

ACHIEVING GROWTH IN MATURE MARKETS

Kevin Brennan, Marketing Director, Kellogg's UK

Kevin Brennan, Marketing Director at Kellogg's UK, described how Kellogg's have successfully achieved growth in an established, mature market at Summit 2006.

As a company recently celebrating its 100 year anniversary, Kellogg's is probably more entitled than most to treat its cereal market as a cash cow. However, it is also more than likely that the fact it sees it not as a cash cow but as a growth engine, is the very reason for its continued success in the FMCG industry.

In basic terms, segmentation and simplicity are seen as key to sustained and increased success. While innovation in terms of new products is important, it can be just as, if not more profitable to develop existing brands.

In 1999, Coco Pops was a successful standalone brand, but by 2006, there were four different Coco Pops brands, each of which has grown sales for the overall portfolio. And it is not just new products which can boost sales.

Simple ideas can be the best. When Kellogg's ran a public vote for a new name for Coco Pops, sales rose by 20%. This tried and tested tactic was then launched in Spain where the manufacturer's Smacks brand was given a similar high profile campaign. A television advertisement asked people to vote for either the incipient chocolate flavour or a new gorgonzola flavour. Perhaps unsurprisingly, the chocolate flavour remained the choice of the people but more importantly sales went up by 20%.

Like Coco Pops, Special K was but a single brand seven years ago. There are now seven different variants, all of which have helped to grow Special K. this has come about by ensuring an understanding of the consumer on a deep and personal level. This is how Kellogg's can find the right areas in which to develop.

This is achieved not just through focus group research but by talking to consumers in person. If focus groups were to be trusted, apricots would be a multi-billion pound business because this is apparently what parents feed themselves and their children on a regular basis. As the figures show though, the truth is somewhat different.

Another way to increase sales in a mature market and even with a 40-year-old brand such as Crunchy Nut Corn Flakes, is to reposition it. Kellogg's ran a series advertisements positioning the cereal as a snack to have when you get from work. The beauty of this ploy is again its simplicity and this also managed to boost sales by 20%.

As a global player, Kellogg's has to have a global strategy. However, this cannot afford to come at the expense of local insight. Indeed, this insight is more critical in local markets and much of their success is based on this local knowledge.

For example, in Britain it is a commonly held belief that if you skip breakfast you will lose weight. Such a notion simply wouldn't work in France or Italy where no such belief is held. Equally, in France, where chocolate is not seen as such an unhealthy treat as it is in the UK, it can be positioned differently, and indeed is, with Special K. By focusing on simplicity, consumer understanding and harvesting a culture of ideas, Kellogg's has managed to continue growing in one of the most mature markets in the industry.