

Navigating Change: A Critical Strategic Analysis of Post Holdings' Acquisition of Weetabix

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ABSTRACT

This critical strategic study evaluates Post Holdings' acquisition of Weetabix, a UK-based ready-to-eat cereal firm. Post Holdings, a significant cereal company in the United States, through the lens of strategic transformation, intentionally diversified its portfolio through acquisitions. The acquisition of Weetabix in 2017 was intended to give the company a competitive advantage in the UK market. Michael Porter's strategic framework, stakeholder analysis, and external analysis using PESTLE and Porter's Five Forces are all used in the analysis.

The paper digs into Post Holdings' strategic viewpoint, highlighting the value of knowing the external environment, internal resources, and stakeholder impact. The strategies used by Weetabix and Post Holdings in the cereal business are examined at many levels of strategy, including focus, cost leadership, and differentiation.

Stakeholder analysis investigates internal and external stakeholders, pointing out the importance of taking their interests into account when making strategic decisions.

The external analysis is performed using the PESTLE analysis to evaluate the political, economic, social, technological, legal, and environmental factors that affect the acquisition. Using Porter's Five Forces, an industry study uncovers the competitive landscape, supplier and buyer strength, rivalry, danger of replacement, and barriers to entry.

Ultimately, the paper stresses Post Holdings' challenges and potential in navigating strategic change as a result of the Weetabix acquisition. In the dynamic cereal sector, it emphasizes the importance of adaptation to external circumstances, customer preferences, and competitive agitations.

1.0 Introduction

Post Holdings is one of the top cereal firms in the United States. It is the third biggest and claims brands such as Great Grains, Cocoa Pebbles, and Golden Crisp. Headquartered in St. Louis, Missouri, Post Holdings, Inc., can be considered a buyer-bundled merchandise holding organization, working in the focal point of the store, food service, refrigerated, food fixing, advantageous sustenance, and private brand food classifications. In 2012 Post Holdings started, and their inheritance is dated to at least one hundred years from their egg and cereal associations. Post Holdings, in the year 2012, through a tax-exempt, secluded from Ralcorp Holdings side project with the Post cereal brands forming their solitary working section. From here on out, Post Holdings has completed a couple of acquisitions which changed the association to a broadened buyer of things holding, kind of association (Post History - Post Holdings, 2021).

Among these was the acquirement of Weetabix by Post Holdings, which is a certifiable model. Weetabix, a United Kingdom (UK) based prepared-to-eat grain organization, was purchased on July 3, 2017 (Weetabix Corporate; Post Holdings Completes Acquisition of Weetabix, 2021). This was an appropriate method of acquiring the upper hand in the UK market (Weetabix Corporate; Post Holdings Completes Acquisition of Weetabix, 2021).

Post Holdings showed fluency in using business strategy, planning, and analysis. Michael Porter (2006) characterizes strategy as a competitive or serious position, purposely picking an alternate arrangement of exercises to convey an exceptional blend of significant worth. As such, the need to comprehend rivals and the market that is decided to decide how the organization ought to respond. Joan and Ricart (2011) add that strategy is an unscheduled design intended to complete a certain goal. Ghemawat and Caves (1984) complement them by mentioning a vital component of the strategy is the arrangement of submitted decisions made by the executives. It can be concluded that based on the theorist, organization methods allude to the formation of the action



frameworks that lead to a particular route for the business to contend with. Strategic Planning is a prerequisite for the key arranging, adding the investigation of the organization and its current circumstance. Strategic Planning can be said to be that interaction in whereby directors build a common view of an association and future heading. Legitimately this essential investigation would be an important resource for Post Hanging on the development of a far-reaching strategic plan.

This report will critically analyze the strategic change within Post Holdings buying Weetabix. utilizing websites and theorists to view their strategic positioning, an analysis of the stakeholders, and an internal and external analysis using both Porter's five forces and PEST analysis.

2.0 Strategic Position of the Company

A business general situation inside the association matters for action. Strategic Positioning mirrors choices an association makes about such a critical, awesome, will made and how the value will be remarkable to that of rivals. The strategy ought to mirror an unmistakable worth chain that arranges all key business cycles and tasks (activities, HRM, showcasing, administration conveyance, and so forth) in an exceptional way that is hard for contenders to copy (Watchman, 2001). Johnson and Scholes (2005) say the strategic position is worried about the effects on the technique of the outer climate, abilities, inner assets, assumptions, and impact of associates. Together, a thought of the climate, key ability, assumptions, and the truth behind the political and social structure of the association, gives a premise for understanding the essential situation of the business.

