

# Marketing – Market Research: A Case Study Analysis of Kellogg’s Indian Experience

## Abstract

Research is handing down the torch of knowledge to the next generation. Research adds something new to the treasure of knowledge and without it teaching will lose its utility gradually. A researcher is never satisfied with the knowledge that he possesses, his thirst to know more is never quenched and is never satisfied with the repetition of old things. Similarly Market research helps a producer and consumer how to minimize cost so to attain maximum production and profits. Researcher is able to Analysis demand for the product, available competitors, better advertisement and Environmental conditions.

**Keywords:** Literary Research, Conduct Situation Analysis, Developing Research Design, Data Analysis, Market Research Kellogg’s Case Study.



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## Introduction

Meaning and objectives of Literary Research the general concept of research has been defined in the scholarly world as a systematic investigative process of a phenomenon to enhance or revise current knowledge about the subject under study by discovering new information or revising new knowledge in the light of new facts. This clearly indicates that research can be identified as “A search or investigation directed to the discovery of some fact by careful consideration or study of a subject a course of critical or scientific inquiry (Oxford English Dictionary). Research has variable features according to the definition – It works on certain set of principles.

1. Firstly it is a systematic body of search and investigation.
2. Secondly it analysis the subject critically and scientifically.
3. Thirdly it works on hypothesis as well as the truth and facts laid as the accepted laws and theories.
4. It is the practical application of new or revised conclusions, theories or laws.
5. Research needs to be objective – where the role of the researcher is detached and impersonal not biased.

Starting with the first feature systematic means there are certain set principles on which the entire search is based. The critical approach here can be said as that the researcher takes care of both kinds of facts, one that is in favor of his hypothesis and second that goes counter to his assumptions. Another feature is that research should be genuine and logical contribution to knowledge. Moreover, research is also that kind of investigation that examines an accepted theory, to revise or modify it or sometimes to reject it. Likewise, the linguistic of the seventeenth century considered Latin and Greek to be the most ancient language, later on Sir William Jones after his arrival in India and study of Sanskrit propounded that Sanskrit was the most ancient language and all the European and Indian Language have their origin in it.

Finally, research can be applied research. Here the investigation applies the abstract principles of a theory for practical purpose “Einstein’s theory of relativity is applied in space research Freud’s psychology is applied in the analysis of literary text. Here it means there are two types of research basic and applied. Basic is not solution based it create theory to verify, a given theory. Whereas applied brings pragmatic solution based on real life problem to make decisions accordingly.

## Market Research

Market research can be conducted both as basic research and applied research. The main goal of this research is to aid the organization



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and managers in making marketing decisions by systematic and objective process of gathering information. This research falls into two categories.

1. Marketing Research
2. Market Research

According to the American marketing association, Marketing research specifies the information required to address the issues, design the methods for collecting information, managing and implementing the data collection process, analysis the results and communicate the findings and their implications. Market research is related to market situation i.e. size, location, market competition and feature of customers. It helps in providing details about the market for decision making and policy framing. The scope of research is narrow as the study is restricted to an existing market situation.

In short objectives of market research is to –

1. Evaluate opportunities and identify market space.
2. Analyze segments of market for e.g; buyers demographic features, income, taste, habits.
3. Identifying Target market for a particular product.
4. Implementation of decisions on the basis of competition, price and Taste tests etc.
5. Lastly to monitor performance of the organization on the basis of planning, decision making policy formulation and thus Analysis of the results accrued.

#### **Aim of the Study**

The aim of the paper is to provide a guide lines to the researchers that how best the methods of research can be applied in reaching the goal of a company or an institution. Research method is a tool that prepares the Organization to analyse and resolve the problem. Research methods are used in analysing the case study of Kellogg's Company. Hence proving that how a company's failure and success is based on research methods.

#### **History of Market Research**

The earliest application of market research occurred in 1879 by an American Advertising agency N.K.L. Ayer and sons 1879. They carried out survey into grain productions across the United States to develop, an advertising schedule for agricultural machinery. In 1895 and 1897, Professor Gale used mail Questionnaires in an opinion to survey on Advertising. The formal practice of market research started during the 1920 is as an off shoot of the advertising boom of the golden age of Radio in the U.S.

Due to large scale production, shifting of sellers market to buyers market, introduction of computers, rapid change in the business Environment, shifting to consumer oriented philosophy and globalization has increased the importance of market research. The exploded growth of Internet data driven Journalism has opened new doorways to the decision makers for success in business and industry.

