

## Executive Summary

This competitive analysis is to determine where the brand is placed in the market and its main competitors. The analysis is to help discover insight into the brand's positioning. Through competitive analysis, the agency will help outline the implications and suggest recommendations for the brand's future advertising.

The product chosen for this report is Kellogg's **Special K** Protein cereal. Its product category is breakfast cereals.

The competitive analysis will consider the following: external trends, product benefits, strengths and weaknesses determined by the brand's USP and competitive advantage; the competitor's benefits, strengths and weaknesses to understand their USP and competitive advantage; to compare the main message of the brand in comparison to the competitor's and to provide recommendations that should be considered in future advertising.

The main discoveries of the competitive analysis are that children's cereals are on the decline – however, breakfast cereals are on the rise, especially those with nutritional benefits. Another discovery is that social and demographic trends indicate that family structures are changing within Canada. This includes blended, extended, interracial, same sex, single-parent families.

The main implications suggested by the ad agency is to incorporate a family breakfast scenario and to an emphasis the “protein effect” of **Special K** within in future advertising.

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## Market Analysis

### 1) Trend Analysis

#### Economic Trends

Canada's economy is on the rebound. With moderate and steady growth, July has been the best month in 2013.<sup>1</sup> The economic down turn did not have the same impact on Canada as it did on the United States; Canadian consumers did not consider the economic state dramatic.<sup>2</sup> In addition, there is also no need to allocate or reduce funds due to the upward growth of the economy.

#### Social & Demographic Trends

The family structure in Canada is rapidly changing.<sup>3</sup> Single parent, same sex, inter-racial, extended and blended families are becoming more common across the country. With the changing family structure, the trends suggest a shift in the market that will meet the needs of specific family structures.

The largest growing generation in Canada are the Baby Boomers. In 2011, seniors aged 65 and over accounted for 14.8% of Canada's Population. This suggests that the aging population will continue to increase over the upcoming years.<sup>4</sup>

The broad market that has been targeted is women, aged 25-35, seeking an active lifestyle and is more health conscious. Marketing health and beauty to women will continue to be a strong marketing strategy because the media consistently idolizes the 'perfect' woman, profiting off of

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<sup>1</sup> Beltrame, Julian (September 2013). Canadian economy bounces back in July, but U.S. events cloud growth outlook. Retrieved from <http://www2.macleans.ca/2013/09/30/canadian-economy-bounces-back-in-july-but-u-s-events-cloud-growth-outlook/> Accessed on October 10, 2013

<sup>2</sup> Euromonitor International (November 2012) Consumer Lifestyles in Canada: Consumer Habits in Context. Retrieved from <http://www.portal.euromonitor.com/library.sheridanc.on.ca/Portal/Pages/Search/SearchResultsList.aspx> Accessed October 10, 2013

<sup>3</sup> Ibbitson, John (September 2012) Census will offer a glimpse into Canada's changing family structure. Globe & Mail. Retrieved from <http://www.theglobeandmail.com/news/politics/census-will-offer-a-glimpse-into-canadas-changing-family-structure/article4552506/> Accessed on October 13, 2013

<sup>4</sup> Statistic Canada (2012) The Canadian Population in 2011: Age and Sex. Retrieved from <http://www12.statcan.ca/census-recensement/2011/as-sa/98-311-x/98-311-x2011001-eng.cfm> Accessed on October 15, 2013

women's insecurities.

### Technological Trends

Canada is home to a technologically advanced market and is home to some of the world's most engaged Internet users. The Millennials are highly influenced by the technologies and e-communications. Considering this advancement, the media has benefited by targeting this generation by using similar technological means, such as social networking and e-commerce. This demographic has matured with this technology, making many broadcasters interested in how to keep up with their constantly evolving needs.<sup>5</sup>

### Regulatory Trends

There are a few laws and regulations that are affecting the market. These include the Canadian Anti-Spam Legislation, The Competition Act and The Consumer Packaging and Labeling Act.

The Canadian Anti-Spam Legislation (CASL) was passed December 2010 and prevents companies from sending any commercial electronic messages.<sup>67</sup> The CASL applies to a large array of messages that would normally be labelled as spam. This also applies to emails that provide market information and updates, legal or regulatory changes, new product or service advertising, organization or conference e-invites, and soliciting parties that request a response to procurements.<sup>8</sup>

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<sup>5</sup> McConvey, J. (2009). The millennial mix. *RealScreen*, , 23. Retrieved from <http://search.proquest.com/docview/236234985?accountid=3455>. Accessed on October 15, 2013.

<sup>6</sup> Government of Canada (2011) Canada's Anti-Spam Legislation: Fast Facts. Retrieved from [http://fightspam.gc.ca/eic/site/030.nsf/eng/h\\_00039.html](http://fightspam.gc.ca/eic/site/030.nsf/eng/h_00039.html). Accessed on October 15, 2013.

