

Case analysis on kellogg

[Business](#), [Company](#)



Company History

Kellogg Company was formed when production of Kellogg's Corn Flakes® about a century ago. The company was started by W. K. Kellogg's, with only 44 employees in Battle Creek, Michigan in 1906. The worldwide expansion of the company began in 1914, and by 1938, it had plants in England and Australia. Today, Kellogg Company employs more than 26, 000 people, manufactures in 17 countries and sells its products in more than 180 countries.

Enterprise Organization

Kellogg has a huge network of global manufacturing and marketing unit. The company manages this by dividing its operations into two segments - United States and International. The International segment is further divided into Europe, Latin America, Canada, Australia, and Asia.

Competitive Positions

The company faces competition for sales of all of its principal products in its major markets, both domestically and internationally. The Company's products compete with advertised and branded products of a similar nature as well as unadvertised and private label products, which are distributed at lower prices, and also with other food products with different characteristics. Principal factors for competition include new product introductions, product quality, composition, and nutritional value, price, advertising and promotion.

International Strategies

The main focus of company's international strategies lies in the following areas: Leadership in product innovation, to present new products to customers; Maintaining its global brand position, by marketing activities

focusing on brand recognition; Offering brand-differentiated prices; ;
Continuing to reduce costs of production; finding newer markets for expansion, by stressing on high-quality nutritional convenience foods

Competitive Strategies

The company has an excellent marketing team which has used varied channels for sales and promotion of its products. These include: Mass Advertising – popular characters like Tony the Tiger™ and Snap! Crackle! Pop!™, on TV; Direct Promotions: Coupons; Trade Promotions: In-store displays, Samples; Personal Selling: Prime-account reps, Area reps; Penetration - Chain stores, Independent wholesalers; Sales Channel - Brand equity; Logistics - Finished goods warehouse centers or independent warehouses

Read Kingsford Charcoal case study

SWOT Analysis

Strengths – 42% of the cereal market (almost three times than any competitors), strongest brand recognition (use different characters for different products), healthconscious brand

Weakness – Pricing is not competitive, narrower product range (decrease in US market share), difficulty in adapting to newer markets,

Opportunities– Exploring newer markets, better pricing, diversifying product range

Threats– Similar companies like General Mills, Quaker Oats, Kraft foods etc. for branding, and imitation and private-labelled brands for pricing. Both have already affected its market share

Strategic Issues before the company

Kellogg's is still the market leader in cereal-based products. However, of late its market share and branding image is slowly eroding due to the emergence of newer companies having wider product range and / or cheaper pricings. To counter this, Kellogg's plans to increase its product R; D cost, diversify its markets and lower the production costs. These strategies are sound, but the company is facing challenges in having customers who have now wider range of selection of products, and are reluctant to spend more money just on the perception of good quality. The company needs to address to the pricing issue very seriously to overcome the threat due to these changing environment conditions.

References

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