

Kelloggs the worlds  
leading breakfast  
food manufacturing  
business marketing  
essay...



## **Introduction**

Kellogg's company formed in 1906 became world's leading breakfast food manufacturing business. Well known for its brand of cereals, Kellogg's had thirty per cent (30 %) share of the breakfast food market in the world.

Kellogg's has its main market in United States, Canada and Australia. Fruit Loops, Frosted Mini-Wheat, Corn Flakes and Corn Pops are the most popular products by Kellogg's (Kellogg's, 2011).

Marketing strategy can be defined as the plan of actions targeted to a certain group of people for whom the products are made, to make an image of the products in the minds of these people. Usually big companies spend a lot of funds on their marketing research in order to come up with ideas of formulating a marketing plan (Grant, 2010).

Kellogg's follow its marketing strategies in a very clear way. It has targeted its customers and tries to retain the share it has in the market currently. Kellogg's company has its mission and vision very clearly stated which it follows in its marketing plan as well (Boyer and Hult, 2005).

## **Kellogg's Competition**

The market for the breakfast food has an oligopolistic nature and therefore there are few number of companies and all enjoy a big chunk of market share. These companies include Kellogg's, General Mills, Quaker Oats and Post. Due to nature of the market, there is a very less price wars among the companies.

Among these companies only Kellogg's is the one who deals in only cereals, other companies have diversified in other types of food as well. Therefore Kellogg's made its focus on just the cereals and gained its revenues out it.

## **Kellogg's SWOT Analysis**

### Strengths

One of the biggest strengths of Kellogg's is that it has existed in the market for over hundred years because of which people recognize its name and it carries a very strong brand recall as well as high brand awareness.

Maximum share occupation in the market of approximately 42% globally which is almost thrice of its competitors.

A very large range of well managed products.

An image in the market of " healthy and nutritious food products"

Kellogg's has an image of good corporate social organization, because of its recent campaign of " share your meal with Kellogg's" it has gained a good perception in consumer's mind. This campaign was about sharing the breakfast pictures with the company and the company will save money on photography with which it will give charity to poor for breakfast (Rave & Reviews, 2011).

### Weaknesses

There are low barriers to entry in the market

The products produced by Kellogg's need extensions or upgrading because of the facts that they have not launched any new product in last four years due to which all of the products are in their maturity phase, soon to enter into declining phase.

Soon the costs of production is expected to go high due to the increase in the utility rates because of which the prices will have to be increase, jeopardizing the market share.

Due to lack of diversification, it is expected that Kellogg's might loose its market the same way its share is getting low in US market.

#### Opportunities

Kellogg's can extend and diversify its range of products by launching new flavours or changing the packaging style etc.

Kellogg's has the potential to capture the new markets as well which are still left un exploited.

Kellogg's has a chance to take over the small companies dealing in breakfast food stuff which will benefit Kellogg's by increasing its production capacity.

#### Threats

Because of low barriers new entrants are entering posing competitive threat to Kellogg's.

Increase in the utilities which in turn are increasing the production cost for Kellogg's.

The price wars between the market giants and the Kellogg's.

Cheaper technology giving ease to new entrants to enter into the market.

### **Kellogg's Competitive Edge**

Kellogg's has its competitive edge in the market because of its experience of years, it has been in the market since 1906 which makes it more than hundred years in the industry because of which it has strongest brand identity among all breakfast food sector. Researches prove that people when asked about a company which comes in their mind on listening the word 'cereal', they replied with Kellogg's. This has helped Kellogg's to gather a huge number of loyal customers who might prove to be an asset even if the prices goes up, they will remain customers of Kellogg's (Kellogg's Company, 2010).

Kellogg's has another competitive edge which it utilizes in its operations; it is strategic planning of business. Kellogg's top management as well as the lower staff is well integrated through the strategic planning and get well coordinated in their actions because of it which results in effective and efficient operational outcomes. This not only helps the management to take correct decisions at exact time but also helps them to maintain the relations with their customers effectively (Kellogg's, 2011).

Another competitive advantage that Kellogg's enjoys is that the market for breakfast food follows Oligopoly concept of economics, there are few players in the market amongst whom Kellogg's has the top position with the highest market share both company wise and the product wise.

## **Kellogg's Targeting and Positioning**

Targeting deals with the selection of a certain segments of population and then choosing one or two out of them to cater to the needs of people belonging to those segments (Applbaum, 2004). Kellogg's has its target segments into different categories the major two are discussed below.

### **Kids**

Kellogg's has targeted its few products for Kids giving an impression of healthy food before starting the day and leaving for school. The age range to which Kellogg's cater to in Kids category is between 4 years to 10 years (Brand Republic, 2002).