<sup>7</sup> Borden Ladner Gervais (April 2013) Canada's New Anti-spam Legislation and how it will affect email marketing practices. Retrieved from [http://www.blg.com/en/newsandpublications/publication\\_3348](http://www.blg.com/en/newsandpublications/publication_3348). Accessed on October 15, 2013

<sup>8</sup> Ibid

The Competition Act provides criminal and civil provisions aimed to prevent anti-competitive practices in the marketplace.<sup>9</sup> The act serves the purpose to maintain and encourage competition in order to promote efficiency and adaptability to the Canadian economy. This allows equal opportunities of participation within global markets. The Act also warrants that smaller enterprises have a fair opportunity to participate in the economy.<sup>10</sup>

The Consumer Packaging and Labelling act states that pre-packaged consumer products must have accurate and significant labelling information to educate consumers on making informed purchase decisions.<sup>11</sup> The act prohibits false or misleading depictions and sets out terms for mandatory label information such as the product's name, net quantity and dealer identity.<sup>12</sup>

### Implications

Based on the trend analysis, the ad agency suggests that future advertising convey an emphasis on broadening the **Special K** target market. The ad agency also suggests including a larger age bracket to target the aging population such as baby boomers. There may be a potential loss due to the lack of target toward the older generation. In addition, it is suggested to also include a target market specific to families.

## **Market Analysis**

### Market Size & Growth

The breakfast cereal market in Canada continues to expand and increase. The cereal market has become diverse with a variety of different cereal types to choose from. This variety broadens

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<sup>9</sup> Government of Canada (January 2012) Competition Bureau: Our Legislation. Retrieved from [http://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/h\\_00148.html](http://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/h_00148.html). Accessed on October 15, 2013

<sup>10</sup> Ibid

<sup>11</sup> Ibid

<sup>12</sup> Ibid

target markets. The rapid and large increase of the cereal market may benefit the brand's product because consumers are living more active and health conscious lifestyles.

#### Regional Markets:

Regional market data unavailable.

#### Market Segment Analysis:

There are many different types of cereal on the market, including children, family, natural, and unsweetened cereals. Sales volume for children cereal is on a steady decline from 28.92 in 2007 to 25.11 in 2012. Family cereal is on a gradual rise from 112.91 in 2007 to 117.44 in 2012.<sup>13</sup>

**Children Cereal:** Children cereal has a sales volume decrease. This is due to the rising demand of healthier options for both children and adults. Because of the high sugar content, children cereal is perceived as being 'less than healthy'.<sup>14</sup> In 2012, the value growth was positive due to the efforts of manufacturers to incorporate healthier benefits into their products.<sup>15</sup> This resulted in consumers purchasing more of their products; however, this category continues to see a decline in sales as a result of the increasing demand for nutritional breakfast cereals.

**Organic market & Dietary needs:** Organic breakfast cereals continue to grow. Growth in the organic category will be driven by rising consumer efforts in maintaining good family and

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<sup>13</sup> Euromonitor International (November 2012). Breakfast Cereal in Canada: Category Briefing. Retrieved from <http://www.portal.euromonitor.com.library.sheridanc.on.ca/Portal/Pages/Search/SearchResultsList.aspx> accessed on October 13, 2013

<sup>14</sup> Ibid

<sup>15</sup> Ibid

personal health. This is particularly due to Canada's rapidly ageing population and rise of chronic illnesses, including digestive disorders.<sup>16</sup>

Today's health concerns are relevant to consumers of all ages, ethnicities and social status.

Consumers of organic foods have become increasingly diverse, all seeking to take better care of their personal and family health.

Consumers need more education on organic and natural food products and services. Many consumers in Canada are unclear as to what the differences are between 'organic' and 'natural' products and therefore, will tend to buy the relatively less expensive 'natural' product. Thus, manufacturers will need to invest in further consumer education, promoting the fact that much organic produce is grown in Canada.<sup>17</sup>

#### Seasonal Analysis:

Breakfast cereals are consumed evenly throughout the calendar year, although there is little seasonal variation, such as a movement to hot cereals in the fall and winter months, and family cereals in the summer. Pre-sweetened and natural/bran cereals show a marginal increase in eating occasions in the spring.<sup>18</sup>

#### Implications

Based on the market analysis, the ad agency suggests targeting to families by introducing a family breakfast cereal option. Unsweetened, healthier breakfast cereals are becoming a more

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<sup>16</sup> Euromonitor (September 2013) Naturally Healthy Packaged Food in Canada. Retrieved from <http://www.portal.euromonitor.com.library.sheridanc.on.ca/Portal/Pages/Search/SearchResultsList.aspx> . Accessed on October 10, 2013

<sup>17</sup> Euromonitor International (November 2012). Breakfast Cereal in Canada: Category Briefing. Retrieved from <http://www.portal.euromonitor.com.library.sheridanc.on.ca/Portal/Pages/Search/SearchResultsList.aspx> . Accessed on October 13, 2013

<sup>18</sup> Agriculture and Agri- Food Canada (2013) Breakfast Cereals: American Eating Trends Report. Retrieved from <http://www.ats-sea.agr.gc.ca/amr/6238-eng.htm> Accessed on October 24, 2013

popular choice by parents for their children and themselves. In addition, the agency also suggests targeting specific health benefits, such as high fibre or gluten free, due to the aging population and the increase of chronic illnesses, such as digestive disorders.

## **Product Analysis**

**Special K** cereal is a unique product that is doing well within the breakfast cereal market.

Changing family structures to new technological advancements can create challenges to a products survival within the market; however, **Special K** has maintained a good standing. The brand's use of different positioning strategies has been an advantage over their leading competitor, Cheerios. **Special K**'s sales volume and market share demonstrates this success.

