

## **Marketing Plan for Kellogg's Ready-to-Eat Cereals in Latin America**

### **Executive Summary**

Kellogg Company is a leading American Multinational food processing company that specializes in making cereal products and other food products. It traces its origin to the United States of 1906 and has since grown to attain international business reputation. The current market environmental analysis reveals that the company suffers from a lot of competition, especially in domestic industries. Despite these challenging environment, revenue growth, demographic diversity, and increasing dividends are some of the recorded strengths of the company. In addition to these, the company is associated to a number of opportunities including acquisition of other brands, innovation of new brands and selling its brands in order to increase its financial strength.

Saturation of the market, huge debts and reliance on one product has been the greatest challenges of the company. Competition and increase of food prices are also the threats of the company. In its plan to venture into the Latin American market, product development, market development and diversion should remain as the guiding objectives. However, this should be pursued as it seeks to maintain its global position as a champion in the food industry.

In this market plan, the company should target young people that form the majority of the Latin American population. In implementing this plan, the company should carry out advertisements through the print media and telecast for a period of one year and with quarterly reviews. Besides these, brokers, distributors and sales representatives should also be engaged in the process. Their main target should be business institutions that include supermarkets, wholesales, retail shops, hotels and restaurants. Through this, the marketers should be able to create a chain of popularity of their products across the whole area of the region. Evaluation

should be done through quarterly sale tracking. In this process, an increase in sales of a particular product shall be a proof of the effectiveness of the marketing plan.

## Marketing Plan for Kellogg's Ready-to-Eat Cereals in Latin America

### **Introduction**

Kellogg Company is an American multinational food manufacturing industry, which is based in Battle Creek in Michigan, the USA, and has several branches across the globe such as those located in Manchester and Trafford Park in the United Kingdom. The company mainly manufactures cereals and other food products such as cookies, toasters, crackers, cereal bars, frozen waffles, vegetable fruits and fruit flavored snacks. These products are manufactured by the branches of this company that are located in eighteen countries and are marketed in close to 180 countries across the globe. The company was founded in 1906 by W.K. Kellogg and had grown to record sales up to 3,215 million by 1990. The primary aim of the firm is to aid people to be self-reliant by advocating for healthy living and eating.

### **Market Environmental Analysis**

Kellogg has several subsidiaries such as Mrs. Smith's Frozen Foods, Salada Company and Fearn International. Mrs. Smith's specializes in production of frozen waffles, while Salada produces tea bags and other tea related products. Fearn International offers other food related services marked under the brand name LeGout. The first market targets were institutions of learning and health institutions within the U.S. This initial target was expanded to include delicatessens and chains of restraints. These distributions have been mainly carried out through the brokers, distributors and the company's sale representatives. Through chains of stores and warehouses that stock these products, Kellogg's products have been made available in various feeding institutions, restaurants, and retail and wholesale stores beyond the American borders.

Despite the domestic market that the company has widely enjoyed, the current research reveals that there is very high increase in competition. This dictates that the company has to lay

down new marketing strategies and also improve the quality of their products so as to counter the rate of competition. In the international market, Canada, Australia and United Kingdom have been the main consumers of Kellogg's ready to eat cereal products. Although these foreign markets have been marked as the main consumers of the company's products, the current trend also reveals very stiff competition among their domestic companies. In a bid to gain entry into new markets, Latin America has been identified as a potential market for Kellogg's ready to eat cereal products.

Within the Latin American region, Brazil and Mexico have been highlighted as the potential markets. This is based on their increasingly growing population. The high birth rates also dictate that the populations will be relatively younger due to the peculiarity of people to spend most of the income on food. The top marketing priority of the company is thus to expand its sales of the ready to eat cereal products among the young and aging populations of Brazil and Mexico.

### **SWOT Analysis**

#### **Strengths of the Company**

Revenue growth has been reported as one of the greatest strengths of the company. For instance, it has been observed that between 2006 and 2011, the company revenue increased from \$ 10.907 billion to \$ 13.198 billion. This indicates that the company registers an annual revenue growth of at least 3.8 %. If this growth is maintained, the company is expected to sustain itself and make a better projection into the future.

