

# United cereal: lora brill's eurobrand challenge essay sample

[Parts of the World](#), [Europe](#)



The case is focusing on European division of a giant multinational breakfast food company, which describes a launch decision for a new cereal product. United Cereal (UC) was established in 1910 by Jed Thomas. It was known in the industry, eventually diversified into snack foods, dairy products. By 2010 UC was a \$9 billion business, but the breakfast cereals still accounted for one-third of its revenues. As the breakfast cereal trend soon set in. It was very necessary for the company to launch a new product. The company had strong values and policies, which it needed for its managers to follow. Breakfast cereal market was a potential market and there were several major competitors. With the growing demand of the ready to eat cereals, the company was now in a highly competitive industry.

UC entered European market in 1952 by acquiring an English baked goods company, and then growing it by introducing products from the U. S. line. By 2009, Europe accounted for 20% of UC's worldwide sales. But at the same time, European market was becoming a complex market to handle. The market varied to a great extent in each of these countries. There were a variety of breakfast traditions and national tastes that differed from each other. Distribution channels were also different for these countries. So Lora Brill pursue an idea which she referred to as the " Eurobrand" concept that could be adapted for product marketing. Crunch in other European markets with the Eurobrand approach, continuing with Germany and Benelux, as those countries are also in favor of Healthy Berry Crunch.

At the same time the company would do the further research on other European countries and choose the countries that test results show well to

launch the next. For the issue of too much cost and local customization causing differences in product profiles and market strategies would be solved as the consumer tastes in Europe are converging as market differences are eroding. Hence, it is not too unrealistic to say that Healthy Berry Crunch will be well received across Europe. The margins came under pressure due to recession. Lora Brill faces a challenge in launching a new product for the European market. Q1.

As Lora Brill, United Cereal European VP, would you authorize Jean-Luc Michel's request to launch of Healthy Berry Crunch in France? Be sure to analyze both sides: Launch and Delay Launch; summarize in a table format and then discuss A1. The table format is about the pros and cons of launching of HBC in France. Pros Cons Consumers show interest in health food the Berry Burst Cheerios rumor could have devastating impacts on HBC's sales In this new segment, new comer will have some advantages High costs related to the developing and launching of a new product for a single countries market. Savings of 10-15% in the costs Launching of HBC in France will cost an enormous amount of money which is above the approval of the Division VP. There are many negative influences if launching of HBC in France.

There was a huge drop in shares and in shipments of the product in November; and their studies showed that more than 30% of survey-takers did not respond favorably to the form and consistency of the product. What's more, the product should be developed and tested longer; it meant the budget would be an enormous amount of money which is above the approval

of the Division VP. Additionally, the Berry Burst Cheerios rumor could have devastating impacts on HBC's sales if they do not have a solid plan to counteract the well-known and respected Cheerios brand name. However, I would launch the HBC in France. My decision is based on some facts. UC had shipped volume nearly 40% more than they projected in the first few months. They were also above the targets for share in the September and October months; Furthermore, France has shown interest in healthy food.

The test results for HBC blueberry version in 6 French cities had 64% intention to buy which an exceptional number is considering this as a new product; What's more, the Kellogg's special K with strawberries is the only competitive product in the French market in this new segment since last 4 years. In this new segment the competition is now fierce yet but new entrances are coming, so become a new comer will have some advantages. Hence the product should be launched in France first; The last one, considering the savings of 10-15% in the overall costs of all Europe, the launch of Healthy Berries Crunch seems to meet the company's long-term strategy of streamlining the operations and product matrix of Europe. Also the innovation in the products had been at the core of UC's history and the launch of Healthy Berry Crunch will be in line with this core value. Q2. Does United Cereal represent an example of centralized or decentralized international management? Discuss in context of corporate values, policies and practices and then discuss UC organization process A2.

UC is centralized international management. Centralization is when the decision making is controlled by few people; it means that all the important

decisions need to get approval from the top managers. In UC's case the CMs need to get the approval from the UC Europe and the Corporate; subsidiary manager cannot make their own decision to launch or not to launch. Hence this is a centralized international management. However, even though it is centralized, each individual CM has power to control. UC allows that Europe has individual breakfast patterns throughout, since it knows that too much of centralization might affect product preferences in local context. But, now the cultural differences are going away and it is a good time to centralize more.

Corporate values: The values, which the company has been created, are commitment, loyalty, and diligence.

The objective of corporate: The UC Way: Eurobrand Challenge the UC instilled this strong commitment to be a set of time test policies, processes, and practices. Corporate policies and practices: 1. Use of consumer research and focus group: Listen to consumer 2. Reflecting the high value placed on extensive market testing after launching new products: Spot a trend, make the market. 3. Continuous innovation in marketing: Honoring the past while embracing the future. 4. Product development: UC reject the conventional wisdom that processed food brands had fixed life cycles. 5. The Brand management system in the food industry: Brand managers leadership of cross-functional teams that included manufacturing, marketing, and other functions.

Besides, each brand was managed as a profit center and was constantly measured against other brands. 6. Managers were involved in brand decisions: Advertising copy and label changes could require up to a dozen

sign-offs before getting final approval at corporate VP level. 7. The mini UCs: exact replicas of the parent organization staffed managers well-versed by in UCs corporate values and practices. 8. Other way of internationalized: Selecting from UCs stable of more than 100 branded products adapting them to local situation. Q3.