**Special K** continues to maintain its position as a leading brand within a very competitive and large market.<sup>19</sup>

### Sales Volume:

The sales volume for Kellogg's **Special K** Cereal has risen over the past four years. Since 2009 the sales volume has grown by 0.39%.<sup>20</sup> In comparison, Cheerios' sales have been decreasing – sales were 11.67% in 2009 and in 2012 they dropped to 11.41%.<sup>21</sup> **Special K** continues to be the leading breakfast cereal with a retail value share of 43%.<sup>22</sup>

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<sup>19</sup> Ibid

<sup>20</sup> Euromonitor (2012) *Breakfast Cereals in Canada*. Retrieved from <http://www.portal.euromonitor.com.library.sheridanc.on.ca/Portal/Pages/Search/SearchResultsList.aspx>. Accessed on October 14, 2013.

<sup>21</sup> Ibid

<sup>22</sup> Ibid



## Market Share

Kellogg's market share has grown significantly. As of today, Kellogg's stocks are selling at \$63.40.<sup>23</sup> The chart below shows the growth of Kellogg's stocks in 2013.<sup>24</sup> **Special K** 's shares have increased over the majority of this year. There were times there was a slight decline in stocks; however, the brand's stocks continue to bounce back in the positive.



The chart below shows the growth of **Special K** stocks since 2009.<sup>25</sup> In the beginning of 2009, **Special K** was on the decline with shares lost. But with improved positioning, **Special K** has made up for their losses.



<sup>23</sup> Kellogg's Co. (2013) *Kellogg's*. Retrieved from <http://investor.kelloggcompany.com/investor-relations/stockdata/interactive-chart/default.aspx>. Accessed on October 14, 2013.

<sup>24</sup> McPhillip V., Luddy M., Alcalay M., (2013) *Kellogg Company K*. Retrieved from [http://www.wikinvest.com/stock/Kellogg\\_Company\\_\(K\)](http://www.wikinvest.com/stock/Kellogg_Company_(K)). Accessed on October 14, 2013.

<sup>25</sup> Ibid

## Breakfast Cereals Brand Shares

% Retail Value RSP	Company	2009	2010	2011	2012
Kellogg's Special K	Kellogg Canada Inc	11.64	11.80	11.84	12.03
Cheerios	General Mills Canada Corp	11.67	11.67	11.54	11.41

As demonstrated in the table above, when comparing Cheerios who have decreased by 0.26% in stocks since 2009, **Special K** has continued to do well with their stocks.<sup>26</sup>

### Product

**Special K** cereal is used to help maintain the consumer's weight and to enhance their self-confidence. The consumers are looking for a product that is nutritional and will satisfy their hunger without over-eating. In addition, consumers are looking for something that is low-calorie and unsweetened, yet still tastes good.

#### a) Functional Benefits

**Special K** has nutritional benefits. It provides 10 grams of protein, 9 grams of fibre and is made with whole grain oats. **Special K** provides the consumer with the added benefits of protein and fibre that satisfy hunger cravings until your next meal or enjoyed as a nutritional snack.<sup>27</sup>

#### b) Emotional Benefits:

The emotional benefits of eating **Special K** cereal is that by feeling full longer, due to the added protein and fibre, the consumer is satisfied and happy because he or she is not snacking between meals. By choosing healthier food options and monitoring eating

<sup>26</sup> Euromonitor International: (October 2013) Breakfast Cereals in Canada.

<http://www.portal.euromonitor.com/library.sheridanc.on.ca/Portal/Pages/Search/SearchResultsList.aspx> . Accessed on October 14, 2013.

<sup>27</sup> Ibid

habits, the consumer feels confident in their weight management that is aided by eating **Special K** cereal.

c) Self - Expressive Benefits:

The self- expressive benefits in eating **Special K** cereal is the feeling of accomplishment. Eating Special K projects the view of living a active and healthy lifestyle. The consumer feels a sense of belonging to a group that is pro-health.

### Implications

Based on the product analysis, the ad agency suggests focusing more on the unique, nutritional benefits of **Special K** cereal – to emphasize what makes the cereal unique and different from their leading competitors. **Special K** cereal is effective because it has the added benefit of protein and fibre that is not only nutritional, but also has great taste while keeping the consumer fuller, longer. The temptation to snack between meals or to eat unhealthy snacks is removed.

Based on the product analysis, **Special K** maintains a positive and steady sales volume while retaining a majority market share. By changing positioning strategies over time to meet the needs of its target market, **Special K** remains the leader over its competitors like Cheerios.

