

Rhea market case study

Business



One of the most powerful tools that organizations use is branding.

A brand is a name, design, symbol or major feature that helps to identify one or more products from a business or organization. The reason that branding is powerful is that the moment a consumer recognizes a brand, the brand itself instantly provides a lot of information to that consumer. This helps them to make quicker and better decisions about what products or services to buy. Managing a brand is part of a process called product positioning.

The positioning of product is a process where the various attributes and qualities of a brand are emphasized to consumers. When consumers see the brand, they distinguish the brand from other products and brands because of these attributes and qualities.

Focused on Kellogg, this case study looks at how aims and objectives have been used to create a strategy which gives Kellogg a unique position in the minds of its consumers. Rhea market Rhea value of the UK cereals market is around £1 billion per year. Kellogg has a 42% market share of the value of the UK's breakfast cereal market.

The company has developed a range of products for the segments within this market, targeted at all age groups over three years old.

This includes 39 brands of cereals as well as different types of cereal bars. Consumers of cereal products perceive Kellogg to be a high quality manufacturer. As the market leader, Kellogg has a distinct premium position within the market. This means that it has the confidence of its consumers.

Developing an aim for a business radar, making the decision to eat a healthy balanced diet is very important for many consumers.

More than ever before people want a lifestyle in which the food they eat and the activities they take part in contribute equally to keeping them healthy. Research undertaken for Kellogg, as well as comprehensive news coverage and growing public awareness, helped its decision-takers to understand the concerns of TTS consumers. In order to meet these concerns, managers realized it was essential that Kellogg was part of the debate about health and lifestyle. It needed to promote the message ‘ Get the Balance Right’.

Decision-takers also wanted to demonstrate Corporate Responsibility (CRY).

This means that they wanted to develop the business responsibly and in a way that was sensitive to all of Kellogg consumers’ needs, particularly with regard to health issues. This is more than the law relating to food Issues requires. It shows now Kellogg monitors and supports its consumers fully about lifestyle issues. Any action within a large organization needs to support a business direction. This direction is shown in the form of a broad statement of intent or aim, in which everybody in the organization can follow.

An aim also helps those outside the organization to understand the beliefs and principles of that business. Kellogg aim has to reinforce the importance of a balanced lifestyle so its consumers understand how a balanced diet and exercise can improve their lives. Creating business objectives Having set an aim, managers make plans which include the right actions. These ensure that the aim is met. For an aim to be successful, it must be supported by specific business objectives that can be measured.

Each of the objectives set for Kellogg was designed to contribute to a specified aim.

Kellogg objectives were to: encourage and support physical activity among all sectors of the population use resources to sponsor activities and run physical activity focused community programmes for its consumers and the public in general increase the association between Kellogg and physical activity use the cereal packs to communicate the balance' message to consumers introduce food labeling that would enable consumers to make decisions about the right balance of food. Well constructed objectives are SMART objectives.

They must be: Specific Measurable Achievable or Agreed Realistic Time-related. Each of the objectives set by Kellogg was clear, specific and measurable.

This meant Kellogg would know whether each objective had been achieved. The objectives were considered to be achievable and were communicated to all staff. This made sure that all staff agreed to follow certain actions to achieve the stated aims. The objectives were set over a realistic time- period of three years. By setting these objectives Kellogg set a direction that would take the business to where it wanted to be three years into the future.

Having created an aim and set objectives, Kellogg put in place a process of planning to develop a strategy and a series of actions. These were designed to meet the stated aim and range of business objectives. In the area of food labeling, Kellogg introduced the Kellogg Gas to its packaging, showing the recommended Guideline Daily Amounts. These Gas allow consumers to

understand what amount of the recommended daily levels of nutrients is in a serving of Kellogg food. Working with group of other major manufacturers, Kellogg introduced a new format in May 2006, Ninth Gas clearly identified on brand products and packages.

