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Kellogg's brief

Introduction
Kelloggõs is the worldõs leading producer of breakfast cereal. In 2007, it was Britainõs leading grocery brand. Its lines include both ready-to-eat cereal (like *Rice Krispies*) and cereal bars. Kelloggõs divides its markets into six segments so that marketing can be targeted. Each brand has to hold its own in its market. If a brand is not performing as well as it should, the business must do something about it.

Product life cycle
Each product goes through its own life cycle. It is born, reaches maturity and eventually goes into decline. There is an important stage before launch, called research and development, when the product is designed to meet the needs of the market. *Nutri-grain* was designed to meet the needs of busy people who had missed breakfast, providing a healthy cereal breakfast in a bar.

- At launch in 1997, *Nutri-Grain* immediately gained 50% market share;
- Growth was maintained by bringing out new versions and repositioning the bar as an óall day snackô
- At maturity, competitor brands (like *Alpen*) started to chip away at market share. Some variants (such as *Minis* and *Twists*) struggled, whilst some grew (like *Elevenses*) but could not halt the overall decline.
- At saturation, the market is ófullô Better or cheaper competing products have come to market. By mid-2004, *Nutri-grain* faced declining sales in a growing market.
- Decline: at this point Kellogg had to decide whether to let the product die or use an extension strategy to lengthen its life.

Strategy
Strategically, Kellogg had a strong position in the market for both healthy foods and convenience foods. In addition, *Nutri-Grain* fitted the profile of its aims. Kelloggõs therefore planned an extension strategy. It used Ansoffõs matrix to decide on the most appropriate way forward.

Extending the cycle
Kellogg had to decide whether the problem with *Nutri-Grain* was the market, the product or both. It could see that the market was growing, but that customer tastes were changing. The choice was therefore between product development or diversification. The first of these carries much lower costs and risks. Research showed Kellogg that:

- the brand message was not strong enough
- some other Kelloggõs products (like *Minis*) had taken the focus from *Nutri-Grain*
- *Soft Bake* and *Elevenses* did not receive enough marketing support, despite having 80% of sales
- market growth was being driven by discounts, rather than any permanent factors.

Implementing the extension
Kellogg re-branded and re launched *Nutri-Grain* in 2005. The bars had a new brand image. They also had a stronger unique selling point (*Nutri-Grain* is more healthy because it is baked). Kellogg also put more promotional investment into the core brands and dropped some of the others. As a result, *Soft Bake* Bar sales grew, with *Elevenses* sales up by almost 50%. The *Nutri-Grain* brand grew at almost three times that of the market and maintained this even after the re-launch was over.

Conclusion
Kelloggõs could see that *Nutri-Grain* was a good product. It also fitted well with its aims. It used business tools to decide on the future of the product and successfully met its aims.