# MKT 745 Group II Project

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## Introduction

### Overview of the business case use

The pancake mixes and syrups industry is a subcategory of the Consumer-Packaged Goods (CPG) sector within the food and beverage market. It includes packaged dry mixes for pancakes, waffles, and other breakfast baked goods, along with syrups such as maple, flavored, corn syrup-based, and low-sugar alternatives. "Convenience is still a driving factor when it comes to breakfast, and pancakes have increased in popularity as consumers seek inexpensive and simple meals at home rather than dining out" ("Pancake Mixes Market Size & Share Analysis").

This segment dates back to the late 19th century, with products like Aunt Jemima pancake mix (now Pearl Milling Company). Brand advertising, innovation in shelf-stable foods, and expansion of grocery retail accelerated growth, as "snack food producers have introduced a wide range of products to appeal to evolving tastes and health-conscious consumers" (Snack Food Production in the US 6).

### Industry Description

The U.S. pancake mixes market is projected to grow from $607.74 million in 2025 to $791.28 million by 2030 at a CAGR of 5.42% ("Pancake Mixes Market Size & Share Analysis"). The syrup segment, though much larger in total size, is expected to face slower growth due to shifting preferences toward healthier diets.

COVID-19 initially led to sales spikes for both categories, as consumers cooked more at home, and "the surge in demand for staple pantry products during the pandemic significantly boosted sales across packaged food categories" (Snack Food Production in the US 3).

### Major Players

| Brand / Company | Product Category | Notes |
|---|---|---|
| Pearl Milling Company (PepsiCo) | Pancake mixes & syrups | Formerly Aunt Jemima; legacy market leader |
| Krusteaz (Continental Mills) | Pancake mixes | Known for variety and bulk packs |
| Hungry Jack (Conagra Brands) | Both | Competitively priced and shelf-stable |
| Smucker’s | Syrups | Strong presence in syrups and toppings |
| Log Cabin (B&G Foods) | Syrups | Maple-style and table syrups |
| Private Labels | Both | Significant growth via Walmart, Aldi, Target |

## Current Situation

The market is moderately consolidated with a strong presence of private labels. Private labels currently account for roughly 25% of pancake mix sales and 20% of syrup sales. "Ballooning market share concentration, with the top four producers controlling 64.5% of the industry in 2025, underscores the competitive challenges faced by smaller producers" (Snack Food Production in the US 8).

Key competition drivers include price sensitivity, brand trust, nutritional value, and sustainability marketing. The market caters to a diverse range of customer segments:

- Families with kids: Loyal to legacy brands and value-size packs
- Millennials / Gen Z: Prefer clean-label, health-conscious options
- Budget-conscious shoppers: Prefer private labels and promotions
- Home bakers / occasional cooks: Seek ease and versatility

"Consumers have also shown high interest in fortified flours and mixes with gluten-free label claims" ("Pancake Mixes Market Size & Share Analysis").

## Future and Challenges

- The industry faces brand equity risks, especially following rebranding (e.g., Aunt Jemima to Pearl Milling), along with cost pressures and shifting dietary preferences. "Snack food producers have faced significant revenue volatility because of sharp escalations in input costs, particularly for essential commodities like corn and wheat" (Snack Food Production in the US 7).
- Future growth is likely in better-for-you mixes, such as gluten-free, protein-enriched, and keto-friendly products. Demand is also rising for organic and clean-label syrups. "The gluten-free trend has provided opportunities for manufacturers to improve the ingredient formulation and introduce substantial innovation" (Pancake Mixes Market Size & Share Analysis).
- Companies are increasingly leveraging digital tools for marketing, including influencer campaigns and recipe content. QR codes on packaging and ecommerce growth through platforms like Amazon and Instacart are also transforming how consumers shop. "Digital marketing, influencer partnerships and social media campaigns become focal points" (Snack Food Production in the US 7).

# Event Introduction

## What is the event?

On **June 17, 2020**, Quaker Oats, a subsidiary of PepsiCo, announced that it would be **retiring the Aunt Jemima brand**, which had long been criticized for its origins rooted in racial stereotypes. The decision was part of a broader corporate response to the nationwide racial justice movement. The company stated that it would remove the image of the Aunt Jemima character from its packaging and rebrand the product line entirely. This marked a significant shift for the brand, which had been in use for over 130 years. The brand was later relaunched under the new name **"Pearl Milling Company"** in early 2021. However, the June 17, 2020 announcement serves as the **key event date** for evaluating changes in consumer behavior and sales performance surrounding the rebranding.