These Gas have been adopted by other manufacturers and retailers such as TESTS. For many years Kellogg has been working to encourage people to take part in more physical activity. The company started working with the Amateur Swimming Association (AS) as far back as 1997, with whom it set some longer term objectives. More than twelve million people in the I-J swim regularly. Swimming is inclusive as it is something that whole families can do together and it is also a life-long skill.

The AS tries to ensure that everyone has the opportunity to enjoy swimming as part of a healthy lifestyle’.

As a lead body for swimming, the AS has been a good organization for Kellogg to work Ninth, as its objectives match closely those of the company. Kellogg became the main sponsor to swimming in Britain . This ensured that Kellogg sponsorship reached all swimming associations so that swimmers receive the best possible support. Kellogg sponsors the AS Awards Scheme with more than 1.

8 million awards presented to swimmers each year. This relationship with the AS has helped Kellogg contribute in recognizable way to how individuals achieve an active healthy balanced lifestyle. Irish reinforces its brand position.

Working with the AS helped Kellogg set up links with a number of other bodies and partners. For example, Austrian is the UK's leading sustainable transport organization. Austrian looks at the different ways that individuals can meet their transport needs in a way that reduces environmental impact.

It is the co-ordination of the National Cycle Network. This provides more than 10,000 miles of walking and cycle routes on traffic-free paths throughout the UK. To meet its business objective of encouraging and supporting physical activity Kellogg is developing a promotion for a free cyclometer which will be advertised on television in 2007.

Walking is one of the easiest ways for people to look after themselves and improve their health. To encourage people to walk more often, Kellogg has supplied a free pedometer Proof (Dry) Marshal Asana through an offer on All-Brands so that individuals can measure their daily steps.

During 2006 more than 675,000 pedometers were claimed by consumers. From a research sample of 970 consumers, around 70% said they used the pedometer to help them "walk further. Kellogg Corn Flakes Great Walk 2005 raised more than £1 million pounds for charity on its way from John's, through Ireland and on to Land's End.

In 2004, 630,000 people took part in the Special K 10,000 Step Challenge. Kellogg has also delivered a wide range of community programmes over the last 20 years. For example, the Kellogg Active Living Fund encourages voluntary groups to run physical activity projects for their members.

The fund helps organizations like the SST Ion's Centre in Old Tradeoff which runs keep-fit classes, badminton and table tennis. Since 1998 Kellogg has invested more than IEE, OHO to help national learning charity Continuous to develop nationwide breakfast club initiatives.

These include start-up grants for new clubs, the Breakfast Club Plus website, the Kellogg National Breakfast Club Awards and KELLOGG the Breakfast Movers essential guide. Breakfast clubs are important in schools because they improve attendance and punctuality. They help to ensure that children are fed and ready to learn when the bell goes. Kellogg promotes breakfast via these clubs, not Kellogg breakfast cereals.

Together Kellogg and Continuous have set up hundreds of breakfast clubs across the I-J, serving well over 500, 000 breakfasts each year.

Communicating the strategy Effective communication is vital for any strategy to be successful. Kellogg success is due to how well it communicated its objectives to consumers to help them consider how to 'Get the Balance Right'. It developed different forms of communication to convey the message 'eat to be fit' to all its customers. External communication takes place between an organization and the outside world.

As a large organization, Kellogg uses many different forms of communication with its customers.

For example, it uses the cartoon characters of Jack & Mime to communicate a message that emphasizes the need to 'Get the Balance Right'. By using Jack & Mime, Kellogg is able to advise parents and children about the

importance to exercise . These characters can be found on the back of cereal packets. The company has also produced a series of leaflets for its customers on topics such as eating for health and calcium for strong bones. These are available on its website.

Internal communication takes place within n organization. Kellogg uses many different ways to communicate with its employees.

For example, Kellogg produces a house magazine which is distributed to everybody working for Kellogg. The magazine includes articles on issues such as getting the balance of food and exercise right. It also highlights the work that Kellogg has undertaken within sport and the community. To encourage its employees to do more walking, Kellogg supplied each of its staff with a pedometer.

Such activities have helped Kellogg employees to understand the business objectives and why the business has created them. It also shows clearly what it has done to achieve them.