### **Competitive Analysis**

Kellogg's is the most successful cereal company in Canada with their leading brand **Special K**. Their main competitors are General Mills' Cheerios and Pepsi Canada's Quaker Oats.<sup>28</sup>

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<sup>28</sup> Euromonitor International: (October 2013) Breakfast Cereals in Canada.  
<http://www.portal.euromonitor.com.library.sheridanc.on.ca/Portal/Pages/Search/SearchResultsList.aspx> . Accessed on October 24, 2013

## Sales Volume

**Special K** has been the leader of breakfast cereals since 2010 in terms of brand shares. It is also the leader in ‘Ready-To-Go’ cereal in Canada. As seen in the chart below, ‘Ready-To-Go’ sales are increasing due to consumers’ busy lifestyles. These lifestyles include both working parents as opposed to traditional stay-at-home moms. Overall, Kellogg’s has taken the lead in sales as a result of their new positioning strategy towards product differentiation – They offer eight flavours that are low calorie. For example: **Special K** Protein cereal. It tastes good and has the added benefit of protein and fibre that keeps the consumer fuller longer.<sup>29</sup>

### **‘Ready-To-Go’ Sales: Euromonitor 2007-2012<sup>30</sup>**

<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$1,116.00 million	\$1,140.71 million	\$1,153.85 million	\$1,173.11 million	\$1,206.96 million	\$1,238.64 million

**Special K**’s main competitor is Cheerios. It is General Mills’ leading brand with a 16% market share in breakfast cereals; however, the company’s shares have been declining since 2010 due to the falling popularity of children’s breakfast cereals.<sup>31</sup> In 2012, Cheerios sales only improved due to their new focus on product differentiation, which made the brand unique.<sup>32</sup> Their campaign focused on promoting the cereal that helps lower cholesterol. This caused sales to increase.

Despite the brand’s rise in sales, **Special K** still maintains its lead over all other breakfast cereals in Canada. As shown in the chart below, Cheerios has not been able to reclaim their title as the leading cereal brand since 2009. Even though Cheerios had a sales promotion in 2012, where customers were given free Oasis Fruit Juice, the brand was still unable to accomplish a successful marketing strategy.

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<sup>29</sup> Ibid

<sup>30</sup> Ibid

<sup>31</sup> Ibid

<sup>32</sup> Ibid

**Children Cereal Sales: Euromonitor 2007-2012<sup>33</sup>**

2007	2008	2009	2010	2011	2012
\$236.9 mil	\$227.9 mil	\$218.3 mil	\$219.6 mil	\$223.8 mil	\$226.51

**Special K**'s other competitor is Quaker Oats, which is owned by Pepsi Canada. It is the world's most leading brand in hot cereal.<sup>34</sup> The brand's sales are increasing yearly as shown in the chart below. Quaker Oats is the leading brand for Pepsi Canada with a 65% value share.<sup>35</sup> Quaker Oats aggressively promotes its hot cereal and has reached their highest brand shares with 8.74%.<sup>36</sup> Despite the brand's shares and sales increase, it is no threat to **Special K**.

**Hot Cereal Sales: Euromonitor 2007-2012<sup>37</sup>**

2007	2008	2009	2010	2011	2012
\$154.1 mil	\$162.0 mil	\$168.81	\$175.0 mil	\$183.8 mil	\$193.2 mil

Market Shares**Breakfast Company Shares: Euromonitor 2008-2009<sup>38</sup>**

% Retail Val	2008	2009	2010	2011	2012
Kellogg Canada Inc	42.42%	42.76%	43.06%	43.06%	\$43.41%
General Mills Canada Corp	18.06%	17.51%	16.96%	16.56%	16.16%
Pepsi-QTG Canada Corp	13.62%	13.90%	14.38%	14.17%	13.99%

**Breakfast Cereals Brand Shares: Euromonitor 2009-2012<sup>39</sup>**

% retail value rsp	Company	2009	2010	2011	2012
<b>Kellogg's Special K</b>	Kellogg's Canada Inc	11.64	11.80	11.84	12.03
<b>Cheerios</b>	General Mills Canada Corp	11.67	11.67	11.54	11.41
<b>Quaker Oatmeal</b>	Pepsi-QTG Canada Inc	8.26	8.67	8.65	8.74

<sup>33</sup> Ibid<sup>34</sup> Euromonitor International: (October 2013) Market Size. <http://www.portal.euromonitor.com.library.sheridanc.on.ca/Portal/Pages/Search/SearchResultsList.aspx>. Accessed on October 24, 2013.<sup>35</sup> Ibid<sup>36</sup> Ibid<sup>37</sup> Ibid<sup>38</sup> Euromonitor International: (October 2013) Breakfast Cereals in Canada.<http://www.portal.euromonitor.com.library.sheridanc.on.ca/Portal/Pages/Search/SearchResultsList.aspx> - Accessed on October 24, 2013<sup>39</sup> Ibid

As seen in the chart above, **Special K** is the leading brand in breakfast cereal. The brand's main competitor over the past 4 years is Cheerios. Cheerios' brand shares are on the decrease in comparison to **Special K** with brand shares of 12%.<sup>40</sup> As long as **Special K** maintains their product differentiation and emphasizes the benefits of this differentiation, the brand will continue to lead in brand shares.

## Product

### a) Functional Benefits

The types of **Special K** flavours are: Blueberry, Fruit & Yogurt, Low Fat Granola, Oats & Honey, Vanilla Almond, Red Berries, Original and Protein: Crunchy Clusters with a touch of vanilla. **Special K** offers nutrition to their consumers as well as fat free cereal that they can eat in the morning or snack on during the day. Consumers who are trying to lose weight will want to purchase **Special K** because it is only 100 calories per bowl.<sup>41</sup>

**Special K** offers comfort to the consumer which they can enjoy great taste without worrying about calories. It creates reliability for consumers to trust that the product will help them with weight management and creates brand loyalty with consumers. **Special K** Protein offers the benefit of staying full longer due to the protein and fibre added ingredients the consumer receives from eating the cereal. It also prevents consumers from snacking in between meals throughout the day or offers them the choice to snack on something healthy. **Special K** represents fitness and active, healthy lifestyles.

