

Kellogg's

Building a brand in order to sustain its life cycle

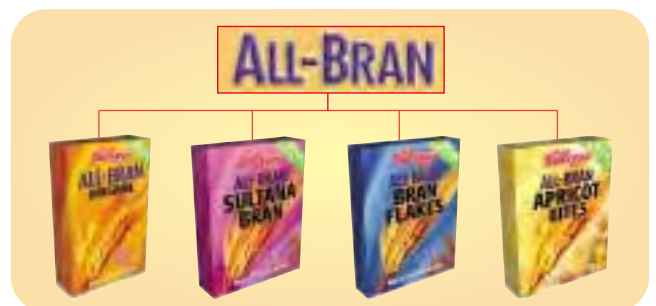


01_Introduction

Kellogg's **All-Bran** has a long and distinguished history. Like many other famous products, however, it is important from time to time to re-energise its life cycle.

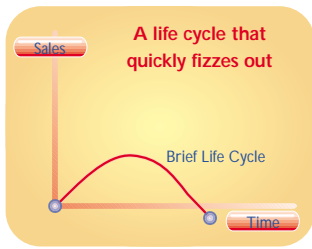
While **All-Bran** continues to be a powerful brand, a number of other high fibre brands made by Kellogg have not had the promotional support or sales of the **All-Bran** brand. Kellogg has therefore sought to support these other fibre products by associating them with the **masterbrand All-Bran**.

Kellogg has looked to raise consumer interest by creating a family of fibre-based cereal brands focused around the **All-Bran** banner in order to create a **powerbrand** structure. These bran products have now been marketed as a family. This has added extra strength to each separate product. The decision to create the powerbrand was a **strategic change**, made at a high level. It involved managers at Kellogg planning for the long term future. It also needed heavy resource commitments e.g. to finance and market the initiative.



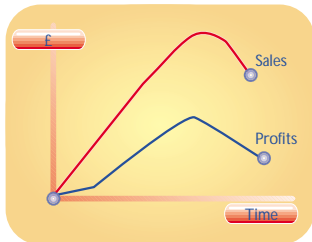
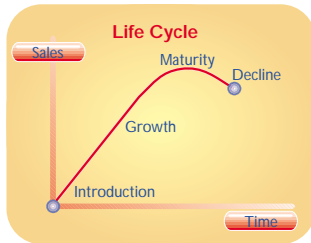
The product life cycle is the period over which it appeals to customers. The cycle can be illustrated in a series of stages showing how consumer interest, and hence sales, has altered over time.

For example, a company like Kellogg is continually developing new product lines, which it then market tests. For many of these products, test marketing will indicate that the product might be popular for a short while and then interest would quickly fizzle out. Such product ideas are screened out (eliminated), because their product life cycle would look like the following:



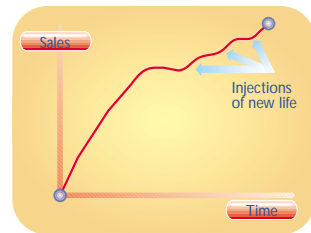
The typical life cycle of a product can be illustrated by a curve that rises steeply, as interest in the product increases. The sales performance rises from zero (when the product is introduced to the market) before rising steadily.

Initially the product will grow and flourish. However, as new competitors come into the market and as excitement falls about the product, then the product enters a new life cycle stage termed **maturity**. If the product is not handled carefully at this stage we may then see **saturation** of the market and the onset of a decline in interest.



At each stage in the life cycle there is a close relationship between sales and profits so that, as organisations or brands go into decline, their profitability decreases.

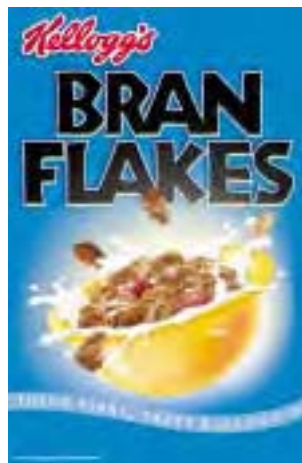
A product's life cycle may last for a few months or for more than a century. It all depends on how good the product is originally, how easy it is for competitors to emerge and how good a firm is at keeping its own product relevant and attractive to consumers.



To prolong the life cycle of a brand or product an organisation needs to use skilful **marketing techniques** to inject new life into the product.