It is important to evaluate the future and to assess whether the current procedure is a reasonable fit for the strategic position. If not, the association needs to figure out what alterations it may need to make and if it is a fit for effecting such changes. An example model is Weetabix, being controlled by the Chinese Food Group did not acknowledge China to be an essential associational region. This is because those in the Chinese culture lean more toward hot morning meals, such as rice, over cold cereal for morning meals. Considering this social truth, the affiliation encountered a turnover decay that dwindled to nothing in the United Kingdom market; leaving it in the hands of the United States market to succeed given the Western culture where individuals favor products of the soil breakfast (BBC News, 2021).

2.1 Levels of Strategy

Business-level strategy is an incorporated and facilitated set of responsibilities and activities the organization utilizes to acquire an upper hand, by abusing center capabilities in explicit item showcases. It demonstrates the decisions the firm has made about how it means to contend in individual item showcases (Medium, 2021). Most organizations' prosperity relies primarily upon three systems, Focus Strategy, Cost Leadership Strategy, and Differentiation Strategy.

Focus Strategies

Associations that utilize the Focus Strategies concentrate on explicit markets by knowing the components of that market and the original necessities of the consumers within it, causing it to expand interestingly simplicity or all-around decided things for the market. Since they tend to consumers outstandingly well, they will when all is said in done shape strong brand reliability among their customers. This makes the particular market area less interesting to competitors (Mindtools 2021).

To acquire the market globally, Weetabix used a separation Focus method, which encouraged them to sting their competitors. Weetabix concerned seventy percent of the cereal market throughout Kenya by creating a small number of worth exchanges by using a less costly circulation system, mostly bikes in conveying sachets of few bread rolls to little shops in country towns (Allchin 2012).

Porter (2008) talks about an association using the Focus Strategy, frequently appreciates a serious level of customer dependability, and this settled in faithfulness debilitate different associations structure contending. This strategy permits an association to execute its item improvement qualities to the market, zeroing in on a restricted market section, this methodology can prompt an association's haggling ability to be diminished.

A portion of the limitations in the focus strategy would include pantomime and changes for the objective market areas. Additionally, it very well may be really basic for a wide market cost pioneer to change its thing to battle clearly. Finally, other focusers may have an alternative to mind their sub-sections that can serve much better (Porter's Generic Strategies, 2021).

Cost Leadership Strategy

The Cost Leadership strategy is actually what it sounds like, it includes being a pioneer as far as cost in the market or industry. Just being among the most minimal expense makers isn't sufficient, you leave the organization open to assault by other ease makers who may undermine the organization's costs and stop the organization's efforts on the market shares increasing (Mindtools, 2021). Using the Cost strategy, there are two effective ways of getting this done:

1. Increasing profits by reducing costs, while charging industry-average prices.
2. Increasing market share by charging lower prices, while still making a reasonable profit on each sale because you've reduced costs.

Based on this, Post Holdings and Weetabix can be happy of cost focal advantages by evading superfluous expenses, improving cycle efficiencies, finding induction to ease data sources, and making ideal re-appropriating and joining more developing stages. When opponents can't diminish costs at the comparable level, by then the association will keep a high ground subject to this system.

Mindtools (2021) continues to talk about the most dangerous in seeking a cost leadership technique which is that the wellsprings of cost decrease are not remarkable and that competitors multiplied the organization's cost reduction strategy. Result it is critical to constantly find ways of bringing down the cost.

Differentiation Strategy

Differentiation Strategy, this is making the goods and or services one of a kind comparable to and more engaging than those of the competitors. This is done by relying on the specific plan of the business and the good or service, yet will normally include highlights, usefulness, sturdiness, uphold, and brand picture that the client's esteem (Mindtools, 2021). Porter (2021) proceeds to say this system requires the improvement of a thing or organization that offers exceptional credits that are regarded by customers and that customers seem to be in a manner that is superior to the resistance results. The value added by the uniqueness of the thing may permit the relationship to charge a top-notch cost for it. The business assumptions that the more noteworthy expense will more than cover the extra costs caused by a commitment to the thing. Because of the thing's special ascribes, on the off chance that suppliers increase their costs, the firm may have the option to pass along the costs to its customers who can't find substitute things without any problem.

Weetabix has effectively utilized the differentiation strategy by zeroing in on making an amazing force for their clients and centering the correct market with the proper thing to procure the cereal market. A portion of the dangers related to the differentiation method are impersonations by contenders and changes in the client's liking. Furthermore, different companies seeking after-focus strategies might have the option to accomplish significantly more prominent differentiation in their market sections.

3.0 Stakeholders analysis

The Stakeholder analysis is the way to evaluate a framework and possible changes to it as they identify with material and contributing individuals. This data is utilized to audit how the interests of those assistants ought to be tended to in an endeavor plan, procedure, program, or other movement. The Stakeholder analysis of an issue comprises gauging and adjusting the entirety of the contending requests on an organization by every one of the individuals who have a case on it, to show up at the association's commitment in a specific case (Nrel.gov., 2021).

