Kellogg: Business Analysis

Introduction

Kellogg is a multinational corporation that sells food products containing whole grains for snacks and breakfast food, which was invented by two brothers W.K. Kellogg and John Harvey Kellogg. Kellogg is one of the world's best-known brands which has been a staple of breakfast tables for more than 100 years. Kellogg has been a leader in health and nutrition by providing consumers with a wide variety of food products. Kellogg products are manufactured in 180 countries and are sold in more than 180 countries. This means Kellogg's has maintain its relationship with a variety of shake holders around the world. Every Kellogg's employee, no matter where in the world, is working towards achieving these every single day (Kelloggs Company, n.d.)

Background

The company was founded in 1900 is known as Sanitas Food Company by the two brothers W.K Kellogg and Dr. John H. Kellogg in Battle Creek, Michigan, U.S.A. Two brothers worked together and had developed a process of producing crunchy, flavourful flakes of processed grain that proved a renowned breakfast food among the people (Kellogg Company, n.d.).In 1906,W.K Kellogg established the "Battle Creek Toasted Corn Flakes Company" and he carefully hired 44 staff. They started worked together and invented the initial batch of Kellogg's Corn Flakes. After that, Kellogg's Corn Flakes was introduced to a new country: Canada in 1914. Later on ,the company will spread all around the world by opening factories in Australia, England, Mexico, Japan, India and more. Today Kellogg's company spread over 180 countries around the world. (Our Best Days Are Yours, n.d.). Similarly, W.K. Kellogg started to supported agriculture, health, educational institutions which was known as W.K. Kellogg Foundation in 1930. In early 1950, Kellogg's continued success the postwar baby boom and television advertising. Kelloggs and other cereal makers brought out new lines of cereal and made the key ingredient part of the name such as Sugar Frosted Flakes, Sugar Smacks, Sugar Corn and others so on. In 1960 Kellogg increased its market share to 40 percent. (Kellogg Company History, n.d.). Nowadays, Kellogg company are doing it in 180 countries across the world. W.K Kellogg instilled more than 100 years ago and they are proudly holding the values. And the company still provides better breakfast that lead to better days to you and your family (Discover Our Best Days, n.d.)

Positive Features

Kelloggs is the most significant meal of the day and it is one of the best choices for breakfast, especially for children. According to the (The Benefits of Cereals, n.d.), the main benefit of Kellogg's is it is good for our health because it provides huge amount of nutrients which helps people to start their morning with energy. It is lower in sodium and sugar while compare to other popular breakfasts. Plus,it is low-fat cholesterol-free, vitamin-rich which is good for our health, such as it maintains our lungs' health, also beneficial for heart diseases. Kellogg's provides nutritious food which helps to start a day happily and people are looking for to eat more healthy. Since its launch, the campaign has collected numerous industry awards.

Furthermore, the positive aspect of Kellogg’s company is that it has good advertising system because the company is using the right marketing instruments through newspaper, television, print media and other so on that kept updating the customer on the latest improvement and available offers by Kellogg’s company. If the customer has any problem with their products, then they can easily claim it on the box of cereal which was allowed by Kellogg’s company (The Marketing Strategies Of Kellogg Cornflakes Marketing Essay, n.d.)

Negative features

One of the main drawbacks of Kelloggs is that it is contaminated with salmonella and is still being sold in stores which has the worst result for people health. Salmonella causes diarrhea, fever and stomach cramps and it may lead people death (Kellogg's Cereal Contaminated With Salmonella Is Still Being Sold In Stores, n.d.)

In addition, the negative feature of Kellogg's is customer dependence because Kellogg depends closely on distribution from big-box retailers and grocers; about 20% of income comes from Walmart (WMT) alone. This places the retailer at an advantage in phrases of leverage to get higher terms, which ought to put stress on Kellogg’s margins. At the identical time, the U.S. grocery market has been present process consolidation, which once more will supply the enterprise greater negotiating power. Also, the negative features is competition because from the players like General Mills (GTS), Kellogg indicated that there was aggressive discounting in the cereal market, on the earning call. At the same time, some market have share the growth of Greek yogurt and smoothies (Should I Buy Kellogg, 2013).

Future Growth Suggestion

Kellogg has struggled to grow revenues over the last 5 years, and this trend of inactiveness does not seem like it's planning to amendment anytime shortly. The company's free income overcovers the dividend; but, there does not appear to be a plethora of space for future dividend growth. The company is shopping for back shares at dear costs, I would like they to delever and target growing the business. Kellogg (K) has been troubled over the last range of years. The corporate includes a tremendous whole and dangerous competitive channel; but, it's been unable to extend revenues within the last 5 years. Free income provided by in operating activities is truly down. Predictably, Kellogg's share value has badly underperformed the S&P five hundred. Given the pressure within the sector and Kellogg's inability to show things around, I realize it troublesome to suppose that consequent 5 years are planning to be any completely different from the previous 5 years altogether chance, the stock goes to badly lag the broader index within the years ahead (Kellogg's Future Looks Like It Will Be A Lot Tougher Than Its Past, 2018)

Conclusion

In sum up, Kellogg is one of the world’s best-known brand. It is the most important meal of the day and it is best choice for breakfast, especially for children. Kellogg’s has mixed feeling i.e it has both positive and negative features. The positive features of Kellogg’s is that it has good food product which is good for our health. Also, it has good advertising because the company is using the right marketing tools through such as avenues as newspaper, T.V, print media that kept updating the available offers by Kellogg company. However, negative features also exists

despite the positive features mentioned above. Firstly, the main drawbacks of Kellogg's company is that it is contaminated with salmonella which is very harmful for human health, such as it cause diarrhea, fever and stomach cramps. Secondly, Kellogg depends closely on distribution from big-box retailers and grocers. In addition to this, the future growth suggestion of Kellogg is does not seem like activeness because Kellogg has struggled to grow revenues over the last 5 years but it is been unable to extend revenues within the last 5 years. I would like that target the growing business.

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