Demographic diversity is another remarkable strength of the company. Although it was founded in America by an American entrepreneur, Kellogg currently sells its products in more than 180 states of the world. This implies that an economic decline in one state is not likely to

cause serious damage to the company's overall market since other foreign markets can still sustain the company. Besides demographic diversity and growth of revenues, the current dividends are a great advantage. It offers annual dividends that yield to 3.29% which is relatively higher compared to other companies. Alongside other managerial factors, this has raised the company's institutional vote of confidence to around 78% hence attracting more investors to the company.

### **Weaknesses of the Company**

Saturation of the market is one of the weaknesses that are associated to the Kellogg Company. The fact that the company's products are popular across the globe is the evidence that the company has very limited chances for geographical expansion. The company has also been paying huge debts that hinder the progress of the core business. On the other hand, the company has been experiencing massive valuation, which is contrary to the company's growth rate. The company is challenged by its reliance on one product, which is predominantly a cereal brand. This implies that it may not perform to the optimum in the society where cereals have lost popularity.

### **Opportunities of the Company**

Despite these weaknesses, the company has various opportunities. For instance, Kellogg has acquired Pringles Brand from Procter and Gamble, which have catalyzed its growth. The company has also innovated and invented new brands that contribute to its sales. Besides these, the company has been engaged in selling brands for cash. Through this, Kellogg has been able to acquire more cash, which has been useful in reinvestment and payment of debts.

### **Threats of the Company**

The competition based on the need to offer the best products at the lowest cost has emerged as one of the threats to Kellogg. The food industry has been crowded all over the world hence challenging the dominance and monotony of the company. The rising food prices have also exposed the company to serious threats. In relation to environmental challenges, food resources have generally reduced; therefore, the company has to meet extra expenses to attain raw materials. Shifts in the food market have also been reported as cereals loose popularity in some food markets.

### **Marketing Objectives**

The marketing plan of Kellogg Company is guided by three main objectives, which are product development, market development and diversion. In relation to product development, the company should maintain constant innovation of its products. It should thus venture into introduction of goods that address the dynamic and evolving needs of its client base. Although the new marketing strategies are targeting the Latin American consumers in Mexico and Brazil, the company should remain committed to maintaining its global position hence expand its new market without necessarily losing the current market.

Diversion of products should also be pursued since the newly targeted population has unique preferences in terms of consumption of cereal products. The company should, therefore, introduce new products that can offer satisfaction in the newly targeted market. If all these objectives are met, the Kellogg's marketing team shall be accredited for maintaining the company's status and making it young and relevant to the new market.

### **Marketing Strategies**

Every marketing strategy must consider the target population. In the case of the product consumables like food, the strategy must consider eating habits of the target population. In this

plan, the company should target the young people in Brazil and Mexico. This is justified by the fact that the majority of elderly people in Latin America do not embrace the American eating habits of heavy and balanced breakfast. Young people can therefore adopt this trend faster than the elderly ones. Furthermore, the younger families are the majority and stand a chance of being part of today's and future markets. In consideration to the market mix, the marketers should consider the fact that 37% of the population are likely to be under the age of 15, 48% of them are under 20, 12% are under 50 and only 6% are under 60. This indicates that the mix should have more productions targeting the young and middle aged people.

### **Implementation of the Marketing Strategies**

Execution of this plan may imply that the company gives priority to mass media advertisements through newspapers, social media and telecasts. These adverts should expose the nutritious value and flavor of the cereal products. They should also show the ease in preparing the foods. The advertisements should also challenge the traditional eating habits and encourage the need to have a stronger and more balanced breakfast, which is ensured by the offered products. This should mainly target the working class that needs more energy to carry out the daily activities.

Brokers, distributors and sale representatives should be engaged in marketing the products. These personnel should ensure availability and popularity of these products in supermarkets, wholesales, retails, hotels and restaurants. This strategy should be carried out within a time span of one year, after which an evaluation can be done. During this period, evaluation and control can be done through quarterly sale tracking. In this process, realization of sale increase can be a proof of the effectiveness of the plan. This should be done with respect to every individual product and a final percentage computation of all the products.

### **Conclusion**

Kellogg Company is a leading American multinational food processing company that specializes in making cereal products and other kinds of food. The company traces its origin to the United States of 1906 and has since then grown to attain international business reputation. Although it has attempted to penetrate many states, the competition with domestic companies has emerged to be a challenge. This business plan, therefore, illustrates how the company should venture into the Latin American market in order to secure market for its ready to eat cereal products.