

Short Case: KELLOGG'S SPECIAL K

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Kellogg's is the leading producer in the cereals and convenience food industry, globally. It was formed in the year 1906 in Battle Creek, Michigan. It has had a history of providing healthy breakfast for more than 100 years. Today, it sells its products in more than 180 countries and has its manufacturing base in 18 countries. It markets more than 1500 products worldwide, which includes more than 100 ready-to-eat cereals.³³

Kellogg's entered the Indian market in 1995 and has invested over ₹150 crores. Currently, Kellogg's has earned a 60 percent share in the ₹400-crore cereal market in India.³⁴ It is famous for its flagship brand Kellogg's Corn Flakes, which come in flavors like chocolate, honey, muesli, oats, etc. It offers different products for requirements like digestive regularity, weight control, and heart health.³⁵

The traditional Indian breakfast in India consists of *roti*, *paratha*, *poori*, *dal*, *upma*, *dosa*, *idli*, fish, etc, depending on which region people come from. Kellogg's products were alien to the Indian market. Kellogg's to establish itself in the Indian market had to face many challenges like non-acceptability of goods, lack of adaptability, unchanged traditional eating habits, skepticism for processed food, and price sensitive customers. Kellogg's fought through these hurdles and successfully penetrated in the Indian markets using various marketing strategies. It created awareness of its product by educating people about the benefits of eating cereals for breakfast. It advertised its products on TV, and also manufactured tailored goods suitable to the Indian market. Innovative marketing along with efficient brand-building activities and an efficient supply chain network, enabled Kellogg's to create its market in the breakfast segment in India.

Gradually, with increase in the acceptability of Kellogg's products in the Indian market, Kellogg's expanded its range of products. Recently, it launched a new brand called *Kellogg's Special K*, which consisted of cereals, bars, and snacks.³⁶ This brand was offered as a low-fat breakfast option. The target consumers were the working, and health-conscious women. However, this product was not very successful in the beginning. Kellogg's then made a comeback with a better advertising strategy. It then appointed the actress Lara Dutta as its brand ambassador. In the TV commercial she promoted the product by stating that the secret behind her maintained physic is eating *Kellogg's Special K* everyday for breakfast. The USP of this product was that it was 98% fat free, full of fiber, Vitamin A, B, and C. It is made from wheat and is coated with honey for taste.³⁷

The product got good reviews but Kellogg's limited its market to a niche customer base. Anupam Dutta, MD, Kellogg's India said to *Business Standard*, "the brand meets a specific consumer need, has been growing at a terrific pace across the globe. It took nearly 50 years to deliver annual sales of \$1 billion (₹4,500 crore), but took only two more years to grow its annual sales to \$1.5 billion (₹6,750 crore). Plus it targets Indian customers who are getting increasingly health conscious."³⁸

Questions

1. Kellogg's Special K products are only meant to target weight and health conscious women. Is this positioning right?
2. What are the advantages and the disadvantages of this positioning? Is Kellogg's restricting its market?