What do you think of Brill's Eurobrand proposals? Should she authorize the launch of Healthy Berry Crunch as the Eurobrand? What concerns do you have? How do you resolve them? Be sure to analyze both sides: Launch and Delay Launch; summarize in a table format and then discuss A3. The pros and cons table format of authorize the launch of HBC as the Eurobrand Pros Cons Saving 10-15% in the costs over 3 years Loss of UC way Give UC a strong market penetration The cost is much higher than budget Bring UC employees much closer and make it a true European entity Create future hurdles for Eurobrands to succeed as a European strategy Eurobrands is a coordinated Europe wide strategy towards product marketing, which had succeeded in product development for UC.

As Consumer tastes are converging, old habits are disappearing, and EU regulation is eroding market differences, a potential can be seen in having homogeneity of products across Europe, by standardizing the products as well as their marketing, promotion and advertising. Launching Eurobrands could lead to a potential loss of UC way, which is "Listen to Customer". Unless UC tests Healthy Berry Crunch across Europe, it would never know if the customers across Europe want it or not. Launching Healthy Berry Crunch in France alone will cost at least \$20 million, which is twice the approval

level of Lora Brill and 10 times the approval level of Jean-Luc Michel, the Division VP for Southern Europe. Moreover, there is difference in opinions across UC over this strategy and many subsidiaries are still in recovery from the recession, so these will create future hurdles for Eurobrands to succeed as a European strategy.

However, if launching Eurobrands, UC will be able to cut their product development and marketing costs by 10% to 15% over 3 years. It will also give UC to be a step ahead of their competition. By being the first one to introduce such an idea, it will give UC a strong market penetration if the idea turns out to be successful. This launch will also expand responsibilities of country managers as a lot of cross-country interaction will be required. This interaction will also bring UC employees much closer and make it a true European entity. My concern is the sample size of "the test market and consumer panel results" is too small. Consumer tastes in Europe are converging as market differences are eroding.

Hence, it won't be too unrealistic to assume that Healthy Berry Crunch will be well received across Europe. UC will have to change their organizational structure in order to support Eurobrands and this might lead to some friction within the company. Changing the existing structure at UC, which is a vertical structure with a long authorization channel. Eurobrands will require a very flexible management structure to adopt those countries. Lora has a very short time period to make her decision and after weighing the pros with the cons, it makes sense for Lora to show a green flag to HBC as the first Eurobrand.

Therefore, she should authorize the launch of HBC as the Eurobrand. Q4.

How might United Cereal implement your recommendations? What do you think of the Eurobrand Team proposal? How can you make the Team work?

A4. UC should follow the implementation steps: 1) Summary the failure of the "frozen juice product launch", which was called a "disaster", remind all staff in the company. 2) Getting the support of CMs by convincing them that their input will be considered in the Eurobrand teams and that this is not a challenge to their authority. 3) Creating "Eurobrand Team", expanding responsibilities of CMs as a lot of cross-country interaction will be required. This interaction will also bring UC employees much closer and make it a true European entity.

Test the Eurobrand approach and compete with Cheerio's Berry Burst in this country by launching the Healthy Berry Crunch product in France 5) UC could spread Eurobrand strategy to other European countries gradually, such as Germany and Benelux, as long as this approach gets success in France. "Eurobrand Teams", which is able to expand a lot of cross-country interaction and responsibilities of CMs, will be built by UC based on Bill's concept. The proposal of these teams is that deciding product formulation, market positioning, packaging, advertising, pricing and promotions, as well as finding the ways to reduce costs and increase profitability.

There are many advantages of this proposal. First, these teams modeled on the ETT that had proved so effective in the past. Then Brill's concept can make the best use of significant resources, it can also earn coordination, control and overview of the UC's whole business in Europe, thus solving the



difficulties of UC in Europe. Additionally, Brill's proposal structure may be able to save 10%-15% cost over 3 years. Of course, Eurobrand Teams could also have negative influence. Firstly, it may confuse CMs that it's a challenge to their authority and whether teams with more than dozen members could function effectively thus they would resist this strategy. Personally, I think this proposal is a good alternative for UC to support effective implementation of Eurobrand with the reason that creating teams, instead of one person in charge of product which was failure, would help the company succeed in the European market.

Although Lora's proposal structure can adopt some sense for both UC's general and Eurobrand strategy, the organization structure still should strengthen teamwork. The implementation of new strategy can be effective only if it gets recognition both from managers and employees in the organization structure which teamwork and communication is easy. What's more, unlike one person's responsibility, "European Teams" is a matrix structure. This structure of the company will become more complex. So Bill should make sure every employee has clear division of labor and responsibility. Only in this way, the process will be clear and effective.

Conclusion:

If I was Lora Brill, I will authorize the launch of HBC in France. Based on the pros and cons of launch and delay launch which I have analyzed above, overall the opportunities are higher than threats of launching HBC in French market and as the Eurobrand. What's more, as many European countries are recovery from the recession, it's good time for launching Eurobrand and this

will give UC first mover over its competitors, increasing its competition in European market. Furthermore, UC will be able save costs by 10% to 15% over 3 years by launching Eurobrand, which is a huge advantage in price strategy to its competitors.