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<sup>40</sup> Ibid

<sup>41</sup> [http://www.specialk.ca/en\\_ca/products/cereal.html](http://www.specialk.ca/en_ca/products/cereal.html). Accessed on November 6, 2013

b) Emotional Benefits:

**Special K** cereal creates a sense of accomplishment, confidence and increased self-esteem. **Special K** has a program which the consumer can access through the brand's website called "My Special K". It is a place for both motivation and positivity. This program allows consumers to sign up for free online and is able to personalize a custom meal plan in order to aid in weight management.<sup>42</sup>

c) Self-expressive Benefits:

**Special K Protein** helps women avoid over-eating when they consume this cereal because it helps keep them full until their next meal. Most women tend to snack during the day, which may result in gaining weight or not being able to lose weight. This cereal allows women to feel satisfied between meals, which may result in helping them make healthier meal choices. This product belongs to the health and fitness group, as well as everyday people that live on-the-go lifestyles that want to manage their weight.

### Strengths & Weaknesses

Cheerios' new motto is "the easy way to help lower cholesterol".<sup>43</sup> They now make their cereals whole- and multigrain in order to reduce calories. Cheerios is a popular cereal for children to enjoy. Parents are most likely to eat what they purchase for their children due the convenience of one stop shopping. In addition, when parents purchase cereal for themselves, they wait until their children's cereal is finished before purchasing their own cereal. This prolongs future purchases.

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<sup>42</sup> [http://www.specialk.ca/en\\_ca/healthy-living-plan.html](http://www.specialk.ca/en_ca/healthy-living-plan.html). Accessed on November 6, 2013

<sup>43</sup> <http://www.cheerios.ca>. Accessed on November 6, 2013

Cheerios has started to explore different flavours that attract potential consumers in the household. On the brand's website, they emphasize the importance of lowering cholesterol and the easy steps you can take to decrease it. The below tables show the nutritional information on boxes of Cheerios.<sup>44</sup> They offer recipes online that are delicious and are fun to cook with the family. Ultimately, the brand does not focus on the healthy aspect of the cereal. Cheerios has higher fat calories in their servings in comparison to **Special K**.<sup>45</sup>

<b>Cheerios: Serving 1 Cup</b>		<b>Special K Original: Serving 1 Cup</b>		<b>Special K Protein: Serving 1 Cup</b>	
<b>Calories</b>	110	<b>Calories</b>	120	<b>Calories</b>	120
<b>Calories from Fat</b>	16	<b>Calories from Fat</b>	0	<b>Calories from Fat</b>	10
<b>Total Fat</b>	1.8g	<b>Total Fat</b>	0.5g	<b>Total Fat</b>	1g
<b>Saturated Fat</b>	0.3g	<b>Saturated Fat</b>	0g	<b>Saturated</b>	0g
<b>Polyunsaturated Fat</b>	0.6g	<b>Polyunsaturated Fat</b>	0g	<b>Polyunsaturated Fat</b>	0.5g
<b>Monounsaturated Fat</b>	0.6g	<b>Monounsaturated Fat</b>	0g	<b>Monounsaturated Fat</b>	0g
<b>Cholesterol</b>	0mg	<b>Cholesterol</b>	0mg	<b>Cholesterol</b>	0mg
<b>Sodium</b>	200mg	<b>Sodium</b>	220mg	<b>Sodium</b>	190mg
<b>Carbohydrates</b>	22.4g	<b>Carbohydrate</b>	23g	<b>Carbohydrate</b>	19g
<b>Dietary Fibre</b>	0g	<b>Dietary Fibre</b>	0g	<b>Dietary Fibre</b>	3g
<b>Sugars</b>	4g	<b>Sugars</b>	4g	<b>Sugars</b>	7g
<b>Protein</b>	3.4g	<b>Protein</b>	6g	<b>Protein</b>	10g

The brand targets more of outgoing, free spirited adults and children. Cheerios is trying to change their image to be more appealing to health conscious people.

Cheerios as a brand have been targeting families with their product and behavioral segmentation may also be another reason why Cheerios is popular with families. Consumers hold certain attitudes towards this product than others. People may feel it is more suitable for newborns or older people, the perfect cereal for the family to enjoy together. **Special K's** consumers are the typical middle age; independent active and health conscious people that are more attracted to the benefit sought of their product.

<sup>44</sup> <http://caloriecount.about.com/calories-general-mills-cheerios-i8013>. Accessed on November 6, 2013.

<sup>45</sup> [http://www.specialk.com/en\\_us/products/cold-cereals/original.html](http://www.specialk.com/en_us/products/cold-cereals/original.html). Accessed on November 6, 2013.



## Implications

Based on the Competitive Analysis, the ad agency suggests that if Cheerios was to promote more health benefits, it could potentially have more of a competitive advantage over **Special K** in future advertising campaigns. **Special K** is known for their “Zero Fat”<sup>46</sup> in their cereals whereas Cheerios is known for their “lower cholesterol”<sup>47</sup> cereals.

