

Situation Analysis

Kashi

History of Company:

Kashi was founded in 1984 when founders Phil and Gayle Tauber created their first cereal, Kashi Breakfast Pilaf. The couple created the company with the idea that real food can generate a positive change in the consumer and the world.¹ By taking a progressive approach to nutrition and food, Kashi utilizes whole grains because of their beneficial proteins, fibers, vitamins and minerals. The name Kashi is a combination of the words “Kashruth”, meaning pure food, and “Kushi”, the founder of American macrobiotics. This blend of words is supposed to represent the wholesome, nutritious foods that Kashi produces.²

Similarly, W.K. Kellogg founded Kellogg’s in 1898 with the belief that his company should be dedicated to nutrition and well-being. After creating the very first breakfast cereal, corn flakes, Kellogg went on to shape the cereal industry. But to him, it was much more than cereal. Kellogg aspired to make “quality products for a healthier world.”³ In 2000 Kellogg purchased Kashi for \$32 million.

This joint venture allows Kashi to more widely distribute their foods and better nourish the people and planet.⁴ Under Kellogg’s, Kashi has continued to produce numerous new cereal products and flavors. In 2016 all of the Kashi products were recognized as being Non-GMO verified and a new initiative, Certified Transitional, was created to help farmers transition to organic practices.

Industry Trends:

The cereal market is well established and sells a large range of products. But industry revenue is expected to fall 2.1% per year,⁵ despite the fact that major brands are attempting to gain consumers with new, differentiated products. With heightened employment rates, disposable income and a growing economy consumers are opting away from cereal and choosing alternative breakfast items. These items include convenient drinks and meals from cafes and fast food stops, as well as more expensive breakfast foods, like bagels or yogurt parfaits.

The cereal industry is also responding to consumer preferences for healthier, wholesome cereal. More people are becoming health conscious, which means more cereal is being adapted to whole grain or organic.⁶ For example, Kellogg’s added fiber to its Froot Loops and Apple Jacks cereal. The rise of healthy grocers, such as Whole Foods Market Inc., has also helped drive cereal manufacturers to create healthier options. However, a large number of people continue to shop at mass merchandisers, like Walmart or Costco, because of their low prices. These stores have a large amount of purchasing power, and are major sources of demand because consumers purchase cereal from these retail outlets. Walmart alone accounted for more than 20.0% of all revenue in 2016.⁷

¹ *What We Believe*. Retrieved from <https://www.kashi.com/what-we-believe>

² *Our Heritage*. Retrieved from http://www.kelloggcompany.com/en_US/our-heritage.html

³ *Our Heritage*. Retrieved from http://www.kelloggcompany.com/en_US/our-heritage.html

⁴ *What We Believe*. Retrieved from <https://www.kashi.com/what-we-believe>

⁵ Masterson, R. (2016, July). IBISWorld industry report 31123 Cereal Production in the US. Retrieved from IBISWorld database.

⁶ Masterson, R. (2016, July). IBISWorld industry report 31123 Cereal Production in the US. Retrieved from IBISWorld database.

⁷ Masterson, R. (2016, July). IBISWorld industry report 31123 Cereal Production in the US. Retrieved from IBISWorld database.

Competitive Analysis:

The cereal industry is dominated by well-established brands, such as General Mills and Kellogg's. However, consumers are price sensitive and will readily buy generic cereal brands if they are cheaper.⁸ This means that companies in this industry must innovate and differentiate their products, while competing on price and quality. To distinguish themselves, cereal producers must utilize innovative packaging and marketing in hopes to maintain market share. Similarly, manufacturers must attempt to create strong relationships with suppliers in hopes to secure prime supermarket displays and strategically maximize sales. Expansion into schools, hospitals and other locations is also very important when it comes to maximizing sales.⁹ Competition has immensely increased as private-label brands have been introduced to the market. However, some consumers are brand-loyal because they believe that the quality and reputation of a product is worth paying for. This is true among popular cereals like Cheerios, Cap'n Crunch and various healthy, high quality cereal products.

As a healthy, nutritious cereal Kashi competes with other health food cereals in the market. Fiber One, Cheerios, Special K and Raisin Bran are a few of Kashi's competitors. Each brand attracts health conscious individuals who are aware of their caloric intake and ingredients.¹⁰ While each cereal is portrayed as being beneficial to the consumer's health, there are some substantial differences among brands. Although a single serving of Kashi GOLEAN Crunch contains more calories and sugar than its competitors, it has a substantial amount of fiber. In fact, Kashi GOLEAN Crunch has only one less gram of fiber than Fiber One, a cereal that emphasizes its high fiber content. Kashi cereals are also cheaper than other cereals, however this could be deceiving because the box size smaller and there are less ounces of cereal per box.

