



INTRODUCTION

When Will Kellogg accidentally invented a new breakfast food in Battle Creek, Michigan in 1894, he did not realise that he was on the threshold of forming a major food manufacturing company. His name would become one of the most instantly recognised throughout the world.

Today, Kellogg's is an American owned organisation that has a true global market. It has four main divisions covering North America, South & Central America, Asia Pacific, and finally Europe, Africa and the Middle East. The European Headquarters is in the UK, which along with Ireland has the highest per capita consumption in the world. However, Kellogg's has manufacturing operations in several different European countries. The **supply chain management**, covering all aspects of production, logistics and finance is organised on a pan-European basis, which gives substantial **economies of scale**. However, marketing and sales tend to be more locally based to meet the different cultural needs as the markets across Europe can vary enormously.

This case study looks at the Kellogg's brands and considers both the branding of the corporate image and the individual products. How have they developed and how are they maintained?



Re-branding a Corporate Image

What is a brand?

The marketing of Kellogg's and the creation of some of the most valuable individual **brand names** has been key to the Company's success. Firms are keen to give products their own identity, which will clearly distinguish them from any competition. A successful brand name will encourage loyalty amongst consumers who will be more likely to buy the product on a regular basis. An effective brand will distinguish one product from the next on the supermarket shelves. This familiarity adds extra perceived value to the product and means that a customer's decision to buy is not purely determined by price. This sensitivity is called the price **elasticity of demand**. Small changes in the price will not lead to big changes in the amount demanded by consumers.

Firms may try to build loyalty by creating a **corporate brand name** that will suggest an identity or characteristics that would apply to all its products. This is known as corporate branding. Alternatively, firms may choose to establish a brand identity for each of its products. Kellogg's effectively does both. Kellogg's is an example of **multiple product branding**, where each product within the range is given its own clear identity and personality but is also marketed using the Kellogg's name as an umbrella.

Kellogg's has, over the years, built up some key **core brand characteristics**, emphasising quality and nutritional benefits that will apply to any Kellogg's product. Consumers will trust the Kellogg's brand name to fulfil these requirements whichever type of

cereal they choose. To these core brand values are added the elements of the individual brand personality. Like members of a family, each will bear the same surname, but each individual has its own characteristics and strengths. There are currently 29 products in the Kellogg's family.

One of the key factors is the creation of the **brand identity**. What characteristics would the company want its products to show? This is known as **positioning**. Kellogg's products are positioned to highlight the quality of the goods and to build on the emotional attachments. Consumers who have grown up with Kellogg's breakfast cereals will have strong associations of childhood and home. Having decided on the position of the products within the cereal market, Kellogg's can consider the elements of the marketing mix, the different marketing tactics it will employ to make its products more desirable.

Kellogg's marketing mix

When Kellogg's Corn Flakes were launched in the UK in the early 1920's the company faced a formidable task of persuading a sceptical nation, accustomed to porridge and bacon and eggs, to try a brand new breakfast food. What followed was one of the most remarkable marketing achievements of the 20th Century. Kellogg used a team of dedicated salesmen who employed armies of casual labourers and Boy Scouts to cover the country, to knock on doors and literally give away millions of sample packets of Corn Flakes and Rice Krispies. The

free samples encouraged consumers to buy the products and within ten years Kellogg's had revolutionised the eating habits of a nation.

Advertising the Kellogg's brands

This was an example of sales promotion. Today, **advertising and packaging** are also key aspects of the marketing mix. Kellogg's advertise using a whole range of media: in the press, on posters, radio and cinema, direct mail and, most recently, on the Internet. However, the main channel for its advertising is on television, where individual brands are given their own air time, aimed specifically at a target audience. Although breakfast cereals are consumed by the whole population, individual products may be aimed at specific groups. For example, Special K is aimed towards women, Start has a sporty image and Frosties and Coco Pops are primarily aimed at children. Corn Flakes, by contrast, are aimed at the whole family. This targeting will determine the content of the advert and the time of broadcast.

Packaging the individual brands

The packaging of Kellogg's breakfast cereals is also a key element of the marketing mix. The packaging has to provide a representation of the brand identity and appeal

to the target market. It also has to have space for nutritional information and any promotional offers. Kellogg's has to deal with the problem that the purchasers of cereal, usually adults and often female, are not always the consumers, often children. The packaging has to appeal to both groups. By combining some elements of corporate branding with the individual product's own identity, it can provide the assurances of quality and nutrition that come with the Kellogg's name and also appeal to the end user.

