

PepsiCo Aims To Revive Quaker Brand

Manufacturing.net

NEW YORK (AP) -- PepsiCo Inc. is hoping to revive its Quaker division with new types of cereal, a reformulation of its instant oatmeal and a new marketing campaign.

The brand's trademark hot and cold cereals have been hurting in the down economy as people shift away from name brands to save money. They're also not eating as much breakfast, said Quaker President Jaya Kumar.

So the company is adding whole grains, removing sugar and focusing on the healthy aspects of breakfast to link its brands to the first meal of the day.

The move is part of a wider PepsiCo effort to make its products healthier by cutting sodium, sugar and certain fats, and boost sales of its healthier products such as Quaker, Tropicana, Dole and Tazo Teas.

Quaker's big marketing push starts Sept. 1 with the launch of new varieties of cereals and an advertising campaign. Quaker has boosted its marketing spending by 50 percent for the rest of the year, though Kumar declined to cite dollar figures.

Quaker will introduce two new products: one that lets kids create their own oatmeal flavor combinations, including banana and blueberry. There's also a multigrain blend called Heart Medleys that mixes oats, wheat, barley and rye with nuts and fruits.

Quaker's instant oatmeal is also being reformulated to have larger, whole grain oats for heartier texture. Kumar said people reported not wanting oatmeal to be "mushy."

The company is also rolling out new instant oatmeals with 25 percent less sugar. Quaker plans to make the change across its portfolio.

PepsiCo, based in Purchase, N.Y., bought the Quaker Oats Co., including its sports drink Gatorade, for more than \$13 billion in 2001.

In the first half of the year, Quaker's revenue fell 2.5 percent to \$859 million.

Parent company PepsiCo is tweaking many of its products, including chips in its Frito-Lay snack division, to feed into people's desire for healthier products. Earlier this year, PepsiCo said it was setting out to triple its sales of healthier fare in the next decade to \$30 billion.

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Published on Chem.Info (<http://www.chem.info>)

Source URL (retrieved on 12/25/2014 - 1:53pm):

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