Cereal	Calories	Fiber	Sugar	Protein	Price
Kashi *GOLEAN	180	13 g	8g	12 g	\$3.28 (.25/oz)
Fiber One *Original Bran	60	14 g	0g	2 g	\$3.74 (.23/oz)
Cheerios *Original	100	3 g	1 g	3.4 g	\$3.68 (.20/oz)
Special K *Original	120	0 g	4 g	6 g	\$3.98 (.22/oz)
Raisin Bran *Original	190	7 g	18 g	4.6 g	\$3.68 (.16/oz)

⁸ Masterson, R. (2016, July). IBISWorld industry report 31123 Cereal Production in the US. Retrieved from IBISWorld database.

⁹ Masterson, R. (2016, July). IBISWorld industry report 31123 Cereal Production in the US. Retrieved from IBISWorld database

¹⁰ Simmons Research LLC. (2012). Spring 2014 NHCS adult study 06-month [Data file]. Retrieved February 10, 2014 from Simmons OneView database.

Consumer Analysis:

In general, cereal is associated with breakfast. However, according to Mintel 87% of consumers say cereal can be eaten at any time throughout the day. This is important when it comes to cereal being considered a snack food, as opposed to simply a breakfast option. Similarly, more people are leading busier lives. Two in five cereal consumers say they are too busy to sit down and eat breakfast.¹¹ This creates the need for more convenient and snacking cereal options.

The cereal market is seeing a lot of success with its healthy and natural brands. More consumers are opting toward high fiber and protein cereals, and they are more likely to avoid heavily sweetened cereals. This trend is very different from the past, where high sugar cereal was commonplace. Today high protein cereal is important to 38% of Americans and high fiber cereal is important to 52% of Americans, and these numbers are only expected to rise.¹² This means companies will continue to implement healthier, fiber and protein based cereals into the market.

According to Simmons data, the primary consumers of Kashi are women ages 55-64, followed by women who are 35-44 years of age.¹³ Majority of these women are educated and affluent. Kashi consumers are 33% more likely than the average to have gotten their graduate school degrees. They are 35% more likely than average to be working at a Fortune 500 company and 91% more likely than average to be making \$100,000 or more.¹⁴ This makes sense because Kashi is considered a high end health cereal, so its consumers have the luxury to spend more money on everyday breakfast cereal.

These women are also more likely than average to know about ingredients in the food products they purchase, aim to buy locally grown foods and select organic foods most often. A large amount of Kashi consumers considers themselves dieting to lose weight, they exercise regularly and are very calorie conscious. These women prioritize health and fitness, and their friends are 22% more likely than average to regularly ask them health or nutrition advice.¹⁵ So while this demographic is the primary purchasers of Kashi, they could be potential influencers too. Also, Kashi eaters are more likely to be vegetarians. These women are very health conscious and seem to choose Kashi because of its emphasis on health and wholesome ingredients.

Brand Analysis:

The Kashi brand is based on health, nutrition, and quality ingredients. They are owned by Kellogg, a multi-million-dollar company but distance themselves from the corporate giant by standing for sustainable and ethical farming and recently organic farming. Their main slogan is “seven whole grains on a mission.” These seven whole grains include hard red wheat, brown rice, triticale, barley, oats, buckwheat and rye. Another tagline they use is, “We make our foods with simple, wholesome ingredients —and everything we believe.” This furthers their brand as a quality oriented company that carefully considers every ingredient. Their name itself stands for

¹¹ Kelter, Diana. (2015, August). Hot and Cold Cereal— US. Retrieved from Mintel Academic database.

¹² Kelter, Diana. (2015, August). Hot and Cold Cereal— US. Retrieved from Mintel Academic database.

¹³ Simmons Research LLC. (2012). Spring 2014 NHCS adult study 06-month [Data file]. Retrieved February 10, 2014 from Simmons OneView database.

¹⁴ Simmons Research LLC. (2012). Spring 2014 NHCS adult study 06-month [Data file]. Retrieved February 10, 2014 from Simmons OneView database.

¹⁵ Simmons Research LLC. (2012). Spring 2014 NHCS adult study 06-month [Data file]. Retrieved February 10, 2014 from Simmons OneView database.