The SWOT analysis produced these results:

Strengths	Weaknesses
<ul style="list-style-type: none"> • Kellogg's 'All-Bran' is the only large, very high fibre brand in the marketplace. Private labels provide the main competition. • The general public remains highly aware of All-Bran. • The All-Bran brand is strong – consumers associate it with healthy activity. 	<ul style="list-style-type: none"> • Awareness of the brand had been declining because of little promotional (e.g. advertising) activity in recent years. • Compared with leading brands such as Kellogg's Corn Flakes, the individual fibre products have limited scale, making it hard to make advertising investment economic. • The proposition that 'a fibre cereal keeps you regular' is less motivating to consumers than in the past. Consumers now more interested in products that promote "inner health".
Opportunities	Threats
<ul style="list-style-type: none"> • People are looking to eat more healthily. • The rapid growth of non cereal products that meet inner health need (Pro-biotic drinks and Yoghurts +£100m p/a category). • In the UK, the number of people over 55 (the product's main consumers) continues to increase. 	<ul style="list-style-type: none"> • The sales of private labels fibre cereals are growing. • There is a consumer trend towards tastier cereals.



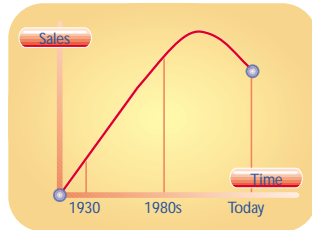
02_Preparing to make a strategic change

Before committing resources to creating the family of **All-Bran** brands, Kellogg needed to conduct research to discover whether a change was worth making and the nature of these changes. This involved carrying out a SWOT analysis to identify:

- Strengths of the **All-Bran** brand
- Weaknesses
- Opportunities existing in the market
- Threats – e.g. from competitors.

03_All-Bran's product life cycle

Kellogg created **All-Bran** as a product and the fibre sector of the cereal market in the 1930s. From then onwards the product experienced steady growth with the company injecting regular promotional spends to support product development. The most spectacular growth was in the 1980s with widespread publicity for the 'F' Plan Diet from nutritionists and health experts. This diet had an impact similar to that of the Atkins Diet in recent years. Following this, the Kellogg 'bran' range has been moving into a more mature stage:



Because the product is mature, Kellogg has looked to re-brand a range of fibre cereals in order to inject renewed growth and interest. The company has run a £3 million campaign that urges consumers to re-appraise these products. Large investment was needed to support the strategy and to **evaluate** the consumer response.

04_Identifying the benefits

Kellogg needed to identify the benefits that would result from any changes it made. An important advantage related to managing the product range. Kellogg identified which of its existing fibre based products offered the best present and future prospects and decided to concentrate on those. This simplification made it easier to manage the product portfolio. Managers could concentrate on the common elements of the chosen range and focus marketing activity on them. This action produced **management and marketing economies of scale**, rather than production economies - the complexity of manufacturing individual products has not been reduced. The smaller brands were pulled together into the **All-Bran** range.



Kellogg's market research showed that, in choosing a cereal product, consumers place high priority on taste. Although they want a healthier cereal, it still must taste good. So Kellogg decided to develop new 'tastier' products under the single **All-Bran** umbrella, such as Bran Flakes Yoghurty.

Pulling a range of fibre products together under a single brand also made it easier to communicate with the target audiences through a shared communication plan.



05_Research and promotion

Research

Before proceeding with the change, Kellogg carried out some detailed market research with consumers to discover their thoughts and feelings.

There are two main approaches to **market research**:

- qualitative
- quantitative.

Qualitative research involves working in detail with a relatively small number of consumers e.g. observing and listening to them talking in small groups in which they discuss the brand, products, packaging, advertising ideas, etc. This qualitative research helped to assess consumers' perceptions e.g. by giving them pictures of possible new packaging and letting them give their views on the benefits of the product and reasons why they use fibre based cereals. The qualitative research helped Kellogg to develop the concept of a family of fibre brands. The advertising and promotional materials with which the consumer groups worked were very similar to the end **promotions** that Kellogg wished to communicate.

Once the qualitative market research was complete it was possible to test the concept through quantitative research. This involved using questionnaire and survey approaches with a much larger sample of targeted consumers to estimate the impact on sales if these changes were put into market.