#### **Market Research Process**

The process of Market research is applied in four to five phases. These phases help the Researcher to take the right decision in promoting the business.

#### **Conduct Situation Analysis**

The Researcher's task begins after identification of problem. This involves getting acquainted with the company, its products, market environment advertising etc. the researcher tries to get a feel for the situation surrounding problem. He analyses the company its market, competition and industry in general. This preliminary exploration is known as situation analysis which further helps in investigation.

#### **Gathering Information**

Researcher tries to gather information on the basis of two sources. Firstly the Primary source which includes distributors, dealers, customers, channels of distributors, prospective customers and competitors. Secondly it takes the information from the secondary sources like libraries, trade publication, trade association, research foundation, government policies and university researcher etc.

#### **Developing Researcher Design**

The term Research Design is an overall strategy to incorporate different components of the research conducted on the subject in a comprehensive, rational and coherent manner. The goal is to ensure the effective redressal of the issue in question and a means to collect, measure and analyse the data for a pragmatic solution to the problem under study. The research design can be developed in many ways. Research design is divided in different headings.

#### **Exploratory Research**

This design creates goals according to the problems, clarify concepts, and gather explanations, earning insight formation of hypothesis. It is performed by using literature surveying certain people, interviewing and acquiring knowledge.

#### **Descriptive Research**

It is a rigid approach, desirable users of a product, determine the proportion of the population using the product, or prediction of future demand, customers feedback, media information, mails, phones, surveys, mails/online, demographics, household incomes etc.

#### **Casual Research**

Market researchers work scientifically and systematically i.e. on the basis of cause and effect relationship between two or more variables. Such studies are based on reasoning, hypothesis, testing data collection, comparative analysis of data tabulation analysis and results. If any problem occurs in business to get the right solution to attain the desired objective it becomes important for the researcher to analyze the problem and through scientific working bring the solution to the problem.

2. The second step to researcher, designing is the collection of Primary data which is collected by observation, experimental and survey methods.
3. Research Instruments are the various mathematical and statistical tools, Questionnaire etc used in designing the Market research.
4. Sampling methods are of two types probabilistic and non-probabilistic all help in the working of MR.

**Data Analysis**

Coding, tabulation and analysis, describes that the evaluation of responses as they pertain to the specific issue or problem under investigation. After this the researcher report has to be prepared.