**In addition, Special K** is known for their amazing taste with lower calories whereas Cheerios does not offer the same variety without increasing the calorie intake of the cereal. If Cheerios was able to create a recipe with better taste and a lower calorie intake, it could potentially become the leading breakfast cereal in Canada.

## **Advertising Message Analysis**

### Part A) Special K

#### **1. Where the ad was found and the date it was observed:**

Kellogg’s **Special K** advertisement titled “Doughnut Willpower”<sup>48</sup> was found on Youtube. The advertisement was observed on October 9, 2013.

#### **2. The tagline: “What will you gain when you lose?”<sup>49</sup>**

#### **3. The target the ad appears to be directed to:**

The ad appears to target Caucasian women who have a career. These women are married or single parents in their early to late 30s. They have a single child that attends school on a full-time

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<sup>46</sup> [http://www.specialk.ca/en\\_ca/products/cereal.html](http://www.specialk.ca/en_ca/products/cereal.html). Accessed on November 6, 2013

<sup>47</sup> <http://www.cheerios.ca/>. Accessed on November 6, 2013. -

<sup>48</sup> <http://www.youtube.com/watch?v=hK9TCf0aR1Q>. Accessed on October 9, 2013

<sup>49</sup> Ibid

basis or have no children at all. These women have a post-secondary education. They live in suburban areas and have a very busy lifestyle – they are always on the go. These women are active and health conscious.

#### **4. The main motivator for the target that is being demonstrated in the ad?**

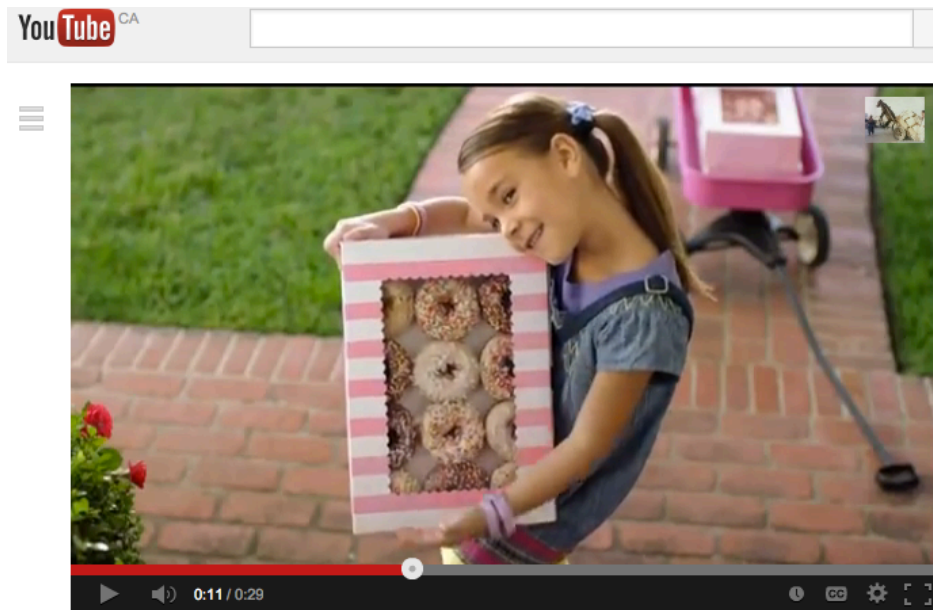
The main motivator being demonstrated within the advertisement is to fend off tempting food or hunger and replacing those temptations with healthier options such as **Special K** Protein cereal. When consumed, **Special K** keeps the consumer fuller longer, thus deterring the individual from unhealthy snacking, such as doughnuts, between meals.

#### **5. The main message of the ad:**

The main message of the ad is to demonstrate how **Special K** is very satisfying that not even the temptation of doughnuts can lure the woman into buying a box from the little girl – the little girl visits the woman's house and tries to sell her doughnuts (refer to the image on next page).<sup>50</sup> The woman answers the door with her bowl of **Special K** and smiles at the girl while remarking at how cute she is with her box of treats. The woman rejects the little girl's junk food advances and closes the door on her. The last scene in the ad shows the woman eating her bowl of **Special K** at her kitchen table and the little girl walking away from the house viewed through the window.

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<sup>50</sup> Ibid



## 6. What are the implications for future advertising?

Based on the advertising analysis, the ad agency suggests that future advertising convey an emphasis on the “protein effect”<sup>51</sup> of **Special K** by demonstrating the fullness a consumer experiences when they eat a bowl of protein cereal.

In addition, the ad agency suggests including a family breakfast setting in future advertising. Considering **Special K** is the market leader in breakfast cereals<sup>52</sup> and its competitor Cheerios effectively includes family into their campaign, it is highly recommended to include these elements – it helps ease the competitive advantage that Cheerios currently has over **Special K**.

The demographics expressed in the ad are limited to the target market of Caucasian women. The markets specific to men, children, and families are left unreached – a multicultural element is also missing. The use of market segmentation can cause a lack of reach to new and potential customers. If the single target market is maintained consisting of Caucasian women, then a

<sup>51</sup> Ibid

<sup>52</sup> Euromonitor International (2012) *Breakfast Cereals in Canada*. Retrieved from <http://www.portal.euromonitor.com.library.sheridanc.on.ca/Portal/Pages/Search/SearchResultsList.aspx>. Accessed on October 14, 2013.

frequency will continue; however, the potential reach to new buyers is severely limited as outlined in the social and demographic trends within this report.