## Which firms and industries can be influenced?

Several firms and industries stand to be significantly influenced by the evolving landscape of the U.S. pancake mixes and syrups market. Established brands such as Pearl Milling Company (PepsiCo), Krusteaz, Hungry Jack, Smucker’s, and Log Cabin are facing increasing pressure to adapt to changing consumer expectations.

These companies may need to innovate by offering healthier alternatives such as high-protein, gluten-free, or low-sugar options, while also updating packaging to meet sustainability standards. Additionally, the growing emphasis on clean-label products and ethical sourcing is pushing legacy brands to revisit their ingredient lists and marketing strategies.

Private label products, especially those sold through major retailers like Walmart, Aldi, and Target, are also playing a growing role in this market. These store brands have gained substantial traction among budget conscious shoppers and can further expand by offering value-oriented products with health-conscious formulations. The rising trust in store brand quality and the ability to respond quickly to consumer trends make them strong competitors in both pancake mix and syrup categories.

Beyond traditional players, the shift toward wellness and natural ingredients creates opportunities for health-focused food companies to enter this space. Firms that already produce organic, keto-friendly, or plant-based products such as alternative sweeteners and baking mixes can leverage their expertise to meet the demand for "better-for-you" breakfast items. This trend also aligns with younger consumers' preferences for clean-label, ethically sourced, and minimally processed products.

Retailers, both physical and digital, are well-positioned to influence buying patterns. Online grocery platforms and e-commerce retailers can help emerging brands gain visibility, while traditional supermarkets can promote private-label lines or health-forward partnerships. The shift to online shopping and direct-to-consumer channels also opens doors for smaller, innovative companies to reach new customer segments without relying solely on shelf space.

Finally, there is a growing role for packaging and marketing firms. As sustainability becomes a critical differentiator, companies offering recyclable, resealable, or minimal waste packaging will see increased demand. At the same time, branding and marketing agencies specializing in storytelling and social responsibility can help companies connect with today's values-driven consumers. This is particularly important for brands navigating identity shifts, such as the rebranding from Aunt Jemima to Pearl Milling Company, where preserving brand equity while aligning with modern values is key.

## Few examples of tweets

**Supporting the Rebrand:**

**@jemelehill**

*"The rebranding of Aunt Jemima is a necessary step forward. That image was tied to a painful legacy, and Quaker Oats made the right decision."*
**Why it matters:** This tweet from a prominent journalist expresses strong approval and underscores the brand's problematic origins.

**@justinaireland**

*"It's about time Aunt Jemima retired. The stereotype it represented shouldn't have lasted this long."*
**Why it matters:** This tweet takes a direct stance, emphasizing that the branding was outdated and offensive.

**Critics of the Rebrand:**

**@MikeInTheBurbs**

"*This rebranding is political correctness gone too far. People cared more about the syrup than the logo.*"

**Why it matters:** Reflects a common viewpoint among those who believe the change was unnecessary.

**@PancakePal**

"*The new name, Pearl Milling Company, feels too corporate. I already miss the old branding.*"

**Why it matters:** Demonstrates emotional attachment to the former brand and discomfort with the new identity.

**<u>Neutral or Mixed Reactions:</u>**

**@FoodieFreddy**

"*Pearl Milling Company is an odd name, but I understand the reason behind the rebrand. I'll still buy the product."*

**Why it matters*:*** Shows that some consumers accept the change but remain indifferent to the branding.

## News Reports

**Mass Media Response to Aunt Jemima Rebrand Announcement**

The announcement by Quaker Oats on June 17, 2020, that it would retire the Aunt Jemima brand was met with widespread and largely affirmative coverage across major U.S. media outlets. The media framed the move as a significant turning point in corporate accountability, particularly in response to the national reckoning around racial injustice that intensified following the death of George Floyd.

**The Guardian** took a more global perspective, underscoring the symbolic importance of this rebranding within the context of the Black Lives Matter movement. Their article noted the long-standing criticism of Aunt Jemima's depiction and positioned the change as part of a larger trend of re-evaluating racialized branding across industries.

**Time Magazine** provided historical context, tracing Aunt Jemima's roots to 19th-century minstrel shows and the use of the "mammy" archetype—a stereotype deeply embedded in American advertising. The coverage also connected the rebranding to similar actions taken by companies like Mars (Uncle Ben's) and ConAgra (Mrs. Butterworth's), showing that this was not an isolated decision but part of a broader shift in brand accountability.

**Vox** offered a more analytical take, calling the rebrand "long overdue" and critiquing how brands like Aunt Jemima had managed to exist for over a century despite repeated calls for change. The piece explored how public discourse, particularly on social media, had pressured corporations to act more decisively on issues of representation and racial imagery.