Conclusion Research undertaken by Kellogg as part of the 2005 Family Health Study emphasized that a balanced diet as well as regular exercise were essential for good all round health and wellbeing. Kellogg is demonstrating good corporate responsibility by promoting and communicating this message whenever it can and by Investing money in the appropriate activities. This was the broad aim. To achieve this aim, Kellogg set out measurable objectives.

It developed a business strategy that engaged Kellogg in a series of activities and relationships with other organizations. The key was not just to create a message about a balanced lifestyle for its consumers. It was also to set up activities that helped them achieve this lifestyle. This case study illustrates how consumers, given the right information, have made informed choices about food and living healthily. Assignment 1 . Explain what is meant by a premium brand.

4. Discuss an alternate positioning strategy for Kellogg. Proof (Dry) Marshal Asana Foreplay Energy In the early sass Tremor Baileys, the British inventor, developed the concept of a self- powered radio.

Electricity for the radio would be provided by an integral wind-up generator. Playbill's idea was that this self-powered radio would allow people in remote villages across Africa to gain access to news and information from around the Nor.

In 1994 the South African based Baggage Power company (later renamed Foreplay Energy) signed an exclusive agreement with Tremor Baileys to develop and commercialism the product. Although Tremor Baileys no longer has an active Involvement with Foreplay Energy, the partners who run the company are still driven by the desire to improve the lives of individuals in the developing world.

The company's Cape Town factories are co-owned by local charities that represent the sizable, single mothers and former offenders. Around one third of the company's employees are from these disadvantaged groups. The first

commercial version of the Mind-up radio was the PRI and this was distributed to villages by aid agencies.

Very early on, it became apparent that the radio was too heavy, too fragile and more crucially too expensive for its intended market. Villagers appeared to be more willing to spend £10 a month on batteries, than an initial £5 on a radio that did not require battery replacements.

The product however began to develop sales in more affluent markets. In the UK the Design Council awarded the wind-up radio Millennium Product' status. One national newspaper went as far as naming it the most significant invention of a generation. Foreplay Energy began to realise that future sales could be developed by concentrating on the European and North American markets.

Sales growth in these markets has allowed Foreplay to invest further in the technology, and as a result develop products that are smaller, lighter, more durable and less expensive.

The PRI had to be wound for 20 seconds in order to produce 30 minutes of playing time. The FRR, which Foreplay launched in 1997, weighs less, is more compact and supplies an hour of playing time after being wound for 20 seconds. In 1999 the company added to the radio range with the launch of a new model, the Foreplay SASS. The company also launched the 20/20 flashlight, which contains an integral energy storage unit to generate power for instantaneous or later use. Currently Foreplay Energy has a £1m turnover and is forecast to produce around £1.5m in 2000.

2 million units in the year 2000.

Around 70% of its sales are in the United States of America and 25% in Europe, with Africa and the Middle East making up the balance. The company's promotional budget is around EOM. Through market research the organization has identified that the product is positioned differently in the various overseas markets. In Germany the product appeals to the consumer's strong environmental consciousness.

In the United States of America and Japan, where there is a strong outdoor culture, the product is bought as a component of tornado or earthquake survival kits.

In the I-J, the company's biggest market per capita, the general public is proud of the fact that the product was invented there. Rhea company still has an aspiration to create products that will bring modern forms of communication to individuals in remote rural villages. However they believe that entering into the European and North American markets has allowed them to develop much larger manufacturing volumes which in turn has enabled them to gradually lower prices. Foreplay Energy has a number of new product ideas under investigation.

One initiative is the concept of a satellite telephone that can be charged with energy provided by a 'self-powered' generator rather than costly disposable batteries. The company believes this product would overcome some of the problems faced by African economies. African states cannot afford to develop the landlines and other facilities needed for a modern telecommunications infrastructure. This approach would allow these states

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to make a technology leap and allow individuals access to the global communications network.

Other product ideas include self-powered pull cord lights, water purification systems and even fetal heartbeat monitors.

