

Kellogg company is a
strong market leader



Kellogg Company is a strong market leader in the production of cereal and convenience foods. With 2009 reported earnings of \$1.3 billion. The company maintains a leading position in the production of cereal and convenience foods, including cookies, crackers, toaster pastries, cereal bars, fruit-flavored snacks, frozen waffles, and veggie foods. The Company's brands include Kellogg's, Keebler, Pop tarts, Eggo, Cheez-it, Nutri-Grain, Rice Krispies, BearNaked, Morningstar Farms, Famous Amos, Special K, All-Brain, Frosted Mini-Wheats, Club and kasha. Kellogg products are manufactured in 18 countries and marketed in more than 180 countries around the world. Its global headquarters are in Battle Creek, Michigan, USA. Kellogg trades under the ticker symbol NYSE. K

This marketing plan is aimed at extending Special K product line, one of the many Kellogg Company brands. Special K Brand under Kellogg's parent company cereal has recorded huge amount of sales since launch, hence the extension, to maintain the product at a 'Growth' cycle.

The Analysis of this report was presented in a SOSTAC framework developed by PR Smith, which detailed why, how, when and where, the product line was to be extended with the view to expand market share and compete favorably in the UK convenience food industry.

2.0 Situational Analysis:

Market Summary

The value of the UK cereals market is around £1.1 billion per year. Kellogg has a 42% market share of the value of the UK's breakfast cereal market. Reported earnings for full year 2009 were \$1.2 billion, or \$3.16 per diluted

share, an increase of 6 percent from full-year 2008 of \$1.1 billion. The company has developed a range of products for the segments within this market, targeted at all age groups over three years old. As a market leader, it maintains a distinct premium position within the market. This means that it has confidence of its consumers and a large market share.

Special K, under the shape management market segment, was introduced in UK, October 1999, it is marketed primarily as a diet aid that can be eaten to help one lose weight and stay fit. It frequently has give-away offers for various health and fitness products and contains dieting information on the back of the box.

In the UK, Special K currently comes in ten varieties:

Special K

Special K Red Berries

Special K Purple Berries

Special K Peaches & Apricots

Special K Bliss Creamy Berry Crunch

Special K Bliss Strawberry & Chocolate

Special K Oats & Honey

Special K Yoghurt

Special K Sustain

Special K Medley

Special K has been a successful Product brand of Kellogg. Applying the product life cycle, it is possible visualize the different stages of the Special K brand. The product life cycle demonstrates the change of product sales over time.

Customer Analysis:

Special K' cereal and bars is for everyone and is being consumed by customers aged 3 and above. The increasing varied customer's demands lead to the successful line extensions of the brand. Further to this, are the need for shape management products and the need for these products to address the weight and healthy living issue in UK.

Being that Kellogg's company enjoys brand loyalty and economics of scale, Special K No Added Sugar will be added to buying options of existing brand and prospective customers, as a healthy product positioned to satisfy this ' Shape Management' emerging market segment. It is strategically targeted at the weight conscious consumers. This includes the Obese, overweight, diabetic, athletes and generally for everyone as an aid to keep fit.

Competitor Analysis:

Kellogg's is the market leader and enjoys a strong position. However, Special K has as its major competitors-ALpen, a product brand of Weetamix Company and Weight Watchers, on the shape management and healthy living cereal and bars market.

Applying the Porter's five forces model, it is possible to analyze Special K's competitive position

EXISTING RIVALRY:

Alpen No Added Sugar cereal a product of Weetamix Company

Weight Waters no sugar cereal

Nestle Whole grain-low fat

General Mill's Green Giant-no added sugar.

New product development

Marketing prowess

THREAT OF NEW ENTRANTS:

All existing cereal manufacturers or companies

Start up costs

Cost advantages

Access to distribution channels

THREAT OF SUBSTITUTES:

Low switching costs

Available substitutes

Product differentiation

<https://assignbuster.com/kellogg-company-is-a-strong-market-leader/>

Industry profits

SUPPLIERS:

Supplier monopoly

High switching costs

Unique product

Importance of supplier to buyer

Forward integration threat

CUSTOMERS:

Price sensitivity

Advanced knowledge and independence of choice

Drives demand

Own profit potential

Associated savings

Backward integration threat

Marketing Environment:

Applying a PESTLE analysis, main points are the socio-cultural, environmental and technological factors.

Socio-Cultural Factors:

Consumer Orientation/perception: There exists the perception that cereal products and meals are for kids and younger children. This perception has been historically eroded by a social culture that associates babies with cereals.

Life Style: The rushed and busy lifestyle of consumers in the UK, would impact on the consumption of Special K no added sugar cereal. People, especially the students and working class, hardly eat at home, but settle for on-the-go junk foods, coffee and fatty drinks.

Shifts to behavior

Population demographics

Environmental Factors:

The need for Environmentally Sustainable business processes from start to finish, which to some extent has cost implications to organizations

Green Issues.

Technological Environmental Factors:

Emergence of new communication channels to reach customers

Improved production processes

Automation

Internal Market Environment Audit:

STRENGTHS

Strong brand/Awareness

Market Leader

Economics of scale

Brand presence and acceptability

Premium product

Capital

Customer loyalty

Derived learning curve effect -competitive advantage

Product differentiation

Quality processes and procedures

WEAKNESS

Sales driven by promo and pricing

OPPORTUNITY

Emergent shape management product customer needs.

Special K brand, achieved awareness as an advantage

Opportunity to re-enforce the growth life cycle of the Special K brand

New customers/markets

<https://assignbuster.com/kellogg-company-is-a-strong-market-leader/>

THREATS

Competitors

Price war with competitors

New innovative products

3.0 Objectives: SMART

Simple

Extending and expanding of Kellogg Special K product line, with the introduction of Special K No Added Sugar Cereal in UK.

