

Some say (Zarroli, 2015) General Mills and other large food companies can only grow if they launch new brands which appeal to the healthy consumer. Use of four analytical frameworks will help us to better understand this situation.

To better understand global trends, we will start with a PEST analysis. Figure 1 shows a trend analysis for the period 2015 to 2020 in four domains: political, economic, social and technological.

Figure 1: PEST Analysis of Global Trends – 2015-2020

Political <ul style="list-style-type: none">• Anti-terrorism/anti-radicalism	Economic <ul style="list-style-type: none">• Slow growth
Social <ul style="list-style-type: none">• Connectivity	Technological <ul style="list-style-type: none">• Mobility• Ubiquity

The main political trends are anti-terrorism and anti-radicalism. An increase in international terrorism and radicalism encouraged countries to create antiterrorism technology and legislation. The global economic trend is slow growth. A key social trend is connectivity, where people are continuously connected via social media, texting, emailing and other communication tools. The technological trends are mobility and ubiquity, which result in technology becoming increasingly portable and pervasive.

Next, we will use Porter's Six Forces to analyze the food processing industry.

Figure 2: Porter's Six Forces Analysis of the Food Processing Industry

	Supplier Power – Low <ul style="list-style-type: none"> • Packaging materials • Ingredients 	Threat of Substitution - Low Produce industry, Restaurant industry
Threat of Entry - Low <ul style="list-style-type: none"> • Mature industry • Sellers must be able to acquire shelf space • Substantial initial investment in property, plant and equipment 	Industry Rivalry – High Breakfast: <ul style="list-style-type: none"> • General Mills, Kellogg, All Whites, Post, Private Label, Member's Mark, Cascadian Farm, Bear Naked, Nabisco, Nature's Path, Nestlé, Arrowhead Mills, Uncle Sam, Bob Evans, Tyson, Bisquick, Hillshire, Hormel, WhiteWave, PepsiCo, Dean, ConAgra, Kraft Lunch: <ul style="list-style-type: none"> • General Mills, Kraft, Revolution Foods, Campbell's, Private Label, Weight Watchers, Rich Product Co., Barilla, Mueller's, Ebro, Pinnacle, Marie Callender's, ConAgra, Sun Capital Dinner: <ul style="list-style-type: none"> • General Mills, Weight Watchers, Unilever, ConAgra, Hormel, Dole, Bimbo Bakeries, Rich Product Co., WhiteWave, Barilla, Mueller's, Ebro, Pinnacle, Marie Callender's, Sun Capital Snack: <ul style="list-style-type: none"> • General Mills, Aunt Jemima, ConAgra, Kellogg, Mars, Private Label, Chiquita, Mondelez, Bimbo, Nestlé, Hershey's, Haribo, Lindt, Kraft, PepsiCo, Link, J&J, Dole, Musselman's, Dannon, WhiteWave Dessert: <ul style="list-style-type: none"> • General Mills, Nestlé, Dean, Mars, Hostess, Bimbo Bakeries, Unilever, Private Label, Cargill, Campbell's, Maple Leaf Foods, Hershey, Rich Products Co. Frozen: <ul style="list-style-type: none"> • General Mills, Nestlé, Tyson, Kraft, ConAgra, Private Label, Campbell's, Chiquita, Perdue, McCain, Sanderson Farms, Rich Products Co. Beverages: <ul style="list-style-type: none"> • Coca Cola, PepsiCo, Honest Tea, Dr. Pepper Snapple, Private Label, Kraft, Nestlé, Private Label, Chiquita, Dannon, Seagram, Cott 	
	Buyer Power – High <ul style="list-style-type: none"> • No switching costs • Medium buyer loyalty • Several segments fulfill similar needs 	Complements None

Figure 2 shows that industry rivalry is high. Most companies occupy several segments with multiple segments fulfilling similar needs. Buyer power is high due to a lack of switching costs and the ability for several segments to satisfy similar needs. Supplier power is low, since there are numerous

suppliers for packaging materials and most ingredients. Threat of entry is low due to heavy regulation, substantial investment requirements, shelf space requirements and the maturity of the industry. However, new food manufacturers such as Annie’s and Honest Tea successfully entered niche markets. While this industry can be substituted by the produce and restaurant industries, this industry faces a low threat of substitution, since consumers are increasing spending on processed foods (Ryssdal, 2013). The food processing industry has no complements.

A SWOT analysis will identify General Mills’ strengths, weaknesses, opportunities, and threats in order to better understand the company.