Stakeholder analysis can be characterized as a device that organizations can utilize to distinguish key partners for a venture or other movement, comprehend where partners stand, and create participation between the partners and the task group (Asq.org., 2021). The primary target is to guarantee effective results for the task or the progressions to come.

Kinds of stakeholders include:

- Primary: The individuals who are straightforwardly influenced, either emphatically or adversely, by an association's activities.
- Secondary: The individuals who are in a roundabout way influenced by an association's activities.

Stakeholder analysis is as often as possible utilized during the arrangement period of an undertaking and is an incredible method to survey the perspectives of partners towards changes or basic activities. It tends to be done once or consistently to follow changes in partner mentalities over the long haul.



Weetabix and Post Holdings, both had outside and inside partners. While the external accomplices are not with the affiliation's activities, inside accomplices are those people or parties related to the affiliation's exercises like specialists, financial support, or monetary patrons. Ordinary events of outside assistants of these affiliations would be clients, providers, government, and the entire open. Completely cases associates are either attracted with dynamic or just affected by the result of those choices.

4.0 External Analysis

To examine the external analysis, the PESTLE analysis will be utilized to take a gander at various strategic examination factors that influenced Post Holding's procurement of Weetabix.

4.1 PESTLE Analysis

The PESTLE analysis is an idea for promoting standards. Additionally, this idea is used as an apparatus by associations to follow the environment they're working in or need to dispatch another endeavor/thing/organization, etc. PESTLE is a memory partner which in its all-inclusive construction shows political, monetary, social, innovative, legitimate, and ecological. It gives a raised viewpoint of all things considered environment from a wide scope of focuses that one is required to check and screen while looking at a particular idea/plan (UNICEF, 2021).

These forces, though out of the association's control, may influence the accomplishment of any speculative courses of action. By considering them, an association can modify course, build prospects, recognize new opportunities, or do nothing using any means: it is a huge part of the fundamental dynamic. Administrators have used a blend of the parts to suit their necessities including PEST (Shaw, 2011).

PEST ANALYSIS	DEFINITION
Political	Here government regulations and legal factors are assessed in terms of their ability to affect the business environment and trade markets. The main issues addressed in this section include political stability, tax guidelines, trade regulations, safety regulations, and employment laws.
Economic	Through this factor, businesses examine the economic issues that are bound to have an impact on the company. This would include factors like inflation, interest rates, economic growth, the unemployment rate and policies, and the business cycle followed in the country.
Social	With the social factor, a business can analyze the socio-economic environment of its market via elements like customer demographics, cultural limitations, lifestyle attitude, and education. With these, a business can understand how consumer needs are shaped and what brings them to the market for a purchase.
Technological	How technology can either positively or negatively impact the introduction of a product or service into a marketplace is assessed here. These factors include technological advancements, lifecycle of technologies, the role of the Internet, and the spending on technology research by the government.

Table 1: PEST Analysis

Source: (student, 2021)

- Political

The United Kingdom is thought about its political security which the affiliation will be thankful for in serving its customers. Ever since the ruling of the Assembled Realm for Brexit, it has not completed the systems, the organization has to look warily and regrettably at the political future of the Unified Realm's condition. Of course, the United Kingdom's government has changed its business law by becoming the least compensation allowed by law per laborers developed get-togethers (Minimum Wage UK, 2017).

- Economic

Post Holdings and Weetabix can be said to be one strand of straw in the tremendous economy of the United Kingdom and the United States. While the development of the US is growing, the UK's economy, notwithstanding its expanding expansion, is somewhat steadier. With such groupings in cash-related models, the affiliation should discover strategies for expanding its plans, even before slow economies. To broaden its cuts of the pie, the affiliation may decide to open outlets in better places to contact whatever number of people as could be considered typical in light of the current situation. It can in like manner choose to convey easily packaged materials, improve the idea of the make, or simply secure new things.

- Social

Weetabix encountered a lessening in its turnover due to the abatement toward the beginning of the day supper market in the UK. According to Williams (2015), due to the decline in the use of breakfast grains, the association had experienced a turnover and pre-charge rot. In such a manner, the affiliation must take a more fundamental action to keep up its customers and increase its game plans with various breakfast decisions according to clients' inclinations.

Unlike Chinese customers, UK and US customers have a higher inclination for grains. Weetabix and Post Holding have discovered kindness in the morning meal industry which improves the probability of the strategy to succeed. The social factors that influence affiliations and that ought to be considered before securing are the way of life and clients' propensities (Morgan 2017).