In Spring 2000, Kellogg's took the major step of launching a bright, colourful new corporate image for all its cereal brands. This is not a course of action that should be taken lightly. Once consumers have a popular brand image in mind, it may be risky to change it, but Kellogg's was concerned that, in a highly competitive market, it

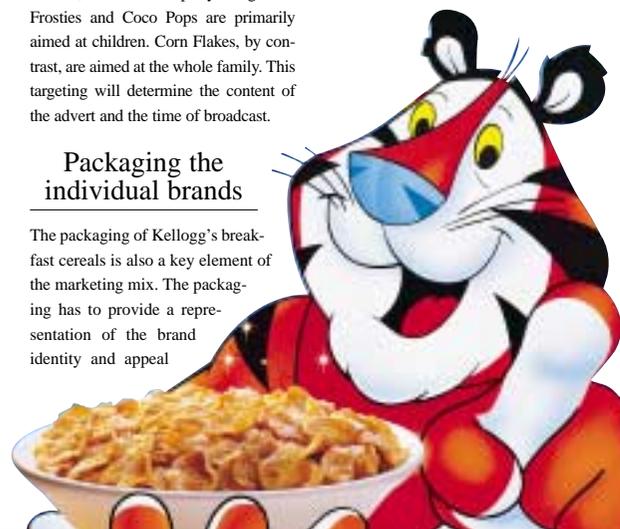
was becoming increasingly difficult to differentiate between supermarket own label and other manufacturers' brands. Consumers were becoming confused when confronted with so many similar packs on the supermarket shelves.

Market research – the reduction of risk

To further reduce any risk, Kellogg's undertook a considerable amount of **market research**. One thousand consumers were asked a series of questions about the Kellogg's brands and were shown some initial designs. In particular, the researchers wanted information about the impact of the designs on the shelf, the ease of recognition and the clarity of the brand name and product.

The results of the market research confirmed that one design led the field. It highlights the 'K' logo, which was based on the original signature of W. K. Kellogg. The big advantage of using the 'K' logo was that it was a **protectable brand image**. Other competitors would not be able to imitate it. Having decided on the new corporate brand icon, the designers had to incorporate it into the design of the packaging for all 29 individual brands.

www.kelloggs.co.uk



The latest computer technology was used to digitally generate the artwork and the familiar characters such as **Snap, Crackle and Pop, Captain Rik and Tony the Tiger** were re-drawn in a more modern style. For each product the image was designed to wrap around the box and each side, including the bottom have also been given a strong branded look.

The only part of the old design to be kept was the nutritional information, which had itself been re-designed in 1998 and had even received recognition from the Plain English Campaign for the clarity of its explanations. This had already proved to be very consumer friendly and a big success so it was simply incorporated into the new design.

It was essential not to alienate consumers with radical new designs and it

was important to maintain the individuality of each brand. This is known as the **brand equity** and means the value of a brand that has been built up over a number of years. Frosties, for example, kept Tony the Tiger, the familiar blue background and typeface, while Corn Flakes still radiates sunshine and keeps the red and green cockerel. Although the changes in the corporate image were quite radical, the designs of the individual brands retained enough elements to be instantly recognisable.

Communicating with consumers

The completed new designs were further tested on consumers using sophisticated computerised eye tracking tests

to see if the packs stood out on the supermarket shelves. More extensive market research was carried out to gauge the reactions of consumers. Finally, it was necessary to communicate with consumers about the new packaging and the new image was flagged on the old packs for two months before the launch. The top section of the back panels was used to display the new designs to enable the consumers to become familiar with them. The new designs were also featured in a direct mail campaign to Kellogg's consumers as the packs went into market.

Changing the appearance of a well-known range of products can be a risky strategy, particularly in the highly competitive environment of the supermar-

ket, where purchase decisions are made very quickly and competitors often try to imitate the packaging of a **market leader**. However, with extremely careful preparation and attention to detail and some state of the art design techniques, Kellogg's has been able to clearly differentiate its product range from the competition. Extensive market research helped to reduce the risk, and communication with consumers warning them of the new changes, eased the period of changeover. The new designs have been successful in promoting all the familiar attributes associated with the Kellogg's name and have also enhanced and up-dated the personalities of the individual brands.



Examples of the new corporate image.

Examples of the initial corporate image, before re-branding.



Example of the top section of back panels used prior to the design change.



INGREDIENTS
Whole Bran (55%), Super Malt Flavouring, Glucose Syrup, Salt, Triacidum Phosphate, Vitamin B1, Nicotin, Iron, Vitamin E, Vitamin B6, Riboflavin (B2), Thiamin (B1), Folic Acid, Vitamin C3, Vitamin B12

GUIDELINE DAILY AMOUNTS	
EACH DAY	WOMEN MEN
Calories	2000 2500
Fat	70g 95g

NUTRITION INFORMATION
Official Government figures for average adults

Typical value per 100g	40g serving with 125ml of semi-skimmed milk	% RDA	
ENERGY	1150kJ 270kcal	708kJ* 170 kcal	
PROTEIN	15g	3g	
CARBOHYDRATES	45g	25g	
of which sugars	19g	14g	
	29g	11g	
FAT	4g	3.5g†	
of which saturates	0.7g	1.2g	
FIBRE	29g	12g	
SODIUM	0.65g	0.4g	
	NRDA	NRDA	
CALCIUM	340mg	45 300mg	35
IRON	8.6mg	65 3.2mg	25
MAGNESIUM	240mg	75 100mg	35
ZINC	6mg	40 2.2mg	20

VITAMIN D
1.1µg 45% RDA
1.3µg 25% RDA
Helps the body absorb calcium, important for strong bones and teeth.