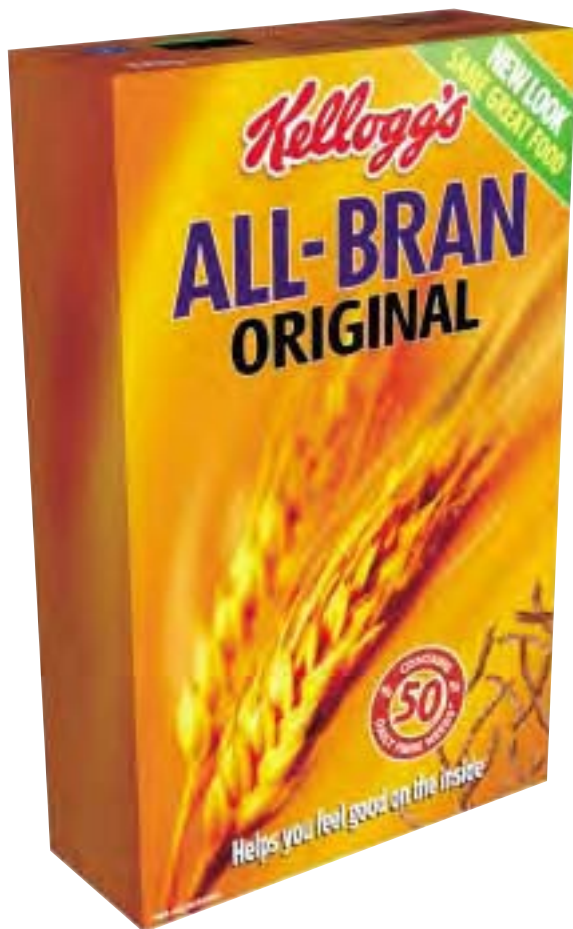
Promotion

The market research revealed several matters that Kellogg needed to address when alerting the public to changes in the brand family.

1. Some consumers might find the act of placing a range of separate products under the **All-Bran** brand confusing. The solution was to ensure that packs clearly display both the power brand name (**All-Bran**) and also the product name (e.g. Bran Flakes). To maintain continuity, it was vital to use consistent type fonts and colours from the old packaging, as well as introducing the flash 'new name, same great taste'. To support

consumer understanding of the new range, the back of each pack featured a range sell detailing the different attributes of each of the products in the range. This allowed consumers to make purchase decisions on the basis of taste and the amount of fibre they require in their diet.

2. Research showed that consumers see cereals as a 'natural product'. This is a strong selling point. It makes it vital to feature the ingredients on the packaging. This is because the **All-Bran** range can be seen as part of a daily healthy diet. For example, the latest addition to the **All-Bran** range, the delicious Bran Flakes Yoghurty, claims to promote users' inner health by providing 17% of daily fibre needs.
3. To give the campaign maximum impact, Kellogg carefully coordinated television and radio advertising, PR and in-store promotions. These encouraged consumers to try out and reappraise the revamped products. For example, in September 2004, Kellogg introduced the **All-Bran** 'Feel Great in a Fortnight' Challenge. This campaign was designed to make the brands benefit more relevant to consumers. Adopting the 'feel great' message moved the brand away from the outdated 'keeps you regular' message and into the feel good territory of better inner health. This promotion featured on 8 million packs and on the **All-Bran** website. It used William Shatner, best remembered from Star Trek's Starship Enterprise! The challenge invited consumers to eat one bowl of any of the cereals in the **All-Bran** range for two weeks and see if they could feel the benefit. It focused on the fact that high-fibre diets may help people to feel lighter and more energetic as well as aiding the digestive system.



06_Conclusion

If a business wants to make a product's total sales grow, it must carefully consider how best to extend its life cycle. By creating the powerbrand '**All-Bran**' and providing the right sort of well researched promotional support, Kellogg has been able to inject renewed vigour into a family of related products. Through appropriate promotional activities and more relevant messages, Kellogg has re-awakened consumers' interest in products that can play an important part in developing a healthy diet in a health-conscious world. Regular campaigns of promotional activity are helpful in enabling all organisations to sustain their own life cycle and those of their brands and products. It is early days in evaluating the success of the marketing activity supporting **All-Bran** but the signs are good.

Glossary

Evaluate: Weigh up. Assess the worth.

Management and marketing economies of scale: Efficiencies in marketing and management that result from operating on an increased scale and which enable a product's unit costs to be reduced.

Market research: Finding out about the wishes and perceptions of consumers.

Marketing techniques: Tools such as promotion and advertising used to generate consumer interest.

Masterbrand: A leading brand name or logo which drives the success of sub-brands.

Maturity: Period in which a product or brand is well established and widely known, but there is little increase in consumer awareness or fresh sales among new groups.

Powerbrand: A powerful brand name which generates high revenues for a company.

Private labels: Supermarkets' own brand labels e.g. Sainsbury's Peas, ASDA Baked Beans.

Promotion: Activities designed to communicate information about a product.

Saturation: A period in which there are too many units of a product, or of similar products, on the market so sales stop increasing or the rate of increase slows down.

Strategic change: A major change introduced to achieve company objectives.