The company's philosophy is to attempt to create a range of products that will help improve communication across the developing world. This is reflected in its tagging ' Powered by You'. The company now has to consider how it Lana to develop over the next five years. There are a number of strategic choices to be made. It could move away from making its own products or it could carry on some manufacturing but license out its technology to mobile phone manufacturers such a Monika, Ericson andMotorola.

Assignment Discuss in what ways Foreplay Energy could form an alliance with another organization. How may this affect their branding strategy? Proto (Dry) Marshal Asana K KEF, the fast-food chain formerly known as Kentucky Fried Chicken is on a roll. At a time when McDonald's, the biggest player in the fast food sector, is closing assistants, KEF is adopting an aggressive expansion drive across the UK (Marketing, November 28). KEF is investing more than Loom in its plan to have 850 stores by 2005, with a target of 1000 by 2008.

This comes as McDonald's is to close down 175 restaurants in ten countries.

In 2001 the US burger giant had 1184 outlets in the UK allocating to Minute). On the KEF website its founder and brand icon Colonel Sanders speaks from

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beyond the grave, saying: muff like my chicken so much that we're growing faster than any of them other big restaurant names – including them Burger says. And it's those ' burger boys' who had better watch out as KEF proceeds to carve chunk out of the market. Not that Cuff's ambitions stop there.

Last week the chicken chain announced it is moving its I-J advertising account out of Googol and Matter and into Bartlett, Boggle Hectare, raising the possibility of some creative sparkle in its ads. Evolving market But why is KEF enjoying a hike in UK sales when other fast-food brands are experiencing a dip? And how will Cuff's marketing keep sales buoyant and sustain the chain's expansion plans? One reason is the shift in people's dietary references as the media's promotion of health awareness has steered people away from fatty and red meat toward white meat.

Dominic Nationals, market analyst at Admonitory , says: " People who are meat reducers are on the rise. They are cutting back predominantly on red meat, and chicken is generally seen as a healthy option. Neither KEF is better for you given what it is fried in, is arguable. " The fast-food industry has historically attracted criticism. While McDonald's is widely acknowledged to use processed meat, KEF sells ' real' cuts of chicken. But as a mass-producer of food it is still not immune to negative publicity.

In January 2000 KEF was the victim of an email hoax that originated from the University of New Hampshire in the US.

The e- mail claimed KEF used the flesh of featherless, fettles and backless genetically mutated poultry and claimed its chickens were kept alive by tubes inserted in them. Rhea mailing urges consumers to contact their local <https://assignbuster.com/rhea-market-case-study/>

restaurants and demand the return of ‘ real’ chicken. The crisis management response was immediate and effective and the rumor was soon quashed. KEF has adapted its menu over the years and embraced product development.

It ditched processed chicken in 1999 and Introduced more convenient-to-eat products. Burgers and wraps now account for an estimated 40% of the chain’s sales, according to Minute.

This innovation may well continue under its Marketing Director Claire Harrison-Church, who joined from Milliner in August 2001. As the marketer behind the launch of Lynx Barber Shops, she is no stranger to innovation. But with the menu in hand and the money available to expand, the next question is where? “ KEF doesn’t have as many premium locations n city centers, which is a chunk in its armor,” says Nosily.

“ Perhaps it is pursuing this as an opportunity. ” It is highly probable that as KEF opens more outlets it will do o in more prominent locations.

Part of people’s perception of the brand is that it resides on the fringes of town and city centers and that it attracts a customer from a lower demographic group. If its growth strategy is to be successful KEF will need to broaden its target market and this is where marketing and the EBB appointment will come into their own. ‘ We want to tint a way to get non-users to use the brand. W are aware of the negative perceptions, which is part of the problem,” says Harrison- Church.

Strengthening awareness KEF clearly draws on its heritage, using Colonel Sanders to market the brand.

Googol & Matter's advertising used the US' template of an animated Colonel, which it adapted for different markets. Then there was a spate of live-action ads with a viceroy by Samuel L. Jackson that attempted to shift the tone away from the us-style executions. Will that style of ad resurface? " We are not embarrassed about being a US brand.

