |
| 1 open ended question |  |  | 1 |  |  |
| 9 minimum forced choice questions (can be yes/no, multiple choice, rating scale questions, level of agreement questions) |  |  | 9 |  |  |
| Survey is Titled |  |  | 1 |  |  |
| Instructions given |  |  | 2 |  |  |
| Fits on one page |  |  | 5 |  |  |
| Visually appealing and well laid out |  |  | 20 |  |  |
| Questions are well written |  |  | 10 |  |  |
| TOTAL |  |  | 50 |  |  |

\*10 POINTS GIVEN FOR USING TIME WISELY & COMPLETED ON TIME – 60 POINTS TOTAL PROJECT GRADE

**Staple this sheet to the back of your survey before you submit to the box. Make sure that your name is on your questionnaire.**

Phase 2: Product Planning (Chapters 30-32)

**Step 1**: Generate Ideas for your Cereal (15 pts)

Thinking of your secondary and primary research, develop 3 potential cereal ideas. Complete the chart below.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Cereal Name | Brief description | Potential Slogan | Trade Character | What would make this cereal unique | Potential Toy | Positioning Used |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

**Step 2:** Idea Screening (5 pts)

Screen your ideas and see which ones match the companies’ objectives, the intended target market, and could easily be positioned in the marketplace. From the list above, identify which idea you are going to pursue.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**Step 3**: Proposal (30 pts)

Type a **one** page single spaced proposal to be presented to superiors for their consideration on why you think this product would be successful. Make sure you thoroughly establish how your product will have a competitive edge. You must back your concept decisions with research facts. Make sure you thoroughly describe the product features and benefits to justify your idea. Proposal must be clearly titled and you must have at least three paragraphs. Include your names in the header before you print.

**Staple this sheet with your printed proposal and submit when finished.**

**Step 4:** Develop the product

Create a decorative poster with the following information on it. The poster will be used in step 4 to test your product concepts at the elementary school.

1. Determine a trade name that your new brand of cereal will fall under. Must be one of the big 4
2. Create a Catchy Brand Name for your Cereal- Must grab attention; make it short and easy to remember.
3. Design your Brand Name/Logo
4. Create a short catchy slogan.
5. Develop your Trade Character, License a Character, or choose an Endorser.
   1. When deciding a weather to create a new trade character, or to license a character. Remember that it will cost you more to license one. 75 cents vs. 10 cents.

|  |
| --- |
| Sugar Coating? |
| Coloring- What colors? |
| Unique Shapes- What shapes? |
| Marshmallows? |
| Added Fruits? What fruits? |
| Nuts? What nuts? |
| Reduced Fat or calories |
| Extra Vitamins? What vitamins? |

1. Create a Features/Benefits Chart (place on back of poster)
   1. Things to think about adding (must have at least 4)
2. State what your unique selling feature is
3. Describe the Augmented Product (must have at least 2)
4. Write a 3-7 sentence product description
   1. Must be written to sell. Determine what your cereal will have to attract parents and make sure to write about that is the product description as well. Think about who will actually be reading the cereal.
5. Pick a prize to be in your box. The prize must be related to your cereal.
   1. Print a copy of what you plan to order with a price per item. (place on back of poster)
6. Write a Jingle set to music must be at least four lines. (extra credit)
7. Once your poster is complete, you must prepare a 30 second presentation that gives a general understanding of your concept to the elementary students. Remember to stay on their level.. YOU MUST MAKE IT FUN!!! Type out your script and put on back of poster
8. Brainstorm a list of 5 questions that you want to ask the kids to gain feedback. (Type questions and put on back of poster.)

**Front of Poster should be visual. Should look like what the box front will be. Back of Poster should include written details.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Points Earned | Points Possible | Comments |
| Front of Poster |  |  |  |
| Trade Name |  | 5 |  |
| Creative and Catchy Brand Name |  | 20 |  |
| Trade Character |  | 10 |  |
| Unique Selling Feature |  | 5 |  |
| Short catchy slogan. |  | 5 |  |
| Prize displayed on front |  | 5 |  |
| Visually pleasing to the eye, well laid out, etc. |  | 20 |  |
| Creativity |  | 20 |  |
| Back of Poster |  |  |  |
| Create a feature/benefit chart (at least 4) |  | 10 |  |
| Augmented Product Details (at least 2) |  | 5 |  |
| Written Product Description |  | 5 |  |
| Prize Printout- see note above |  | 5 |  |
| Script Printout |  | 10 |  |
| 5 Questions |  | 5 |  |
| TOTAL |  | 130 |  |
| Jingle Extra Credit |  | 10 |  |

**Step 5:** Test the product

We will be going to the elementary school and you will present your ideas to the class and get feedback from one of the classes.