VITAMIN E
4.3mg 49% RDA
1.1mg 10% RDA
An antioxidant vitamin, important for healthy blood vessels.

VITAMIN C
29mg 45% RDA
12mg 20% RDA
Helps absorb iron from food, maintains healthy skin and gums, an antioxidant vitamin.

THIAMIN
0.4mg 40% RDA
0.2mg 20% RDA
Is necessary for the release of energy from carbohydrates.

RIBOFLAVIN
1.6mg 45% RDA
0.6mg 40% RDA
Important for healthy skin, eyes and ears, helps release energy to cells.

NIACIN
11.7mg 65% RDA
4.6mg 25% RDA
Involved in energy-producing reactions in cells.

VITAMIN B1
1.2mg 45% RDA
0.6mg 30% RDA
For healthy blood, skin and nerves, and proper use of proteins.

FOLIC ACID
155µg 45% RDA
60µg 30% RDA
Essential for growing cells and healthy blood. Also important for healthy babies and healthy heart.

VITAMIN B12
0.60µg 45% RDA
0.25µg 25% RDA
Helps blood cells grow and develop, important for a healthy nervous system.

A 40g serving of Kellogg's All-Bran Plus provides at least 25% of the recommended daily allowance (RDA) of vitamins thiamin, riboflavin, niacin, folic acid, vitamins B1, B2, and B6, the mineral iron, and at least 17% RDA of antioxidant vitamins C and E, and the mineral calcium.

*For whole milk increase energy by 100kJ (25kcal) and fat by 1g.
†For skimmed milk reduce energy by 70kJ (17kcal) and fat by 1g.
‡Contribution provided by 125ml of semi-skimmed milk: 250kJ (60kcal) of energy, 4g of protein, 6g of carbohydrates (sugars), 2g of fat.

375g
This package contains at least 11 x 40g servings of cereal. May have occurred during transit.

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Kellogg Marketing and Sales Company (UK) Ltd, Manchester M16 0PU

GLOSSARY OF KEYWORDS

Brand equity: The value of a brand name built up over a number of years. Some famous brand names can be an extremely valuable intangible asset for a firm.

Brand names: A name given to a product which will project certain values to the consumer. A brand name can suggest a range of characteristics and attributes a product or service might provide.

Core brand characteristics: The set of characteristics that consumers would most commonly associate with the product. Firms will try to ensure that these images are positive and desirable.

Corporate brand name: The branding of a firm rather than an individual product. The firm may try to establish certain brand values that a consumer will associate with all its products.

Economies of scale: The more a firm produces the lower its unit costs will be. For example the more cereal Kellogg's produces in one of its factories, the cheaper the cost per box.

Marketing mix: The marketing tactics that a firm employs to make its product more attractive to consumers. These may include the product itself, price, any form of promotion, including advertising and the methods of distribution.

Market leader: The largest firm in a market measured by volume or value of sales.

Market research: Any investigation into the buying habits and attitudes of consumers.

Multiple product branding: A multiple product firm may decide to market each of its goods or services as a completely separate entity. Consumers may not even be aware that these products come from the same manufacturer.

Price elasticity of demand: The sensitivity of consumer demand to changes in the price of a product or service. If a small change in the price leads to a much bigger change in the quantity the consumer demands, it is described as price elastic. If a change in price does not affect the amount demanded very much, it is said to be price inelastic.

Protectable brand image: A brand image that could not be copied by law. For example none of Kellogg's competitors could justify the use of the 'K' logo as it would be meaningless for their products. Kellogg's could pursue this in the courts if necessary.

Supply chain management: The management of all aspects of the production process from the raw materials, through manufacturing, to delivery to the consumer. It would include purchasing, logistics, stock control as well as operations management.

QUESTIONS

- 1 What is meant by the term 'positioning'? Why do firms try to establish brand names?
- 2 Make a list of twenty of the best known brand names. Which of these are examples of corporate branding and which are multiple product branding? Choose three brand names and make a list of the core brand values.

- 3 Collect a number of cereal boxes from different manufacturers, including supermarkets own brands. Critically examine the design of each. Compare and contrast the design. How much of the design is devoted to corporate branding and how much to individual product branding? Which include sales promotions? Account for any price differences.

- 4 Using the same cereal boxes, devise a market research questionnaire to discover the brand values associated with each. Use your questionnaire to research the new Kellogg's designs. How successful have the new designs been? What sort of sampling technique might you use? How would you overcome the problem that the purchaser may not be the

end consumer? What would be the best way to present the data you have collected?

- 5 Why was it so important to communicate the changes to the consumers in advance? Can you think of other examples of firms making radical changes in the brand identities of their products?

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