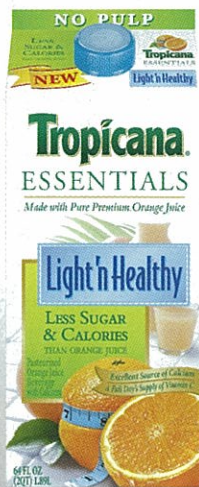


News Front

Tylenol's 'Cool' \$35M launch / EW praises Lord of the Rings / Toyota brings on summer tour



Hold the sugar: Kellogg has already cut sugar in its Frosted Flakes, while others in different categories like orange juice and soft drinks, are cutting the sweet stuff.

Loops and Frosted Flakes. Tagged "Our best to you," the ad shows a little boy sitting on the floor doing his best to prepare his own breakfast by pouring Frosted Flakes and milk into a bowl. A voiceover says, "Now breakfast has gotten just a little bit sweeter."

Print ads in women's and general interest titles are slated for summer.

The low-sugar battle comes as the \$6.2 billion ready-to-eat cereal category continues a prolonged funk. Sales have steadily declined the last three years and were down 3.7% for the year ending April 17, per ACNielsen.

Are low-sugar products the answer? While some nutritionists and retailers hail the marketers' efforts to address health concerns, some food analysts are skeptical about what they'll do for the health of the industry. "I've always been attracted to new products that drive incremental sales," said John McMillin with Prudential Securities. "These rollouts seem more a defensive move, rather than offensive. I mean, are moms going to buy more of them? I don't think so."

However, one Northeast retailer who tasted the Big G entries said he couldn't differentiate the low-sugar SKUs from the original versions. "They're virtually identical," said the retailer, "but moms will like [them] because they're healthier with less refined sugars but sweet enough to appeal to kids' taste buds."

When Kellogg rolled out its low-sugar Fruit Loops and Frosted Flakes, the company cited consumer research that "parents value the fact that Kellogg was able to maintain great taste without adding artificial sweeteners," said Jeff Montie, president of Kellogg's Morning Foods division at the time of the launch. Reps from Kellogg could not be reached for further comment.

Nutritionist Ruth Lahmayer, a registered dietician who heads a weight management program for kids and adults in La Crosse, Wis., said cereal marketers are moving in the right direction.

"Breakfast is such an important part of a kid's day," said Lahmayer. "Anything like less sugar or calories that can lure kids to eat breakfast, is good for marketers and consumers alike, though it's not the magic bullet to solve obesity. Other factors like physical exercise are just as important."

CATEGORY WARS

Cereal Battle Takes A Bittersweet Turn

General Mills counters Kellogg with \$175M push for low-sugar entries. BY SONIA REYES

GENERAL MILLS WILL TRY to bowl over Kellogg with one of its most significant product launches this year: low-sugar versions of Cocoa Puffs, Trix and Cinnamon Toast Crunch, which Big G will herald in a combined \$175 million national integrated effort.

The entries, coming as Coke, Pepsi and Hershey experiment with lower-sugar versions of their products to assuage a childhood obesity-conscious public, follow

reduction with Splenda, a sugar-derivative also known as sucralose.

General Mills is betting big on the launches. The combined trade and consumer support of \$175 million, per trade materials, compares to Big G's total media spend of \$230 million for 16 kid cereals last year, per Nielsen Monitor-Plus. The media spend for the effort was not broken out, but is 48% more than last year's spend, per the trade literature. Reps from Big G declined comment.

The outlay will tout the trio in late summer with dedicated print and online media, still in development via Campbell Mithun, Minneapolis. The effort will target moms with a health-focused message. Creative will likely leverage the brands' well-known icons, including the Trix Rabbit. The multilayered campaign also includes in-store sampling, heavy couponing and FSIs starting Aug. 8.

The effort dwarfs that of Kellogg, which rolled an estimated \$15 million national TV effort last week via Leo Burnett, Chicago, behind reduced-sugar Fruit

"Parents value the fact that Kellogg [maintained] taste without adding sweeteners."



Kellogg's rollout in January of reduced-sugar Hunny B's cereal. Kellogg, No. 1 in the cereal category, also launched versions of Frosted Flakes and Fruit Loops last month that boast 33% less sugar than the standard version of the cereals.

General Mills' new cereals cut sugar by 75% (and will prominently display that statistic on-pack), but substituted the

NEWS ANALYSIS

Will P&G Sail into Future Without Flagship Brand?

Realignment may dictate fate of snacks, beverages, Ivory soap. **BY CHRISTINE BITTAR**

PROCTER & GAMBLE'S realignment from five global business units to four increases emphasis on higher growth units such as health and beauty, while calling into question the ultimate fate of the lowest priority businesses: snacks, beverage and bar soaps, the last of which includes flagship brand Ivory.

Concurrently, personnel moves also unveiled last week give increased responsibility to key executives and is seen as an effort by CEO A.G. Lafley, 56, to keep top talent from bolting the company, some of whom are seen as his possible long-term successor.

The changes, which come five years after P&G's larger restructuring, Organization 2005, also address Lafley's concern with the previous structure being too top heavy.