#### Part B) Competitor Brand: Cheerios

##### **1. Where the ad was found and the date it was observed?**

General Mills' Cheerios advertisement titled "Just Checking"<sup>53</sup> was found on Youtube and was accessed on October 9, 2013.

##### **2. The tagline: "Heart Healthy"**<sup>54</sup>

##### **3. The target the ad appears to be directed to (demographics, lifestyle, psychographics)?**

The ad appears to target families with multicultural ethnicity. The family lives in a modest, suburban home and both parents are working. The parents have full-time jobs, possibly one works during the day, the other parent overnight – they do have weekends off that allow them to spend time with the family. One or both parents have a college diploma. The family is likely to have one or two young children. Health becomes a collective; family concern, rather than just the health of the individual. In this home, family is very important and highly valued.<sup>55</sup>

##### **4. What is the main motivator for the target that is being demonstrated in the ad?**

The main motivator being demonstrated within the advertisement is to have a healthy family. By having a healthy family, you have a healthy heart. Eating Cheerios made with whole grain oats lowers your cholesterol and may help decrease your chances of poor heart health.

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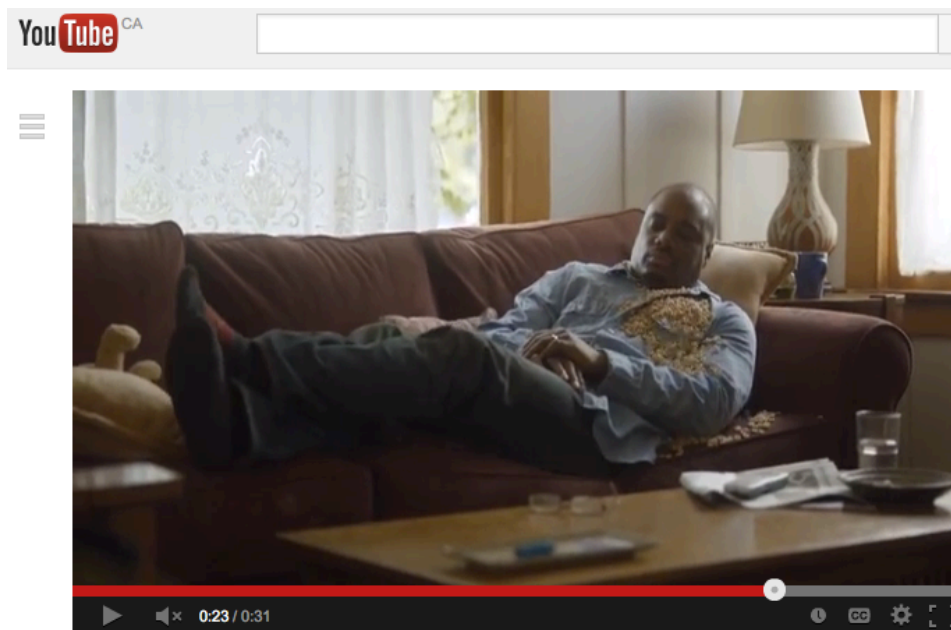
<sup>53</sup> <http://www.youtube.com/watch?v=kYofm5d5Xdw>. Accessed October 9, 2013.

<sup>54</sup> Ibid

<sup>55</sup> Ibid

## 5. Main message of the ad.

The main message of the ad is that Cheerios helps lower cholesterol and makes your “heart healthy”.<sup>56</sup> The little girl goes into the kitchen and asks her mom if it’s true what her dad says – that Cheerios are good for your heart. The mom agrees and says to her daughter that it is “heart healthy”. The next scene shows the dad lying on the couch with a pile of Cheerios on his chest closest to his heart (refer to image below).<sup>57</sup> This scene implies that the little girl has placed the Cheerios on her dad’s chest so that his heart can be healthy. Cheerios is about ensuring the health of those you love.



## 6. What are the implications for future advertising?

Based on the advertising analysis, the ad agency suggests that future advertising continue to convey the benefits of eating Cheerios and to focus on family and health as the main motivators for the target market.

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<sup>56</sup> Ibid

<sup>57</sup> Ibid

## Positioning and USP

### Positioning

#### 1. Do you provide better value, market leader, easier to use? Why do you believe this?

**Special K** provides better value in terms of its serving size at 400g<sup>58</sup>

([http://www.specialk.ca/en\\_ca/products/cereal/protein.html](http://www.specialk.ca/en_ca/products/cereal/protein.html)) in comparison to Cheerios at less than 300g per box for the same price.<sup>59</sup> **Special K** is also the market leader of breakfast cereal with a retail value share of 43% in comparison to Cheerios' retail value share of 16%.<sup>60</sup>

#### 2. What idea would you want to convey in your future advertising (implications)?

Based on positioning, the ad agency suggests future advertising to convey **Special K** Protein as a breakfast cereal. By positioning **Special K** using the product differentiation strategy, the brand will be able to focus and to emphasize the USP and benefits of eating **Special K**, such as the added protein that helps keep you fuller longer and the fibre that aids in the digestive system. The benefits of both ingredients help achieve a active and healthy lifestyle. The advertising objective is to increase awareness and preference, and to encourage trial purchases of Kellogg's **Special K** by 25% among parents 30 – 40 years old with families within three months.