**The Los Angeles Times** contributed a multi-layered response, with both reporting and opinion pieces. Columnist David Lazarus dissected how the Aunt Jemima character reinforced outdated and harmful stereotypes, while a separate editorial explored how such branding commodified Black identities for mainstream consumer appeal. Follow-up coverage also addressed the product's relaunch under the new name "Pearl Milling Company" in 2021 and emphasized that the change marked only the beginning of deeper conversations around brand equity, racial imagery, and historical legacy.

Together, these media responses reflected a consensus that the rebranding of Aunt Jemima was a long-needed correction of a racially insensitive legacy. At the same time, many outlets stressed that symbolic changes, while meaningful, must be followed by broader commitments to racial equity within corporate structures, including marketing, leadership, and community investment.

# Event Study

## Impact of Sales: Difference-in-Difference

To evaluate the impact of the June 17th, 2020 event on **Aunt Jemima's sales**, we employed a **Difference-in-Differences (DiD)** analytical framework. This method allows us to isolate the effect of the event by comparing changes in sales over time between the treatment and control groups.

The framework used in our analysis is outlined below:

- **Treatment Group:** *AUNT JEMIMA* — Includes all observations related to the Aunt Jemima brand, which was directly impacted by the rebranding event.

- **Control Group:** *BETTY CROCKER, KRUSTEAZ, HUNGRY JACK, and KODIAK CAKES* — These are comparable pancake mix brands that did not undergo rebranding or similar announcements during the same period and serve as our control group.

- **Event Date:** *June 17th, 2020* — This marks the official announcement that Aunt Jemima would remove the image from its packaging. This serves as the cutoff point between the **pre-treatment** and **post-treatment** periods.

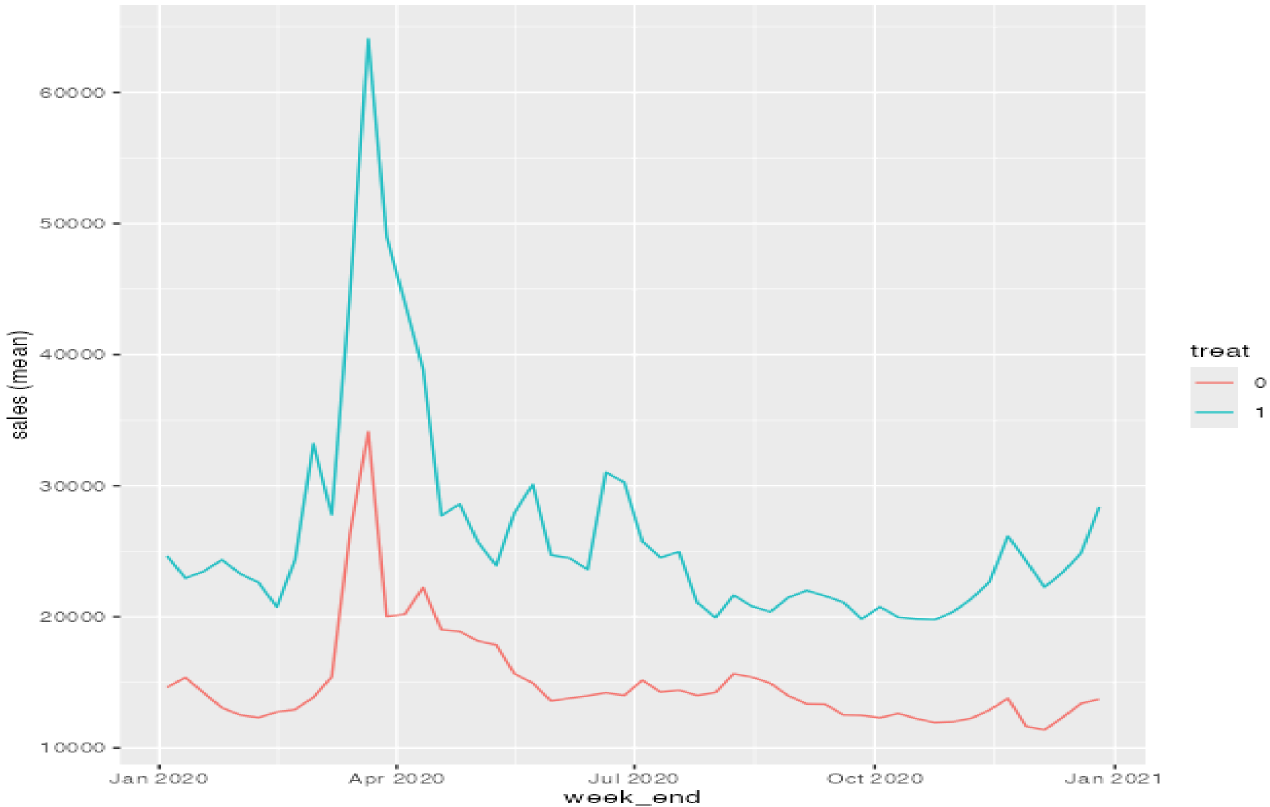
- **Post-Event Variable:** A binary indicator where observations dated **after June 17th, 2020** are marked as 1 (post-event) and those before as 0 (pre-event).

