United Cereal: Lora Brill's Eurobrand Challenge

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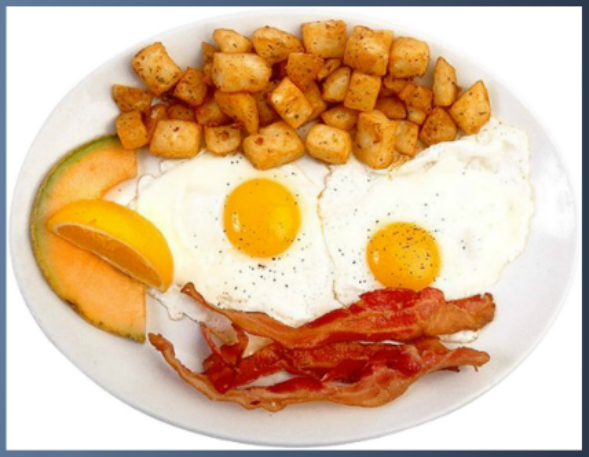

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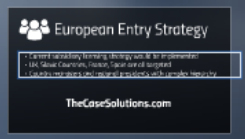

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United Cereal: Lora Brill's Eurobrand Challenge

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Company Overview

- United Cereal is considered the pioneer of breakfast cereals
- Established in 1910 by Jed Thomas
- First Product: Mix of cracked wheat, rolled oats, and malt flakes
- As time went on UC Diversified their products
- In 2010 UC was a 9 billion dollar company

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Financial Overview/Sales

	2007	2008	2009
Sales	8,993,204	9,069,242	9,254,329
COGS	4,226,806	4,271,613	4,445,671
SG&A	2,787,893	2,856,811	2,868,842
Depreciation and amortization	362,500	375,000	370,173
Operating Income	1,616,005	1,565,818	1,569,643
Interest expense	44,120	45,667	46,271
Other income	19,653	22,500	18,508
Income before taxes	1,679,778	1,633,985	1,634,422
Income taxes	410,232	415,450	420,000
Net income	1,269,546	1,218,535	1,214,422
Total Assets	6,313,000	6,215,890	6,300,000
Long-term debt	1,021,300	998,100	1,050,000
Shareholder's equity	1,722,900	1,786,200	1,751,400

- Take note of sales and net income
  - Strategies to increase sales + net income

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Foreign Operations

- Established in Kalamazoo, Michigan 1910
- Europe is 20% of United Cereal's worldwide sales
- Healthy Crunch is looking to be released in Europe

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European Breakfasts & Competitors

- Tastes and Traditions varied from country to country. Some examples listed included cold meats and cheeses in the Netherlands to croissants in France (pg. 3).
- UC identified a new market for cereal, the French demanded a healthier choice in the market (pg. 5).

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Demographics

- According to the study done at this time, Europe was the prime market.
- According to the product they wanted to launch "Healthy Berry Crunch", the French were the target market.
- UC relied on Country Managers to make decisions about products and marketing. These people were well versed in UC's corporate values and practices (pg. 3).

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European Entry Strategy

- Current subsidiary licensing strategy would be implemented
- UK, Slavic Countries, France, Spain are all targeted
- Country managers and regional presidents with complex hierarchy

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