**Recommendation for Creating the Research Design**

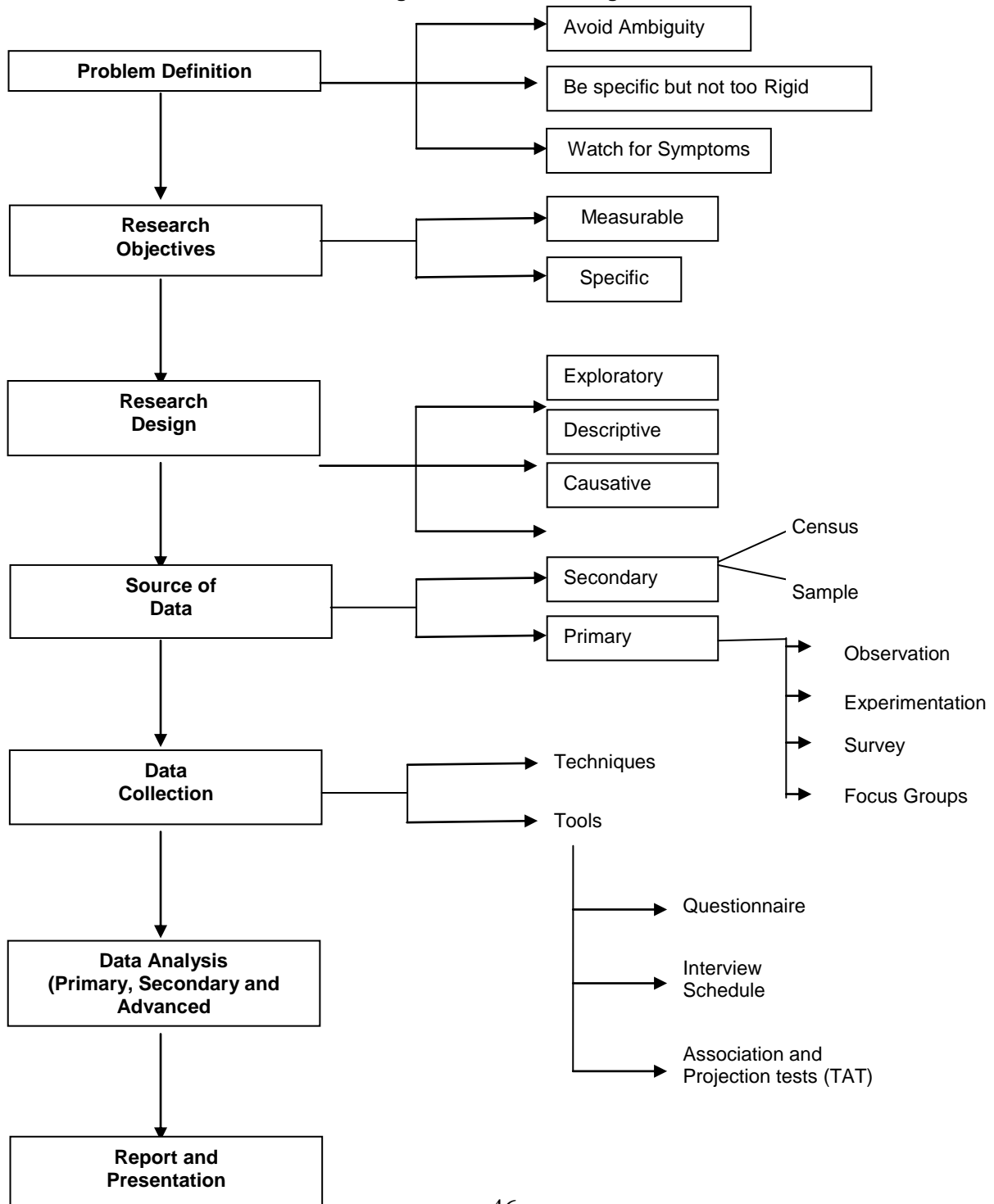
The data analyzed is consolidated to create a list of recommendations for creating the research design. The recommendations are put in the form of

suggestions for a firm based on marketing research and findings. The recommendations are passed on to the decisions makers, the complete marketing authorities passes it through the intelligence network.

**Implementation of Finding**

The report represents feed back to marketing managers who use these research design which helps too effectively, to meet out the challenges in marketing the products to the target market.

**Table Analysis**  
**Marketing Research Process Figure 3.10**



**Company Research****A Case Study of Kellogg's Indian Experience Market**

Through a case study analysis of Kellogg's this paper demonstrates how market research allowed the company to successfully launch its product in a competitive market satisfying the consumer and yet reaping the profits.

The Kellogg's company is the world's leading producer of cereals. For more than 100 years, Kellogg's has been a leader in health and nutrition through providing consumer with a variety of food products. Kellogg's market leading position and reputation is built on its commitment to ethical business practices and value based culture. These values then guide decision making and shape the way the organization behaves.

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Kellogg's was founded as the Battle Creek Toasted Cornflake company on February 19, 1906 by Will Keith Kellogg as an outgrowth of his work with his brother John Harvey Kellogg. In 1990 Kellogg's without any apprehensions selected India, a nation with 900 million of people in 90's and a growing middle class population for its expansion in international market.

As the Indian government opens the doors for international trade in 1990's and with the introduction of liberalization, privatization and globalization Kellogg's entered India. With the calculation that if the country of 900 million people will consume on an average as much as cereals as Americans then merely 2% of Indian population would be more profitable than the entire US market on this basis of its deficient analysis they invested initially the amount of US \$ 65 billion and a high profile launch of its product backed by media activity in India. Kellogg's offer cornflakes wheat flakes and Basmati rice flakes to Indian consumers. Though the initial sales figures of the product were encouraging but soon it become visible that many customer had purchased it as novelty company was not able to convert their first time buyers into regular one and by the end of 1995; sales of Kellogg had come to a standstill and it become very difficult for the product to sustain in Indian market.

The market research and survey was done by the company to know that why it become a failure and big setback for the company.

**Reasons for the Failure of Kellogg's in India**

Four major aspects were under reached by Kellogg's when it launched the product in the Indian market.

**Target Market (Product Kellogg)**

The reason of failure of its product was the fact that the flavor of its product did not match the cultural and taste preferences of Indian Consumers. Infact it did not customize the product according to Indian eating habits and blindly copied its product being offered in U.S.