Equally we do not believe in going over the top about it. We did move away from the animated Colonel. It was a good branding device, but over time it didn't work, " Harrison-Church says.

In fact, she adds, the ads were degrading the ' real' Colonel's image. We see him as the stamp of authority but not necessarily as the only thing in the advertising. " " We want EBB to create a stronger brand awareness, to be more assertive about our food and the way we talk about it.

" KEF will continue to advertise specific products but with a " consistent campaign – a big idea that pulls those products together," she concludes. KEF is not going to overthrow the burger giants yet, as McDonald's and Burger King have far greater market penetration.

But as consumers continue to seek fast-food alternatives to red meat, Cuff's ambitions couldn't come at a more opportune time. Source: Marketing 5 December 2002) Assignment How do you think the plans for the brand will influence potential customers' perceptions of the brand? Do you think they should continue Ninth their existing brand image, bearing in mind their plans? Proof (Dry) Marshal Asana Domino Medical Rhea Domino Medical Company (DAM) produces \$200 million dollars in sales from 100, 000 customers in a very competitive " assisted hearing device" industry.

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It currently ranks number two in overall sales in an industry that has two other direct competitors and the industry is growing at a rate of 15% a year.

Checker Company (SC) has annual sales of \$500 million from 250,000 customers and Purchases Company (PC) has annual sales of \$100 million from 50,000 customers. In order to develop a better strategic focus in this highly competitive environment, DAM recently commissioned a study to understand customer usage, behavior, and satisfaction of their present/potential customers (see results in table 1).

Although Checker Company has been the dominant player in the industry for the last ten years, it recently has run into difficulty because its major production facility in Korea had burned down. Now they are currently six months behind in delivering orders to their wholly owned and operated retail stores. In addition, the company has run into organizational problems in recent months losing a Vice President of Marketing and a highly regarded developmental engineer (the engineer was hired by Domino).

Purchases and Domino have been growing steadily in recent years and are considered by analysts to possess the ability and the technological personnel to excel in the quick paced hearing device industry.

Domino is currently using quality pricing and analysts believe that it gives the best value for the prices that they charge. The industry price for an average “assisted hearing device” is around \$1200, including examinations and fittings. Purchases and Domino market their devices through high-end specialty hearing device retailers and rely on a sales force that is organized by territory.

All companies distribute nationally. All three of the companies require hearing specialists to be available at each retail location. After spending \$2.

5 million on research and development, Domino (DAM) has developed a new revolutionary hearing aid (almost invisible, self charging, and it continuously monitors the environment for sound changes and automatically adjusts the volume to the proper decibel level based upon coded directions set-up and customized for the individual). Neither Checker nor Purchases has a similar product. In fact, they do not have a similar model in the developmental stages.

The company believes the total market potential for the new product to be four- (4) million units nationally. If a decision is made to market the product, a consensus of management feels that it would be in the best interest of the company to market the product in certain geographical regions that when combined account for 60% of the market.

It is believed that Domino will have the most competitive punch in these areas. The direct factory labor to produce the device is \$200, the material costs are \$300, and salespeople earn a 10% commission on the net wholesale to the distributors.

Most likely the advertising budget for the introduction will be \$5. 5 million for the year. Administrative overhead allocated to this product is estimated to be \$1. 8 million for the year.

DAM plans to maintain its current business while growing its new business. However some executives in the company seem to think that there are two

segments that should be insider and they are mutually exclusive. In addition, DAM has a dilemma because they have never marketed such an innovative product and are concerned about flaws in their sales/distribution system to deal with the new venture.

In addition, the company has begun efforts to expand their Internet/leanest/Extranet offerings to their customers. They believe that this effort will enhance their relationship efforts Ninth their customers and enhance their distribution efforts.

Some of the executives of the DAM Corporation are uneasy about the marketing/distribution of the new line ND their relationships with nodes in the distribution channel- so they solicit the help of the students of Marketing 551 , The University of Mississippi, Oxford, Southeast, and Tupelo, to help them.