<sup>58</sup> [http://www.specialk.ca/en\\_ca/products/cereal/protein.html](http://www.specialk.ca/en_ca/products/cereal/protein.html). Accessed on October 3, 2013

<sup>59</sup> Observation: Walmart, early October 2013.

<sup>60</sup> Euromonitor International (2012) *Breakfast Cereals in Canada*

<http://www.portal.euromonitor.com.library.sheridanc.on.ca/Portal/Pages/Statistics/Statistics.aspx> accessed on October 9, 2013.

## USP

### **1. Clearly outline what you perceive to be your product's USP and competitive advantage.**

**Clearly explain how you have come to this conclusion.**

**Special K's** USP is its added protein ingredient. Its competitive advantage is not only its protein, but also its addition of fibre at 10g per serving.<sup>61</sup>

The protein added to the cereals keeps the consumer fuller for a longer period of time – hunger is satisfied.<sup>62</sup> Also, the added fibre helps regulate the body's digestive system. **Special K Protein** delivers two benefits for the price of one and there is more value added to the serving size of the box (400g) in comparison to Cheerios' serving size of less than 300g for the same price.

### **2. Outline what the implications for future advertising could be.**

Based on the USP, the ad agency suggests that future advertising convey the satisfying and fulfilling “protein effect” that **Special K Protein** cereal offers its consumers. Instead of the tagline “What will you gain when you lose?” it is suggested that an emphasis be placed not on weight-loss implied by the brand's current tagline, but to focus on the full effect of protein. A suggested tagline could be “a bowl a day keeps the hunger away”.

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<sup>61</sup> [http://www.specialk.com/en\\_us/protein-effect.html](http://www.specialk.com/en_us/protein-effect.html). Accessed on October 9.

<sup>62</sup> Ibid

## Conclusion

In conclusion, the ad agency suggests the future advertising convey a focus on the changing family structure in Canada and to emphasize how the added ingredients of protein and fibre help in aid in weight management of the individual and of the family unit.

Based on the trend analysis, the ad agency strongly suggests that **Special K** broaden its target market taking into consideration the aging population and changing family structure in Canada. Without considering a broader market range, **Special K** may lose out on potential consumers.

Based on the market analysis, the ad agency suggests targeting families by positioning **Special K** as a breakfast cereal option. Unsweetened, healthier breakfast cereal options are becoming a more popular choice by parents for their children and themselves. The agency also suggests emphasizing the health benefits received from eating **Special K**, such as the protein and fibre added ingredients. Not only do these ingredients aid in weight management, but also cater to a healthier overall lifestyle as well.

Based on the product analysis, the ad agency suggests to focus more and to emphasize the unique benefits of eating **Special K** cereal – what makes the product different from its competitors such as Cheerios. **Special K**'s added protein and fibre ingredients are effective because, after consumption, the consumer is fuller for a longer period of time. This satisfaction makes the consumer less likely to snack in general or to snack on unhealthier options, such as doughnuts, between meals.



Based on the competitive analysis, the ad agency suggests that if Cheerios were to promote more of its health benefits, it could potentially have a greater competitive advantage over **Special K** in future advertising.

Based on the advertising analysis, the ad agency suggests that future advertising convey an emphasis on the “protein effect” of **Special K** by demonstrating the fullness a consumer experiences when they eat a bowl of protein cereal and how the temptation to eat healthier snacks is subdued. In addition, the ad agency suggests including a family breakfast setting in future advertising. Considering **Special K** is the market leader in breakfast cereals and its competitor Cheerios effectively focuses on family and their diversity within the campaign, it is highly recommended to also include this context in **Special K**’s future advertising – it weakens the competitive advantage that Cheerios currently has over **Special K**.

Based on positioning, the ad agency suggests future advertising to convey **Special K** Protein as a breakfast cereal. By positioning **Special K** using the product differentiation strategy, the brand will be able to focus and to emphasize the USP and benefits of eating **Special K**, such as the added protein that helps keep you fuller longer and the fibre that aids in the digestive system. The benefits of both ingredients help achieve an active and healthy lifestyle. The advertising objective is to increase awareness and preference, and to encourage trial purchases of Kellogg’s **Special K** by 25% among parents 30 – 40 years old with families within three months.

Based on the USP, the ad agency suggests that future advertising convey the satisfying and fulfilling “protein effect” that **Special K** Protein cereal offers its consumers. Instead of the tagline “What will you gain when you lose?” it is suggested that an emphasis be placed not on

weight-loss implied by the brand's current tagline, but to focus on the full effect of protein. A suggested tagline could be "a bowl a day keeps the hunger away".

By incorporating the suggestions outlined above, specifically the inclusion of a diverse family structure displayed within the creative and the emphasis on **Special K**'s product differentiation – the added protein and fibre that effectively fulfills the brand's promise help aid in weight management through the result of being full longer – **Special K**'s future advertising has great opportunity in delivering a successful advertising campaign.

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