

# Strategic alliance narrative essay

Business



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This reports summarizes the threat and causes of partnership between the two giant companies named Kellogg which is an American multinational food manufacturing company and Wilma International which is Sais's leading Agribusiness group.

The Kellogg Company is the second largest food company in the world afterPepsicoand the company strongly believes in maintaining a positive brand image towards its customer. In United States, the compound annual growth rate (CARR) for breakfast cereals was Just 0. From year 2008 to 2012 while in Asia Pacific region it was 5. 7% during the same period.

Though Kellogg dominated the market but the overall market for cereals was not stable so Kellogg partnered with Wilma International in 2012. Wilma provided infrastructure, supply chain, sales and distribution network while Kellogg provided with products and brand value to enter in lucrative China market. Wilma International main product included supply of Palm oil which was cultivated majority in Indonesia. The palm oil industry brought a negative environmental effect to Indonesia and Malaysia.

Many developers cut down the virgin rest for palm oil plantation which resulted in fast deforestation and impacted social life of locals as their livelihood was depended on this forest.

As a result small organization named sumo's. Org launched a campaign criticizing the partnership between the two firms. Thus Kellogg brand image was negatively affected and Wilma International was criticized as world's least sustainable corporation by the sumo's. Org organization. The campaign was spread moderately and gained momentum among people.

This was not acceptable by Kellogg as its brand image was hampered. Wilma International is an important partner for Kellogg company o the partnership between the two firms cannot be ignored or terminated. Below are my self-opinion towards the questionnaires. 1) Do the protesters have a valid case against Kellogg? Kellogg Company was not involved in palm oil plantation nor was it directly linked with any deforestation activity so considering the direct factors the protestors do not have a valid case against Kellogg.

The Kellogg Company used to take palm oil which can be used from cereals to cosmetics that was purchased from the Wilma International so a valid case against Wilma International should be considered but n this case as Kellogg consumption of palm oil was huge which came from Wilma so protestors were against Kellogg.

2) What are the protesters' objectives? The protestors' objective was to urge Kellogg to end its partnership with Wilma International until it agrees to stop relying on deforestation.

The campaign claimed that due to increasing demand of palm oil, Wilma International developers used to cut down the virgin forest to increase the palm oil plantation thus increasing the deforestation which was also the home to few endangered species and disturbed the social life of local people as their life was depended on the resources from forest. 3) Should Kellogg Company be held accountable for Wilma Internationally illegal deforestation practices? According to me, the Kellogg Company should not be accountable for Wilma Internationally illegal deforestation practices.

Kellogg Company was not planting the palm oil plantation nor was it involved in its deforestation activity. Wilma acted as a supplier for Kellogg.

If Kellogg had looked for new suppliers like Simi Derby, 101 Corp. or Star Agro, it was not certain that these impasses wouldn't have been indulged in deforestation activity. Further Kellogg had taken responsible steps to ensure that supplier meets with the demands of RSVP (Roundtable on Sustainable Palm Oil). 4) Where do the RSVP standards come into this discussion? Is the RSVP at fault for Williams actions?

When Kellogg and Wilma International pledged to end the deforestation, the protestors wanted to see this into action and not only in theory. The RSVP (Roundtable on Sustainable Palm Oil) is an organization and certification scheme for sustainable palm oil who monitors sustainable palm oil activities. The organizations that are part of RSVP should meet all the principles and criteria outlined by RSVP but it was observed that RSVP didn't monitored its member accurately and nor was its principles and criteria dynamically updated to meet the sustainability of palm oil.

So the RSVP is at fault for Williwaw's action because if the organization was active, incorporated greenhouse gas emission reports in its standard and monitored its member than Wilma International would not have deforested to such an extent. 5) How should Kellogg proceed? Kellogg should simply not break its partnership with William International as other appliers of palm oil are also not certain that they would not practice deforestation and secondary Kellogg invested in William International as a expand strategy to enter Chinese market rather than only considering supply company.

Kellogg should proceed further by working together with Wilma that it follows all the principles and criteria as outlined by latest update of RSVP. Kellogg should further tally and only buy sustainable palm oil and work towards turning problem into solutions by encouraging other companies and suppliers to buy and sell sustainable palm oil. ) What consequences, if any, will the Kellogg Company face if it does nothing in response to the controversy?

The Kellogg Company is having the largest market share in cereals in United States with 29. 4%.

The company has always demonstrated its commitment to people and strongly believes in creating a positive brand value. If the Kellogg Company doesn't respond to the controversy than the reputation of the company will be spoiled thus creating a bad image of the company which may disturb its good will among its consumers and have a negative impact on its brand images.