Indian prefer hot milk and sweet content to be poured in the flakes, when put it changed the taste of kellogg's flakes, which was not accepted by them. The failure of customizing the product according to

customer preference as of Indian culture and eating preferences were poles apart.

**Target Market (Pricing)**

Price of the product plays very important role in the market the cost of Kellogg was nearly double the amount of the domestic product, its competitor Mohan Meakins corn flakes in India. The Indian consumers were not ready to buy such expensive product; Kellogg's did not introduce small packaging even. So there were differential needs of the consumer groups in India. No premium pricing policy was rendered in the nation. Due to various income groups, for some individuals it was affordable product and some were not even thought to buy it.

**Target Market (Sentiments of Customer)**

Indian consumers have the eating habits i.e. spicy and crispy food. Every state has its own taste and preferences. The advertisement of the product declared that the Indian breakfast is unhealthy which was not acceptable by the Indians. Thus customization disconnected the copied produced from US offered to Indians.

**Target Market (Place)**

Place in marketing mix is a point where the product is sold and catching the eye of its consumer and this is the fundamental principle of marketing. This distribution strategy became a failure as it concentrated only in metro cities. This became a major cause of failure as it restricted the huge sections of Indian population to reach for the product from these stores. In fact it was improper distribution of the product.

**Changes in Strategy after Market Research**

Kellogg's sources were however quick to assert that the company was not trying to change these habits, the idea was only to launch the product on the health platform and make consumer see the benefits of this healthier alternative.

**Target Market Demographics (Product)**

The company decided to overcome the causes of the failure. It realized that the Indians value their cultural and traditional environment. The awareness towards health, life style preferences and the nutrition value of the product became the fundamental basis to reach to the ultimate consumer satisfaction.

Chocos in 1996 and frosties in 1997 were launched. Kellogg's chocos were wheat scoops with a coating of chocolate where as frosties has sugar frosting on each individual flakes. The sales of two variant significantly raised in India (vignali, 2001) the new product development strategy according to the taste of the consumer worked. Then continuously new items were launched like Mazza series, nutritional breakfast cereal in three flavours like Rose, mango, elaichi etc. In 2005 for ladies it was launched as special K low fat calory breakfast.

**Target Market****Pricing**

The price of the product was 20% lowered down, the packaging was changed to pouches, 500 gms family packs were introduced, attractive packaging and slogans were introduced to attract children and kids of different age group. This change

was a huge upliftment of the product. People became regular customer to buy the product.

#### **Target Market Promotion**

Indianisation of the brand, according to the taste buds of the Indians, the quality of the product was changed like crunchy almonds, kesar, pista, flakes were promoted through advertisement and press, Kellogg's in its new stint in India tried the globalization strategy, that is think Global but act global, which made it a market leader.

#### **Target Market (Place)**

The distribution of the product which was only for the Metro cities was checked and the product was sent in all the states of the country. It opened 40,000 outlets in all over India and it not only increased its sales but also helped in penetrating the larger consumer base, which was only confined to metros.

Looking to the above factors, Kellogg's the only company took its failures positively and restructured its market policy. Now after relaunching, currently it holds 70% of market in a 500 crore Indian cereal market. All raw materials, including packaging is sourced in India, and the main plant is located close to the largest market, all of which minimizes the cost. With the help of network agents, storage facilities, Overheads are minimized by giving distributors large responsibility for sales.

#### **Analysis of (Market Research) Case Study and Recommendations**

Considering the case study of Kellogg's the company did applied Market research which brings pragmatic solution based on real life problem and to make decision accordingly. Looking to the research aspect we can say over confidence and without creating a strong base in the market launching a product can be hazardous. Enough research on local tastes and habits should be considered. Tastes which suits the Indian palate should have been considered. The message was given wrongly that the Indian breakfast is not nutritious. It is a difficult task to crack the Indian palate.

Further the price of the product should be feasible, Culture, traditional values should always be considered as people are always connected to their roots. Proper advertisement and distribution of the products should be done so that the company is in position to crack the Indian market.

#### **Conclusion**

In conclusion without proper market research, survey and analysis no company should launch the product. It creates big failures if ignored. Four important P's of marketing Mix should be the basis of launching a new product i.e. Product, place, people and price. Which was not properly taken into consideration by Kellogg's company and it suffered failure. After redoing the market research it was able to analysis the causes of not using the four P's properly while researching the second revised strategy of the company was launched which became a great success of the company.

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