**Group Member Names:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Cereal Name:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

You must visit at least 3 rooms today and do your product testing. When you walk in you should give your group grade sheet to the appropriate teacher.

**Teacher Directions**  
Please rate the overall groups on the quality of the presentation and their ability to gain quality feedback from the students. All members of the group should present and interact with the students. You should rate the group on a scale of (1-5). 1 being poor, and 5 being excellent. All group members should present and interact with the children. **Please be critical in your judging as they have had plenty of time to prepare for their presentations.**

**Presentation Signoff and Quality Score**

|  |  |  |  |
| --- | --- | --- | --- |
| Room # Visited | Teacher Initials | Feedback Notes | Rating (1-5) |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

**Step 3:** Develop the Product Further

1. Create your Packaging

|  |  |
| --- | --- |
| Packaging Grading Rubric | |
| Package Requirements | Point Value |
| Front of Box |  |
| Trade Name/Logo | 10 |
| Brand Name/Logo | 10 |
| Trade Character | 20 |
| Slogan | 5 |
| Parent Appeal | 20 |
| Prize Promotion | 10 |
| Weight | 5 |
| Back of Box |  |
| Description of Product | 30 |
| Character carried over to back of box | 10 |
| Creative Activity with directions | 20 |
| One Side |  |
| Nutrition Label | 10 |
| Ingredients List | 10 |
| Appropriate Logo(s) | 5 |
| Manufacturers Name and Address | 5 |
| Warranty/Satisfaction Statements | 10 |
| Other Side |  |
| Cause Initiative or Environmental Initiative | 25 |
| Top of Box |  |
| Best By Date | 5 |
| Appropriate Logo(s) | 5 |
| Nutritional Highlights | 5 |
| Bottom of Box |  |
| Appropriate Logo(s) | 5 |
| Barcode | 5 |
| Overall Design and Promotion |  |
| Package is Persuasive | 20 |
| Package is Informative | 20 |
| Clear Focal Point on Front | 20 |
| Colors are Consistent | 20 |
| Space is appropriately used | 20 |
| Items are of good Scale | 20 |
| **Total Points Possible** | **350** |

1. Determine your Selling Price

**FORMULA’S YOU NEED TO KNOW**

Retail Price= Cost + MU

Mark Up Amount= Cost \* Mark Up Percentage

Profit Margin= Retail Price- Cost

|  |  |  |
| --- | --- | --- |
| Basic Cost | | |
| Cereal Cost | Basic cost is for 15 oz. box of cereal with basic nutritional value  Add $ .02 per additional ounce | $.30  +$.02 per oz. |
| Cost of Box | Basic cost for 15 oz. box  Add $.02 per additional ounce | $.30  +$.02 per oz. |
| Inner Wrapper | Basic cost for 15 oz. box  Add $.01 per additional ounce | $.15  +$.01 per oz. |
| Add-On Costs | | |
| Sugar Coating | has sugar add | $.08 |
| Coloring | any coloring add $.01 per color used (no cost for brown) | $.01 per color |
| Unique Shapes | has unique shape(s) add $.03 per shape | $.03 per shape |
| Marshmallows | has marshmallows add | .10 |
| Fruit | has fruit add $.05 per each | .05 per each |
| Nuts | has nuts add $.05 per each | .05 per each |
| Reduced Fat or calories | has reduced fat or calories add | .10 |
| Basic Vitamins | Basic assortment that are typically seen in cereal | .30 |
| Other | | |
| Premium Prize | Determine the **per unit** cost of your toy | Varies |
| Celebrity Endorser | .75 per endorser | $.75 per endorser |
| Licensed Character | .50 per character licensed | $.50 per character |
| Made up Character | .10 per character | $.10 per character |