"Any of the vice chairmen could be a CEO anywhere else so [Lafley] wants to make sure to keep top talent [happy]," said Gary

Stibel, managing partner at New England Consulting, Westport, Conn. "These people are getting offers every week."

Among the changes: Susan Arnold and Robert McDonald were promoted from group presidents to vice chairmen. Previous vice chairmen and presidents Kerry Clark and Bruce Byrnes will transition, with Clark moving from global market development and business operations to global health, baby & family care; and Byrnes going from global beauty & feminine care and global health care to global household care.

With the streamlined internal organization, the snacks (Pringles) and beverages (Folgers) business will be combined with fabric and home care into a new global household care division as of July 1; and antiperspirant, feminine protection and oral care will be managed under global

beauty care by Arnold. McDonald will head up global operations, which oversees all marketing development organizations. Separate health, baby and family care units will also be combined, bringing together brands such as Pepto-Bismol and Pampers.

Lafley has made it clear for several years his emphasis is on global brands such as Crest and Olay. Meanwhile, P&G has done very little in the bar soap area, and last year outsourced manufacturing to Canadian-based Trillium Healthcare Products after it bought P&G's Ivorydale bar soap plant, where such brands as Ivory, Zest, Olay and Safeguard are manufactured.



Looking good: Health and beauty products are key to P&G's growth.

In response to suggestions that P&G may sell off bar soaps—one source said the firm was mulling the move internally this year—a company rep said, "Personal cleansing is an important part of our business. And we don't comment on rumors."

U.S. bar soap revenues are about \$200 million, a small portion of P&G's \$50 billion business. "I would probably

say it was smart for P&G to sell that business, but on the other hand, if not, that's OK too," said one equity analyst. While some consultants and analysts said bar soaps, like Ivory, are ingrained in P&G's heritage, a sale, though unlikely for emotional reasons, could make sense because:

- Bar soap is declining and has been falling out of favor versus other personal wash products like body wash. Deodorant bar soap volume sales fell 17% for the year ended April 18, with nondeodorant bar soaps up 3%, per IRI. Ivory, the No. 2 nondeodorant brand, saw volume sales down 12%. Zest, No. 4 in the deodorant bar category, was down 17% on volume.

- It would fit into P&G's strategy of concentrating on higher-growth areas, and free up cash to further invest in those areas.

"Strategically, it's not a robust business. [P&G] has tried to parlay it the best [it] could... so it makes sense," said Ken Harris, consultant at Cannondale Associates, Evanston, Ill.

"I would probably say it was smart for P&G to sell that business."

Newswire

U.S. SENATORS URGE STUDY OF MEDIA IMPACT ON KIDS

WASHINGTON—Three U.S. senators are seeking \$90 million over five years to study the affect of intensive media use on children. TV, movies, the Internet and videogames would be scrutinized under the proposal from Sens. Joe Lieberman (D-Conn.), Hillary Rodham Clinton (D-NY) and Sam Brownback (R-Kansas). The senators assert public policy has lagged in a culture where kids 2-18 use or view such media more than six hours each day. The bill would establish a program under the **NATIONAL INSTITUTES OF HEALTH**.

JOINT VENTURE TO LAUNCH SESAME ST. BY NICOLE MILLER

NEW YORK—**SESAME WORKSHOP** and fashion designer **NICOLE MILLER** are teaming on a new line of apparel for newborns, infants and toddlers: Sesame Street by Nicole Miller. To be manufactured by **CHILDREN'S APPAREL NETWORK**, the line rolls out to department stores next spring. Part of proceeds will fund educational projects for children around the world. Other categories, such as bedding, plush and gift items, are planned.

IT'S THE REAL DEAL: WPT TO CASH IN LICENSING CHIPS

LOS ANGELES—The **WORLD POKER TOUR**, assisted by Brandgenuity, New York, has signed a series of license agreements spinning off its popular TV show on cable's **TRAVEL CHANNEL**. Some WPT items will be available for Father's Day. Licensees include: **U.S. PLAYING CARDS**, card set with chips; **JAKKS PACIFIC**, videogames; **ODM**, T-shirts; **G-III APPAREL**, casual sportswear; **MDI ENTERTAINMENT**, a **WPT Texas Hold 'Em** scratch-off game.

ETC.

COORS BREWING will add draught kegs and can packaging this summer to its **ASPEN EDGE** lineup which has been available only in bottles since its May 1 launch. The low-carb beer entry also will be part of the Golden, Colo., brewer's advertising and merchandising program for next season's **NFL** sponsorship... **BARBIE** doll maker **MATTEL** has partnered with **PAUL FRANK INDUSTRIES** to create a limited edition Paul Frank Barbie doll for the year-end holiday season, retailing at \$59... Six-time world boxing champion Oscar De La Hoya has joined with retailer **MERVYN'S** to launch an exclusive line of casual, active-inspired apparel and accessories for men and young men... **FOR THE RECORD**: Group One, Minneapolis, is Jennie-O Turkey Store brand's ad agency; Mucha Lucha! is a subbrand of General Mills' Betty Crocker Fruit Snacks (*Brandweek*, May 10).