

# Kellogg's 1Q Revenue Drops as Cereal Sales Struggle

BATTLE CREEK, Mich. (AP) — [Kellogg](#) [1] said its first-quarter revenue dropped as the company continued to face sluggish cereal sales.

The maker of Frosted Flakes, Special K, Pop Tarts and Eggo waffles said Thursday that sales for its U.S. breakfast division declined 5.5 percent. Cereal sales in the U.S. have remained weak as Americans increasingly reach for alternatives such as Greek yogurt or breakfast sandwiches from fast-food chains.

Even within the [cereal aisle](#) [2], there's more competition from store brands or smaller players that position themselves as healthier alternatives.

To boost cereal sales, Kellogg is working to communicate the nutritional benefits of a bowl of cereal and milk in its marketing. To go after people looking for convenience, the company even rolled out a beverage that's positioned as a drinkable cereal.

For the quarter, Kellogg Co. said revenue fell 3 percent to \$3.74 billion. That missed Wall Street's estimate of \$3.81 billion.

Cost-cutting helped lift net income to \$406 million, or \$1.12 per share, for the January-March period. A year earlier Kellogg earned \$311 million, or 85 cents per share.

Removing certain items, per-share earnings were \$1.01 per share — a penny below its adjusted profit a year ago. Analysts expected 97 cents per share for the latest quarter, according to FactSet.

Kellogg, based in Battle Creek, Michigan, left its outlook for the year unchanged. It expects core sales to increase by about 1 percent and core earnings per share to increase between 1 percent and 3 percent.

### Source URL (retrieved on 01/27/2015 - 9:28am):

<http://www.foodmanufacturing.com/news/2014/05/kellogg%E2%80%99s-1q-revenue-drops-cereal-sales-struggle>

### Links:

[1] [https://twitter.com/Kelloggs\\_US](https://twitter.com/Kelloggs_US)

[2] <http://www.foodmanufacturing.com/news/2014/02/kellogg-cereals-struggle-stay-table>

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