Figure 3: SWOT Analysis of General Mills

Strengths <ul style="list-style-type: none"> • Revenue (\$18 billion) • Brand recognition • Established relationships with stores • Willingness to update products 	Weaknesses <ul style="list-style-type: none"> • Size – true innovation may be difficult or impossible • Numerous market offerings (e.g. 140 Green Giant products) – difficult to manage
Opportunities <ul style="list-style-type: none"> • Launch new products • Adjust to changing consumer demands • Reduce operational inefficiencies • Increase revenue • Increase consumer engagement via digital channels • Purchase smaller companies • Cut costs via mergers and acquisitions • Expand into niche markets (e.g. gluten-free, low-carb) 	Threats <ul style="list-style-type: none"> • Changing consumers demands • Competitors are merging and thereby cutting costs, enabling them to compete more effectively on price • Competition • New products may fail

General Mills’ strengths are brand recognition, relationships with stores, and high revenue while its weaknesses are inability to innovate and difficult of managing its numerous market offerings. General Mills is a company which takes in \$18 billion in annual sales (“General Mills 2015 Annual Report”, 2015), resulting in it being a well-known brand with strong relationships with its retailers. General Mills can leverage its name and size to attain shelf space and market to customers. On the other hand, this size results in an inability to innovate, as employees are accustomed to General Mills’ current operations. General Mills also has thousands of products, making effective product management difficult.

General Mills' primary opportunities include expanding into niche markets, merging with other companies to cut costs, and acquiring smaller firms. General Mills can expand into niche markets such as gluten-free or nut-free markets. These markets could bring in additional revenue now and potentially grow in the future. One way of entering niche markets is by purchasing smaller companies. In doing so, General Mills enters these markets with established offerings and cultivates a sense of entrepreneurship within the company. Alternatively, General Mills can merge with other companies its size in order to increase operational efficiency and cut costs.

Primary threats to General Mills are competition, changing consumer demands, and failure of new products. With the mergers and acquisitions of competitors such as Kraft and Heinz, competition is becoming more intense, which could impact General Mills' profitability. Consumer demands are also changing and an inability to adapt could damage the firm. At the same time, the company's attempts to adapt to changes by investing in new products could be unprofitable if those new products fail.

A Force Field Analysis will pinpoint propelling and restraining forces for a specific situation. For this analysis, the Force Field Analysis will look at forces impacting the success of the acquisition of small food manufacturers.

Figure 4: FFA on General Mills

FFA Situation: Acquisition of Small Food Manufacturers	
Forces Propelling>	<Forces Restraining
<ul style="list-style-type: none"> • Price competition from competitors • Lack of entrepreneurial culture • Experience purchasing smaller firms • Growth of niche markets • Rapidness of changing consumer demands 	<ul style="list-style-type: none"> • High number of current products • Ability to create new market offerings in-house

Forces propelling the acquisition of small food manufacturers include price competition, lack of entrepreneurial culture, experience, growth of niche markets, and rapidly changing consumer demands. General Mills' competitors are merging with and acquiring companies, enabling them to increase operational efficiency. By acquiring companies, General Mills can also improve its operations so that it

can compete on cost. General Mills' size prevents it from truly innovative, so purchasing companies that are innovating is an easier route to innovation. General Mills has also purchased small food processors before so it has experience using purchased brands to grow the company. Rapidly changing consumer demands and the associated growth of niche markets makes acquiring small food manufacturers valuable, as doing so enables General Mills to quickly enter growing markets with an established presence.

Forces restraining acquisitions are the high number of current products and ability to create new product offerings in-house. General Mills already has thousands of products to produce, distribute, and sell, so adding additional products could be harmful. In addition, General Mills can produce any new products in-house, which means that the firm should only purchase other companies if there are other benefits such as fast market entry or customer loyalty.

Conclusion

Working through the analyses suggests that General Mills' best path to growth is purchasing small food processing companies. The PEST analysis shows that slow economic growth is a global trend, so General Mills and the food processing industry is unlikely to grow at a fast rate. The Porter's Analysis exposes that the mature industry has several key companies active in all segments. General Mills is one of these companies, but the intense competition and high buyer power makes this position uncertain in the future. The SWOT reveals that General Mills' size is both a strength and a weakness, since the company has a reputation that pushes sales and acquires shelf space while being unable to innovate due to its size. Due to the size and threat of changing consumer demands, a major opportunity for the company is to launch new products or acquire other companies. The Force Field Analysis shows that acquiring small food manufacturers is propelled by a lack of innovation and rapidly changing consumer demands. In order to continue its growth, General Mills needs to realign their products with consumer demands faster than the competition, which can be accomplished by purchasing competitors with healthy products.

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