### **Health Conscious People**

Kellogg's has always maintained an image of healthy and nutritious food manufacturers in the market and therefore its target market also incorporates people who are health conscious and want to maintain their weight and shape. To ensure that such image is maintained in the market, Kellogg's started showing its ingredients and nutritional values on their product's packaging.

## **Kellogg's Positioning Strategy**

Kellogg's has positioned itself differently in different countries throughout the world. In the places where Kellogg's has a strong market share or has been operating for a long time has positioned itself an expensive healthy food, such strategy is followed in places like United States and United Kingdom.

In places like India or Taiwan, where Kellogg's is a new brand and is in the stage of attracting customers, it has launched itself on relatively lower prices but has maintained the quality of product at the same par (New York Times, 1994).

## **Kellogg's Marketing Strategy**

Kellogg's is following currently many marketing and promotional strategies, some of these promotional strategies are discussed below

### **Free in the Box**

Kellogg's Free in the box offer includes coupons of \$3 to \$5 attached on the marked boxes of products.

### **Internet**

Kellogg's has many internet campaigns currently which includes a game of racing cars introduced for kids in which there is the life line of Kellogg's and picking up Kellogg's boxes increases the points of the player.

Another internet based promotional technique is that on playing games and collecting points, winner gets gift hampers from Kellogg's including Kellogg's products to attract the kids towards itself.

### **Movie Tickets**

Another offer valid in Kellogg's products is just to fill the form available at the back of the products, mail it to the given P. O Box no and receive free movie tickets.

Kellogg's has the largest share in the market, but because of the low barriers to enter, Kellogg's might face some troubles retaining such share so Kellogg's is left with the option of focussing on the fourth (4th) 'P' of Marketing Mix.

## **Recommendations**

There is always a room for improvement and recommendations in the operations of a business, therefore some of the recommendations which Kellogg's can follow and which might bring some good change in their efficiency and results are discussed below.

Kellogg's cost has been increasing due to increase in utility rates; to cut down its cost it can shift its production plant to country with low labour cost like china.

Kellogg's has potential to capture new markets which are un-exploited still by other competitors as well. This will help it to increase its market share as well share in the capital.

Kellogg's has been able to retain its loyal customers because of its efficient strategic planning but Kellogg's should plan its marketing plan in such a way that their loyal customers should suggest the brand to others too, this needs some research in the marketing department.

Kellogg's has been there in the market for over hundred years but still it should start a campaign of word of mouth through some tactical marketing move, as it is proven by researches that word of mouth increases sales.



Kellogg's products have reached their maturity level and needs some kind of upgrading and changes, the market still is high and demands for cereals and ready to eat food stuff therefore Kellogg's can take advantage of the fact and just by changing the packaging or adding new flavours it can increase its market share and shift its product's graph towards developing stage again.

Because of low barriers to enter, new entrants are entering and posing competition to Kellogg's. Kellogg's should take over the few small companies dealing in the same market.

As Kellogg's targets towards children through its products, it should organize such events where the characters endorsing the Kellogg's products in advertisements can play and conduct some fun activities amongst children and their mothers.

Kellogg's should target schools as well, through in-school marketing, children adapt more and put a pressure on their parents to use the same product they have seen other friends using at the school.

Kellogg's no matter has been the market leader for quite a time but still to maintain the same position it should come up with new products with new creative and innovative ideas.

In some of the countries where culture plays an important role, Kellogg's should target through cultural events and occasions.

At the time of religious festivities, there should be some new schemes and campaigns like at the time of Christmas for Christians, Eid for Muslims and Easters and Divali for Hindus.

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Kellogg's has indirect competition too so to overcome that; it should market itself in such a way as to prevent its customers from shifting to substitutes like indirect competitors.

Kellogg's should introduce toys and stationary for kids with the brand identity of the rabbit and bear characters it shows in the advertisements. This will increase the brand awareness and the kids will get emotionally attached to the characters in shape of their toys and would pressurise their parents to make purchase of the same item.

Kellogg's should once a year launch a cartoon movie including all the characters of its products showing them healthy and in positive light using Kellogg's products. Such advertising techniques have always been successful in the past.

Kellogg's spend a big amount on its marketing and advertising, it should use the celebrity endorsements as well because people tend to copy the celebrities more rather than the athletes that Kellogg's have been showing in its advertisements.

Internet marketing through social networking has taken a surge suddenly, Kellogg's should outsource such promotional activities and should work on it in order to attract people using these mediums.

## **Conclusion**

Kellogg's has been in the market for more than hundred years. It is very difficult for any other company to take the position of Kellogg's in the market and therefore Kellogg's enjoys its position but yet it deals and takes care of

all the issues that might jeopardise the position it holds in the market.

Managing the operations in a strategic way and planning the marketing tactics in such a way that it maintains the market share and retains its loyal customers by providing them the best and healthy food, coming up to the expectations of the customers.