Measurable

To increase market share by 10%, compete favorably in the fast moving cereal and convenient food industry, and ultimately add value to customers and stakeholders. Currently the demand for no sugar added products are on the increase and competition have already launched into this concept. To launch Special K into the UK market, which is currently Europe's largest Kellogg consuming country.

Achievable- (Mission)

To launch Special K' No added Sugar cereal in July 2010, in a projected one year period.

Realistic

The Extending of the Special K line is a realizable goal, owing to the fact that the Product Brand has been very successful since introduction and following the up surge & trendy consumption of healthy low calorie, low fat and No

sugar food items. This extension is also an innovative plan, in line with Kellogg's corporate company vision and mission of sustainable growth.

Targeted Customers: Consumers aged 5 and above. These include individuals-families, Students, Professionals. Especially, dieticians, diabetic, Obese, athletes and young mothers. The Special K No Added Sugar line is a response to emerging customer demand.

3. 1 Vision and mission

“ Kellogg Company's Vision and Mission statements define their focus upon sustainable growth, our broadened definition of social responsibility and the true strength of our company – our people and our brands.”

Vision_Mission_Full

4.0 Strategy:

The first strategy in line with the product extension is to create customer awareness to this product offer and then develop more customer base.

Market Penetration strategy: To penetrate the existing market and gain greater market share, increased brand awareness and boost the Special K product life cycle.

Market Development Strategy: To develop the shape management market segment, using the product extension to attract new customer base. E. g customers who do not, consume sugar.

Product Development strategy: By the improved recipe, flavor, taste. (No sugar flavor or taste)

STP:

Segmentation: shape management segments - Consumers who want healthy, low fat, sugar free cereals. The value proposition here is the healthy meal offer.

Targeting: we are targeting all healthy meal seeking consumers, but with special focus to shape management segments.

Positioning: Healthy and Good - Healthy and tasty

5. 0. TACTICS: The marketing mix exists as a set of controllable tactical tools used to implement the strategy. The 7 Ps marketing mix catalyses the implementation of our strategy.

Product: Our extension of Special K range and the addition of the No Sugar flavor is a tactical strategy in line with our mission to capture more markets segments and consolidate our consumer networks. New package will be introduced.

Place: We will continue with existing value supply and distribution networks to make this product available to our cherished customers. Special offers will be given the stores that record large distribution. This will further motivate our value channels to get Special k no added Sugar at the market place. Supermarkets, retail stores, convenience stores and Online.

Price: Market penetration pricing will be deployed to gain rapid market share, this is because there exists an extensive competition in the market. And the cereal market place is a sensitive one.

Promotion: These promotional methods will be adopted to communicate effectively to the consumers- Advertising, sales promotions, direct marketing, digital marketing and personal selling

People: The knowledge marketing team, the IT and Software team, R&D team are all involved in co-creating this product. Every member of the organization is a part of this mission in different perspective. They have been updated with product knowledge to impact the customers.

ACTIONS PLAN:

TASKS

Jan

Feb

Mar

Apr

May

Jun

Jul

Aug

Sep

Oct

Nov

Dec

BUDGET

RESPONSIBILITY

STEP 1: PRE LAUNCH

£22, 000

Research

£40, 000

Research Team

Select Advert Agency

£30, 000

Marketing Dept

Brief Web Designer

£30, 000

IT Dept

Set Up Database

£50, 000

Software Dev.

STEP 2: LAUNCH

TV Advertising

£300, 000

Marketing Dept

Billboards

£100, 000

Marketing Dept

Magazine Inserts

£50, 000

Marketing Dept

PR/Sales Promotion

£200, 000

Marketing Dept

Digital Marketing

£250, 000

Marketing Dept

Step 2

Control: Balance Score Card.

The Balanced Scorecard is a strategic planning and management system, used to align business activities to the vision and strategy of the organization, improve internal and external communications and monitor organizational performance against strategic goals.

7. 1 KPIs-Key Performance Indicators:

Quality control

Financial results

Market research

Managing information system

Sales analysis

Service levels

Market share analysis

Financial results

CRM-New customers acquired, retained

Product awareness

<https://assignbuster.com/kellogg-company-is-a-strong-market-leader/>

Competitor performance

Benchmarking

Profitability

ROI

Performance appraisal of employees

Financial Analysis:

Contingency Planning:

£50, 000 set aside as financial reserve.

Productive capacity reserve

Safety measures in place should there be any disaster at promotion sites Etc

Critical Reflective Writing:

Learning Outcome:

The truth is, I never had an idea of the enormous tasks or amount of work involved in marketing planning, from start to finish.

Haven worked in banking operations for 4 years; I never saw marketing departmental roles as a challenging one. I will usually think they pretend to be busy when they are actually not, while the operations staffs are the only value adding workforce.

The module marketing planning and its matrix, of which I am excited to be able to produce a marketing plan, have not only opened my eyes and mind to wider conceptual, theoretical and practical aspects of marketing. I now appreciate the essence of the existence of different roles and departments in an organization, marketing planning and why it is essential in business-to effectively identify customer needs, create products/market offerings accordingly, in order to maximize revenue, profit, ROI and minimize costs.

Marketing planning I now understand, is a multi faceted, cross-functional activity that touches every aspect of the organizational life. I have gained an understanding of how the marketing- mix interact, to facilitate a rational business decision and reduce the complexity of business operations which ultimately adds a dimension of realism to a company's hopes for the future.

I will go back into work, with an understanding of the real significance of a strategic planning. I will evidence learning, and make valued revolutionary impacts as a manager and maybe ‘ A marketing Manager’

It will never be business as usual.