- **Treat Variable:** A binary indicator equal to 1 for all data corresponding to *Aunt Jemima* (treatment group), and 0 for all data from the control brands.

After defining the treatment and control variables, we created a **Parallel Trends Assumption graph** to validate a key requirement of the Difference-in-Differences methodology.

The **parallel trends assumption** states that, in the absence of the treatment (the rebranding announcement), the treatment group (*Aunt Jemima*) and the control group (*Betty Crocker, Krusteaz, Hungry Jack, and Kodiak Cakes*) would have followed similar sales trends over time. This assumption ensures that any divergence in trends after the event can be attributed to the treatment effect rather than to pre-existing differences between the groups.

To test this, we plotted the average sales of both the treatment and control groups over time, focusing particularly on the **pre-event period**. The graph demonstrates that the trends in sales for Aunt Jemima and the selected control brands moved closely in parallel before June 17th, 2020, which supports the validity of the DiD approach for this analysis. Below is the parallel trend assumption graph:




PARALLEL TREND ASSUMPTION

To estimate the impact of the rebranding event on Aunt Jemima's sales, we applied the Difference-in-Differences (DiD) calculation, which compares the pre- and post-treatment sales trends between the treatment and control groups.

The DiD estimation is calculated using the following formula:

**DiD = (Post Treat $_{\text{treatment group}}$ - Pre Treat $_{\text{Treatment group}}$) - (Post Treat $_{\text{control group}}$ - Pre Treat $_{\text{control group}}$)**

| **Sales Mean Value** | | | |
|---|---|---|---|
| | **Pre Event** | **Post Event** | **DID** |
| Treatment Group | 30,203.93 | 22,881.15 | -7,322.78 |
| Control Group | 16,912.72 | 13,374.86 | -3,537.86 |
| | | | -3,784.91 |

DiD ANALYSIS

Based on the Difference-in-Differences (DiD) analysis, we found that **after the event on June 17, 2020**, the treatment group (*Aunt Jemima*) experienced a **decrease in average sales of approximately 3,784.91 units** relative to the control group.

In other words, the event had a **negative impact** on sales for the treatment group. However, we do see a huge drop in sales for the control group as well which can be also attributed to COVID pandemic.

## Impact of voice on Social Media: Sentiment and Word Analysis

On the day of the rebranding announcement (June 17), public sentiment was largely negative, with prominent emotions including anger, fear, and anticipation. This reflects a strong emotional reaction to the social and cultural implications of the brand's historical identity. Word clouds and top word frequencies reveal that terms like "racial," "stereotype," and "based" dominated the discourse.

However, in the post-event period, sentiment became more positive. The prevalence of negative emotions declined, and more positive and trust-related sentiments were observed. Language use shifted as well—tweets began focusing on terms like "milling," "company," and "new", indicating consumer adaptation to the rebranding and a growing focus on the brand's future identity rather than its past.

## Impact of event on Stock Market Performance

| Date | Pepsico | GM | Post | Kellanova | NASDAQ |
|---|---|---|---|---|---|
| 24-Jun-20 | 129.56 | 60.29 | 56.54 | 60.92 | 10010.75 |
| 23-Jun-20 | 131.36 | 61 | 58.3 | 62.27 | 10196 |
| 22-Jun-20 | 131.05 | 61.52 | 59.1 | 62.63 | 10124.75 |
| 19-Jun-20 | 131.28 | 61.58 | 58.69 | 63.64 | 10120.84 |
| 18-Jun-20 | 132.78 | 61.76 | 58.23 | 63.62 | 9995.75 |
| 17-Jun-20 | 131.76 | 61.8 | 58.25 | 62.99 | 9994.5 |
| 16-Jun-20 | 131.67 | 61.79 | 58.8 | 62.61 | 9972 |
| 15-Jun-20 | 130.48 | 60.87 | 58.46 | 61.49 | 9800 |
| 12-Jun-20 | 129 | 60.15 | 56.24 | 59.71 | 9645 |
| 11-Jun-20 | 127.84 | 60.58 | 55.55 | 59.88 | 9616.75 |
| 10-Jun-20 | 134.13 | 62.78 | 59.03 | 62.46 | 10087.25 |
| **Return** | -3.41% | -3.97% | -4.22% | -2.47% | -0.76% |

| | |
|---|---|
| **Abnormal Return:** | 0.14% |
| **When Compared to NASDAQ, our stock Pepsico fell by** | -2.65% |