“wholesome foods made with real nutrition.”¹⁶

Kashi was founded in 1984 in San Diego and was acquired by Kellogg in 2000. Kashi experienced high growth in the first eight years after being acquired but after that sales stagnated. Kashi acquired Stretch Island Fruit Co. in 2005 and Bear Naked Granola in 2008, both of which are still under its control. Operations for Kashi were moved to Battle Creek, MI in 2013 but returned to southern CA in 2014 after sales decreased. These was done in an attempt to reconnect with their health food roots, in Kashi’s native area. The brand is sold in stores under the names Kashi, GOLEAN, and Heart to Heart, all of which now follow the same quality ingredient standards.¹⁷

After a series of controversies beginning in 2012, Kashi has made efforts to win back its customers and be more transparent. Some of the controversies included the use of the term “natural.” Kashi was not organic at the time and also used genetically modified ingredients, which consumers viewed as unnatural. Also the use of terms like “all natural” and “nothing artificial” let consumers to believe that certain preservatives weren’t included when in fact they were.¹⁸ In response to that Kashi has been non-GMO certified since summer of 2016 and now is working to increase organic farmland through a title called “Certified transitional.” This means that Kashi products contain ingredients that aren’t organic but were grown on land that is undergoing the three-year transition to becoming organic cropland.¹⁹

The company as a whole currently has over 70 products including hot and cold cereal, crackers, bars, entrees, waffles and more.²⁰ The brand design is based on a look of homey, simple designs. Ads typically feature a colorful picture with a plain background and some caption about the health of the cereal, usually in a font that looks handwritten. On their website they feature recipes and stories which furthers the neighborly vibe that Kashi is trying to give off.²¹ Kashi also has videos available to watch featuring their efforts to increase organic farmland. The design and features that Kashi associated itself with strive to separate itself from Kellogg or any sort of big business.²²

Media Usage Analysis:

Kashi cereals put a great deal of focus into television in order to get its message out to consumers. When examining their various cereals, Kashi spent \$6,851 total on media.²³ Of that total \$2,716.90 was spent on network TV, \$2,719.80 was spent on cable TV, \$1,261.60 was spent on syndication and \$153.50 was spent on spot TV. This trend continued when looking at how Kashi advertised their Vanilla Graham Clusters cereals.²⁴ This time Kashi spent \$9,251.50 total. Here they put \$3,736.60 on cable TV, \$3,042 on network TV, \$2,282 on syndication and

¹⁶ (n.d.). Retrieved February 10, 2017, from <https://www.kashi.com/what-we-believe>

¹⁷ (n.d.). Retrieved February 10, 2017, from <https://www.kashi.com/what-we-believe>

¹⁸ Bindley, K. (n.d.). Kashi GMO Use Creates Controversy, Backlash On Facebook And Twitter. Retrieved February 10, 2017, from http://www.huffingtonpost.com/2012/04/27/kashi-gmo-use-controversy_n_1456748.html

¹⁹ (n.d.). Retrieved February 10, 2017, from <https://www.kashi.com/what-we-believe>

²⁰ (n.d.). Retrieved February 10, 2017, from <https://www.kashi.com/our-foods>

²¹ Kashi Stories | Kashi Stories. (n.d.). Retrieved February 10, 2017, from http://stories.kashi.com/en_US/home.html#num=6

²² (n.d.). Retrieved February 10, 2017, from <https://www.kashi.com/>

²³ *AD\$ Summary* retrieved from <https://j345manual.journalism.wisc.edu/files/2016/02/Media-Usage-2013-Food-Beverage-.pdf>

²⁴ *AD\$ Summary* retrieved from <https://j345manual.journalism.wisc.edu/files/2016/02/Media-Usage-2013-Food-Beverage-.pdf>

\$190.10 on spot TV.²⁵ The one area that Kashi went a different direction was when advertising their Crisp & Golden Crunch. Kashi spent \$7,401.10 on in advertising and focused that entire sum on magazines.²⁶

Kashi's main four competitors: Fiber One, Cheerios, Special K, and Raisin Bran all behaved somewhat similarly with their own different nuances. Fiber One spent \$1,259.8 on media outlets.²⁷ They divided that up amongst the same four outlets that Kashi had used only they placed the largest amount on spot TV. Fiber one spent \$798.60 on spot TV, \$284.8 on cable TV, \$99.20 on network TV and \$77.10 on syndication.²⁸ When examining Cheerios we only focused on their regular cereal where they put \$50,364.90 towards media outlets.²⁹ Cheerios spent \$16,427.40 on cable TV, \$12,797.80 on network TV, \$12,292.10 on spot TV, \$8,582.60 on syndication and \$265 on spot radio. Special K spent \$9532.30 on media advertising.³⁰ \$5579.50 went towards cable television, \$2660 on network TV, \$1602.20 on syndication and \$190.60 on spot tv.³¹ Finally we also looked at Raisin Bran who spent \$27,741.20 total on media.³² They spent \$8,252.70 on magazines, \$693.1 on Sunday magazines, \$7905.30 on network television, \$160.80 on spot TV, \$1465.20 on syndication and \$9264.20 on cable TV.³³

Kashi and its competitors all decided to put a large emphasis on television. Each cereal brand placed ads on some sort on network and cable television, as well as spot and syndication television. While Kashi focused a majority of its efforts towards Cable and Network TV, both Fiber One and Cheerios put a lot of effort into marketing in spot television. Raisin Bran also had a good footprint in magazine ads.