**Cost Worksheet**

**Name of Cereal: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_How many ounces is your box? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**What are your added/special features (list all): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**What is your prize? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Where are you getting your prizes? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**How much will all your prizes cost? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ How many will you get in total for that price?\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

|  |  |
| --- | --- |
| **Cereal Cost** | |
| **Basic Costs** | **Price** |
| Cereal Cost |  |
| Cost of Box |  |
| Inner Wrapper |  |
| **Add-On Costs** | **Price** |
| Sugar Coating |  |
| Coloring |  |
| Unique Shapes |  |
| Marshmallows |  |
| Fruit |  |
| Nuts |  |
| Reduced Fat or calories |  |
| Extra Vitamins |  |
| **Others** | **Price** |
| Premium Prize |  |
| Trade Character, Licensed Character, Endorser |  |
| Total Cost |  |
| +50% Manufacturer Markup |  |
| Cost to Retailer |  |
| + \_\_\_\_\_\_% Retailer Markup |  |
| Final Selling Price |  |

**Profit Margin per box sold=**

**Total Markup Percentage=**

You must calculate a final markup percent that will allow your Final Retail Price to be .00 or .25 or .50 or .75. You cannot have a Selling Price that ends with .55 or .22 or .98. Must be in 25-cent increments.

Show your math below!

**Step 6:** Introduce the Product

1. Develop your Promotions
   1. One Minute Commercial
      1. You will also create a storyboard that illustrates your commercial. (See Handout)
         1. You may not start filming until storyboard is approved!!
         2. <https://www.youtube.com/watch?v=LgDwNxGIuCQ>
      2. Your commercial must introduce the product, tell important features and benefits, tell price, and most importantly persuade them to purchase your cereal over competitors. Commercials will be judged on overall creativity and completeness.
      3. Filming will need to be done outside of school, editing may be done in school
      4. Commercials are due by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
   2. Create a magazine print ad
      1. Follow the guidelines that you learned- review page 424 for help!!!
      2. Create it digitally on the computer.
   3. Visual Merchandising
      1. Create a visual drawing in color of what your display table will look like.
      2. You table is 4 ft long, 2.5 ft height,
      3. Create a banner for the front and props for table tops to create a fun and interactive store for the 1st graders.

|  |  |  |
| --- | --- | --- |
| Promotion Requirements | Points Possible | Points Earned |
| **Story Board**  Well Thought Out  Creative  Commercial Requirements are met | 10  30  10 |  |
| **Commercial**  Videoed in the appropriate setting  Introduces cereal and Tells feature/benefits  Tells Price  Creative/Fun/Enthusiastic | 50  100  20  180 |  |
| **Visual Merchandising**  Full color table drawing  Banner Completion  Day of Overall Display  Group Dress | 10  40  200  50 |  |
| **Print Ad**  Appropriate/Creative Headline  Copy  Illustration  Signature  Slogan  Visual Layout and Appeal  Persuasive | 20  10  20  5  5  50  20 |  |
| Grade | 830 |  |

**Step 6:** Introduce the Product

1. Selling
   1. You will be responsible for setting up your storefront the day of the presentation.
      1. Make sure that you follow the guidelines from your visual merchandising rubric
   2. One person will take on the role of the cashier.
      1. Only the cashier can take money from the students and give change.
      2. Only the cashier can come to me to get change if needed.
   3. Two people will take on the role of sale associate.
      1. You will interact with the kids and preform the function of selling.
      2. You may not leave a general radius of 2 ft from your table.
         1. In other words, you must be respectful of other groups.

|  |  |  |  |
| --- | --- | --- | --- |
| Student Name | Selling Requirements (Individual Grade) | Points Possible | Points Earned |
|  | Preformed Job Duties as assigned  Actively interacted and sold product to kids  Product Knowledge and understanding when questioned | 50  100  50 |  |
|  | Preformed Job Duties as assigned  Actively interacted and sold product to kids  Product Knowledge and understanding when questioned | 50  100  50 |  |
|  | Preformed Job Duties as assigned  Actively interacted and sold product to kids  Product Knowledge and understanding when questioned | 50  100  50 |  |
|  | Preformed Job Duties as assigned  Actively interacted and sold product to kids  Product Knowledge and understanding when questioned | 50  100  50 |  |
|  |  |  |  |

**Step 7:** Evaluate Customer Acceptance

Setting up a store in the auditorium and presenting the product to the first graders.

|  |  |
| --- | --- |
| Cereal Name |  |
| Selling Price |  |
| Total Cost |  |
| Profit Margin Per Box |  |
| Revenue |  |
| Total # Boxes Sold |  |
| Total Cost |  |
| Profit |  |