Between June 10 and June 24, 2020, PepsiCo's stock declined by 3.41%, indicating a negative investor reaction during the observed period. When compared to key peers in the consumer packaged goods sector, PepsiCo's decline was moderate. General Mills (GM) and Post Holdings experienced sharper drops of 3.97% and 4.22%, respectively, suggesting that investors may have reacted more strongly to developments surrounding those companies. In contrast, Kellanova's stock showed a smaller decline of 2.47%, indicating relatively greater investor confidence in that firm during the same timeframe. Overall, PepsiCo's performance placed it in the middle range among its peer group.

In terms of market-wide performance, the NASDAQ index fell by 0.76% over the same period. When benchmarked against the NASDAQ, PepsiCo underperformed the broader market by 2.65 percentage points, highlighting a company-specific or industry-specific driver behind the stock's downward trend. Interestingly, despite this underperformance relative to the market, PepsiCo's calculated abnormal return was slightly positive at 0.14%. This suggests that when adjusting for expected performance based on historical market relationships (e.g., via a market model or beta-adjusted returns), PepsiCo slightly exceeded expectations. However, in absolute terms, the decline still reflected a measurable negative sentiment among investors.

This discrepancy between abnormal return and market-relative performance may point to event-driven factors. Given the timing, the stock movement may have been influenced by the company's announcement to retire the Aunt Jemima brand, a move that was part of a broader effort to address racial stereotypes in branding. While this rebranding was part of a socially conscious strategy, some investors may have interpreted the move as a reputational risk or were uncertain about the financial implications of such a transition. The sharper drops seen in Post and GM stocks further suggest that concerns during this period extended beyond PepsiCo and may reflect a sector-wide reaction to broader social and economic developments.

## Conclude the findings:

The rebranding of Aunt Jemima to Pearl Milling Company was a significant corporate response to societal calls for racial justice and brand accountability. This move had **multi-dimensional impacts** across consumer perception, media narrative, sales performance, and investor behavior:

1. **Consumer Sentiment**: Social media sentiment initially showed emotional and polarized responses, ranging from anger and nostalgia to support and understanding. Over time, the discourse shifted toward acceptance and focus on the brand's new identity, suggesting that consumer adaptation is possible with effective messaging.

2. **Media Coverage**: National and international media largely supported the rebrand, framing it as a long-overdue correction of racially insensitive branding. However, media also emphasized that such symbolic actions need to be paired with deeper institutional commitments to equity and inclusion.

3. **Sales Impact (DiD Analysis)**: Using a Difference-in-Differences model, the team found that Aunt Jemima (treatment group) experienced a decline in sales by ~3,785 units relative to control brands. While COVID-19 likely contributed to overall declines in the category, the negative differential indicates a brand-specific impact attributable to the rebrand.

4. **Stock Market Reaction**: PepsiCo's stock declined by 3.41% during the event window, underperforming the broader NASDAQ index by 2.65%. Despite this, its abnormal return was slightly positive (+0.14%), suggesting that market expectations were somewhat managed. Peer brands saw sharper declines, indicating sector-wide sensitivity to reputation-driven events.

5. **Strategic Implications for the Industry**:

   - Legacy brands must balance historical brand equity with evolving consumer values.
   - Growth lies in better-for-you formulations (gluten-free, high-protein, clean-label).
   - Digital and ethical marketing, packaging innovation, and responsiveness to social trends are becoming core differentiators.

## Conclusion of the event

The retirement of the Aunt Jemima brand and its rebranding as Pearl Milling Company marked a significant milestone in corporate response to racial equity. The move sparked strong public reactions, reflected in both sales performance and social sentiment. While PepsiCo faced a moderate stock decline and short-term dip in product sales, the long-term sentiment improved, indicating consumer adaptation and acceptance.

The case underlines that:

- Brands must be proactive in addressing historical legacies and aligning with evolving social values.

- Symbolic change is important, but must be backed by strategic communication, innovation, and equity-driven commitments.

- Companies navigating identity shifts should expect short-term volatility, but can restore trust through transparency and relevance.

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