- Technical

The system would be one phase to extending their bits of the general business and recovering the 'lately' lost market in the United Kingdom. Weetabix and Post Holding are asked to stay aware of the headway that causes them to pass on various treats that can be had as breakfast is all finished. Numerous individuals are accustomed to requesting takeaways so they can eat in a rush, as opposed to putting aside exertion to sit and eat in a diner. Concerning a morning feast association, it gets bundled snacks and food. Fortunately, both the US and the UK are notable for their huge advancement in innovation.

5.0 Industry Analysis

Industry analysis is a market appraisal apparatus utilized by organizations and investigators to comprehend the serious elements of an industry. It causes them to get a feeling of what's going on in an industry, e.g., level of rivalry inside the business, demand, and supply statistics, condition of the rivalry of the business with other arising enterprises, future possibilities of the business considering innovative changes, credit framework inside the business, and the impact of outer variables on the business. Perhaps the most celebrated models at any point produced for the industry analysis, broadly known as Porter's 5 Forces (Corporate Money Establishment. 2021)

5.1 Porter 5 Forces

Porter's 5 Forces of Serious Position Investigation was created in 1979 by Michael E Porter of Harvard Business College. It was created as a straightforward structure for surveying and assessing the serious strength and position of an organization (Porter, 2008). This speculation relies upon the possibility that 5 powers choose the genuine power and appeal of a market. Porter's 5 Forces help to perceive where power lies in a business condition (Porter, 2008). This is significant both in assessing the strength of a business's present situation, and the strength of a spot that an affiliation may like to move into. Porter (2008) proceeds to underscore that the examination of the 5 Forces gives a precise impression of the business and makes investigation simpler.



Figure 1: Porter 5 Forces

Source: (Corporate Money Establishment, 2021)

PORTER'S 5 FORCES	DEFINITION
1. Supplier power	An assessment of how easy it is for suppliers to drive up prices. This is driven by the: number of suppliers of each essential input; uniqueness of their product or service; relative size and strength of the supplier; and cost of switching from one supplier to another.
2. Buyer power	An assessment of how easy it is for buyers to drive prices down. This is driven by the: number of buyers in the market; importance of each individual buyer to the organisation; and cost to the buyer of switching from one supplier to another. If a business has just a few powerful buyers, they are often able to dictate terms.
3. Competitive rivalry	The main driver is the number and capability of competitors in the market. Many competitors, offering undifferentiated products and services, will reduce market attractiveness.
4. Threat of substitution	Where close substitute products exist in a market, it increases the likelihood of customers switching to alternatives in response to price increases. This reduces both the power of suppliers and the attractiveness of the market.
5. Threat of new entry	Profitable markets attract new entrants, which erodes profitability. Unless incumbents have strong and durable barriers to entry, for example, patents, economies of scale, capital requirements or government policies, then profitability will decline to a competitive rate.

Table 2: Porter's 5 Forces

Source: (Student 2021)

Supplier Power

Weetabix (2021) has demanded that it can manage the possibility of its crude materials by sourcing wheat from ranchers within fifty miles of their creation working environments. For this specific industry, the overseeing force of providers is low since wheat and grains, which are harsh materials, are quantitatively made in the United States together with the United Kingdom (Newsire, 2021). In such a manner, providers are not expected to influence the productivity of the affiliation.

Buyer Power

Schultz, (2012) describes buying power as giving distinctive brands open all-in-all stores and general stores in both the United States and the United Kingdom, the wheeling and dealing force of purchasers is likely going to be higher considering the way that purchasers have different choices and can decide to change to different brands, on the off chance that they think the cost is high.

Competitive Rivalry

Since serious markets are frequently set apart by cost rivalry, Post Holdings normally presents new brands, cantered around promoting what's more, improved customer care to obtain different markets and augmentation their bits of the general business. Competitive rivalry offers Post Holdings a chance to improve its position in the industry.

Threat of substitution

Topper (2015) mentions in the breakfast market, the peril of substitutes is extraordinarily high since purchasers may pick choices like modest food, common items, yogurts, or bread being open at lower costs.

Threat of new entry

Enormous competitors, such as Weetabix, can participate in inventive measurable studying and present new brands that cover the changing customer tendency. Given that Weetabix and any competitors have strong brand-recognizing evidence and customer loyalty. They also have an enormous part in the industry already and have a better comprehension of clients' necessities. The danger of having new entries within this industry is that new organizations will need to spend a ton to defeat existing client loyalties.

6.0 Conclusion

Taking everything into account, Weetabix, a United Kingdom-based producer of cereal for breakfast and drinks, was acquired by Post Holdings, a United States-based purchaser packaged product holding association. With its division strategy, Weetabix produces different remarkable things for express business areas. Notwithstanding, the affiliation faces unfamiliar external powers over which it has no control, as unfamiliar political circumstances of the United Kingdom after Brexit. Since the association cannot change customer practices and given the high market competition, it is obliged to participate in imaginative measurable looking over and present new brands organizing purchaser tendencies.

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