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Gerber Is Following Kids to Preschool

Nestlé rolls out a line of convenience food for the under-five set, but is it the healthy choice?

by [Aili McConnon](#)

Nestlé ([NSRGY](#)) is trying to keep kids hooked on the Gerber brand until kindergarten. Next month, the Swiss food giant will launch convenience food aimed at the two- to four-year-old crowd. U.S. retailers such as Wal-Mart Stores ([WMT](#)) plan to stock the line, dubbed Graduates for Preschoolers, in anticipation that busy parents will leap at the chance to buy fruit twists and microwaveable entrees for little kids.

Nestlé's latest move is part of an ongoing effort to reduce its reliance on offerings such as Nescafe coffee and Kit Kat chocolate bars in favor of a more health-conscious image. "We are focused on becoming the premier health and wellness company," says Kurt Schmidt, CEO of Nestlé Nutrition in North America. Among its offerings: food for cancer patients and the Jenny Craig weight-loss products. With the \$5.5 billion acquisition of Gerber from Novartis ([NVS](#)) last year, Schmidt says, "We have died and gone to heaven." The nutrition segment generated more than 10% of Nestlé's \$102 billion in sales last year, with sales up 14% in the first quarter.

Still, some question whether there's a need for "preschooler" meals. Setting aside special food for young children is not only expensive but it also may dissuade kids from trying anything new, they say. And serving separate food goes against the idea of a family meal. "Preschoolers' nutritional needs are not that different from adults," says Mary L. Gavin, a pediatrician at the Wilmington (Del.)-based Alfred I. DuPont Hospital for Children's Weight Management Clinic.

Moreover, it's debatable how healthy the meals are. Sarah Krieger of the American Dietetic Assn. notes that the 450-milligram sodium content of a Gerber entree such as cheesy pasta and chicken and vegetables is nearly half the U.S. Food & Drug Administration's recommended daily limit for a three-year-old. And while Gerber says its "Fruit Twists" are made of 99% real fruit juice and puree, they contain little discernible fiber. "It's always better to have a real piece of fruit," says Krieger. Nestlé responds that it's trying to reduce sodium and notes that it has U.S. Agriculture Dept. approval to put "healthy meals" on its packaging.

Gerber already has shown a knack for moving babies up the food chain with the Graduates for Toddlers label launched in 1990. That line, which consists of items ranging from fruit puffs to cut-up cooked carrots in baby-food jars, had \$400 million in sales last year. Analysts such as Marco Gulpers of financial services firm ING ([ING](#)) note that retailers tend to like products targeted to children because mothers buy 2.5 times more than the average customer.

PRICE-SENSITIVE PARENTS

Still, Nestlé is launching the line in a tough economic climate. One Gerber preschool entree will sell for \$2.49, while each fruit twist will cost 60 cents. Although parents of toddlers and preschoolers rarely trade down to cheaper store brands for their children, Gulpers says, they're more price-sensitive than the parents of infants.

For all the challenges, though, Nestlé is not alone in spotting this new demographic to target. Unilever markets a

margarine fortified with vitamins for children, and Kraft Foods ([KFT](#)) last year launched Lunchables Jr., a snack line that includes miniature crackers with cheddar and ham aimed at preschoolers. While Kraft won't disclose sales, a spokeswoman says 50% of those who tried it became repeat customers.

Nestlé, of course, sees great potential in its preschool offerings. "Once we make the consumer need apparent, mothers will understand it," says Dianne Jacobs, Nestlé's senior vice-president for infant nutrition. While the company is initially launching seven preschool products this fall, Jacobs expects the line to grow and generate about \$60 million in sales over the next year. And if it's successful, she adds, the company plans to expand into specialized food for school-age children and pregnant moms.

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