Re branding a corporate image

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 Introduction

When Will Kellogg accidentally invented a new breakfast food in Battle Creek, Michigan in 1894, he did not realise that he was on the threshold of forming a major food manufacturing company. His name would become one of the most instantly recognised throughout the world.

Today, Kellogg's is an American owned organisation that has a true global market. It has four main divisions covering North America, South & Central America, Asia Pacific, and finally Europe, Africa and the Middle East. The European Headquarters is in the UK, which along with Ireland has the highest per capita consumption in the world.

However, Kellogg's has manufacturing operations in several different European countries. The supply chain management, covering all aspects of production, logistics and finance is organised on a pan-European basis, which gives substantial economies of scale. However, marketing and sales tend to be more locally based to meet the different cultural needs as the markets across Europe can vary enormously.

This case study looks at the Kellogg's brands and considers both the branding of the corporate image and the individual products. How have they developed and how are they maintained?

 What Is A Brand

The marketing of Kellogg's and the creation of some of the most valuable individual brand names has been key to the company's success.

Firms are keen to give products their own identity, which will clearly distinguish them from any competition. A successful brand name will encourage loyalty amongst consumers who will be more likely to buy the product on a regular basis. An effective brand will distinguish one product from the next on the supermarket shelves.  This familiarity adds extra perceived value to the product and means that a customer's decision to buy is not purely determined by price. This sensitivity is called the price elasticity of demand. Small changes in the price will not lead to big changes in the amount demanded by consumers.

Firms may try to build loyalty by creating a corporate brand name that will suggest an identity or characteristics that would apply to all its products. This is known as corporate branding. Alternatively, firms may choose to establish a brand identity for each of its products.

Kellogg's effectively does both. Kellogg's is an example of multiple product branding, where each product within the range is given its own clear identity and personality but is also marketed using the Kellogg's name as an umbrella.

Kellogg's has, over the years, built up some key core brand characteristics, emphasising quality and nutritional benefits that will apply to any Kellogg's'sproduct. Consumers will trust the Kellogg's brand name to fulfil these requirements whichever type of cereal they choose. To these core brand valuesare added the elements of the individual brand personality. Like members of a family, each will bear the same surname, but each individual has its own characteristics and strengths. There are currently 29 products in the Kellogg's family.

One of the key factors is the creation of the brand identity. What characteristics would the company want its products to show? This is known as positioning. Kellogg's products are positioned to highlight the quality of the goods and to build on the emotional attachments. Consumers who have grown up with Kellogg's breakfast cereals will have strong associations of childhood and home.

Having decided on the position of the products within the cereal market, Kellogg's can consider the elements of the marketing mix, the different marketing tactics it will employ to make its products more desirable.

 Kellogg´s Marketing Mix

When Kellogg's Corn Flakes were launched in the UK in the early 1920's the company faced a formidable task of persuading a sceptical nation, accustomed to porridge and bacon and eggs, to try a brand new breakfast food.

What followed was one of the most remarkable marketing achievements of the 20th Century. Kellogg used a team of dedicated salesmen who employed armies of casual labourers and Boy Scouts to cover the country, to knock on doors and literally give away millions of sample packets of Corn Flakes and Rice Krispies.

The free samples encouraged consumers to buy the products and within ten years Kellogg's had revolutionised the eating habits of a nation.

 Advertising The Kellogg´s Brands

This was an example of sales promotion. Today, advertising and packaging are also key aspects of the marketing mix.

Kellogg's advertises using a whole range of media: in the press, on posters, radio and cinema, direct mail and, most recently, on the Internet. However, the main channel for its advertising is on television, where individual brands are given their own air time, aimed specifically at a target audience.

Although breakfast cereals are consumed by the whole population, individual products may be aimed at specific groups. For example, Special K is aimed towards women, Start has a sporty image and Frosties and Coco Pops are primarily aimed at children. Corn Flakes, by contrast, are aimed at the whole family. This targeting will determine the content of the advert and the time of broadcast.

 Packaging The Individual Brands

The packaging of Kellogg's breakfast cereals is also a key element of the marketing mix. The packaging has to provide a representation of the brand identity and appeal to the target market. It also has to have space for nutritional information and any promotional offers.

Kellogg's has to deal with the problem that the purchasers of cereal, usually adults and often female, are not always the consumers, often children. The packaging has to appeal to both groups.

By combining some elements of corporate branding with the individual product's own identity, it can provide the assurances of quality and nutrition that come with the Kellogg's name and also appeal to the end user.

In Spring 2000, Kellogg's took the major step of launching a bright, colourful new corporate image for all its cereal brands. This is not a course of action that should be taken lightly. Once consumers have a popular brand image in mind, it may be risky to change it, but Kellogg's was concerned that, in a highly competitive market, it was becoming increasingly difficult to differentiate between supermarket own label and other manufacturers's brands. Consumers were becoming confused when confronted with so many similar packs on the supermarket shelves.

 Marketing Research - The Reduction Of Risk

To further reduce any risk, Kellogg's undertook a considerable amount of market research. One thousand consumers were asked a series of questions about the Kellogg's brands and were shown some initial designs. In particular, the researchers wanted information about the impact of the designs on the shelf, the ease of recognition and the clarity of the brand name and product.

The results of the market research confirmed that one design led the field. It highlights the 'K' logo, which was based on the original signature of W. K. Kellogg. The big advantage of using the 'K' logo was that it was a protectable brand image. Other competitors would not be able to imitate it.

Having decided on the new corporate brand icon, the designers