Category Creative Analysis:

In a press release by Kashi Company, on July 12, 2016, Kashi released a new design and brand identity that reflects its new belief that “food should not only taste good, but do good.”³⁴ Additionally, the company highlights their message by using similar phrases to preface additional ideas such as, “good clean food deserves good clean design.” The press release identifies that Kashi has an entire portfolio of Non-GMO Project Verified products, progressive food values and editorials explaining where the food has come from—employees, farmers and friends. These editorials appear to be a focus of the company, and a larger part of their new design, as they entirely cover the back of the box—each box telling a story.

In addition to their GMO movement, Kashi markets as USDA certified Organic. Within the press release, the company uses the hashtag #GOTOGETHER, as their design and product both embody the same idea of simplicity. Kashi's website uses clear pictures of a specific food,

²⁵ AD\$ Summary retrieved from <https://j345manual.journalism.wisc.edu/files/2016/02/Media-Usage-2013-Food-Beverage-.pdf>

²⁶ AD\$ Summary retrieved from <https://j345manual.journalism.wisc.edu/files/2016/02/Media-Usage-2013-Food-Beverage-.pdf>

²⁷ AD\$ Summary retrieved from <https://j345manual.journalism.wisc.edu/files/2016/02/Media-Usage-2013-Food-Beverage-.pdf>

²⁸ AD\$ Summary retrieved from <https://j345manual.journalism.wisc.edu/files/2016/02/Media-Usage-2013-Food-Beverage-.pdf>

²⁹ AD\$ Summary retrieved from <https://j345manual.journalism.wisc.edu/files/2016/02/Media-Usage-2013-Food-Beverage-.pdf>

³⁰ AD\$ Summary retrieved from <https://j345manual.journalism.wisc.edu/files/2016/02/Media-Usage-2013-Food-Beverage-.pdf>

³¹ AD\$ Summary retrieved from <https://j345manual.journalism.wisc.edu/files/2016/02/Media-Usage-2013-Food-Beverage-.pdf>

³² AD\$ Summary retrieved from <https://j345manual.journalism.wisc.edu/files/2016/02/Media-Usage-2013-Food-Beverage-.pdf>

³³ AD\$ Summary retrieved from <https://j345manual.journalism.wisc.edu/files/2016/02/Media-Usage-2013-Food-Beverage-.pdf>

³⁴ Kashi Company. (2016, July 12). *Kashi Unveils New Look Proving Good Food and Good Design #GOTOGETHER* [Press release]. Retrieved February 7, 2017, from <http://www.pnrcorrewswire.com/news-releases/kashi-unveils-new-look-proving-good-food-and-good-design-gotogether-300297102.html>

such as different grains, to provide a visual for the consumer to identify what Kashi products are made of.³⁵ Words such as “nourish, wholesome, innovation, goodness” are emphasized in larger text and different fonts, furthering the brand’s message. Overall, their current campaign seems to focus on simplicity, not only with the actual product marketed, but in the design as well. In 2015, while preparing for the eventual redesign of Kashi, Kellogg chose to focus on getting Kashi GOLEAN products labelled as Non GMO Project Verified and making sure that all Kashi Heart-to-Heart products meet the USDA’s Organic standard.³⁶ The effectiveness of this new campaign is hard to gauge since it is so recent. However, in 2015 Kashi reported a drop in sales, which is what most likely led to the creation of their new campaign.

According to Kashi’s website, “The new design features food front and center against a clean white canvas and accented with a design that is unmistakably contemporary – with clean lines, vivid colors and straightforward typography.³⁷” Kashi was one of the first companies to use the white box and continues to do so in their new design, with minimal text. Images are blown up to see the crispness of an item and to emphasize their design of simplicity. The design reflects the company’s belief that food should be clean and purposeful. The logo has been improved for readability, but remains noticeably similar to the previous logo—serif font with a straw of wheat flowing above the word Kashi with the head of the plant dotting the “i.” All the food images appear crisp and clean against some part of the white box. Again, the back of the box is an editorial section. The editorial contains a sharp photo of a person, looking happy outside in green grass or inside in a white kitchen. Beneath the image is a “Meet [Name]” with a brief description of who the person is or what action is being done within the above image.

Kashi competitors market themselves in different ways. Fiber One focuses on the importance of consuming quality fiber, which is used in their products.³⁸ Additionally, the website highlights the idea of cravings and how their product satisfies those cravings with great flavor. Their cereal campaign involves keeping you full and focused, through an energy boost of fiber. Their slogan, “What’s Your Craving?” emphasizes the brand’s focus on great flavor and fiber filled products.

Cheerios’ prime focus is heart healthy grains that are gluten free. The brand successfully captures family and infants consuming Cheerios.³⁹ Similar to Kashi, Cheerios emphasizes how their product is natural and from the farm, capturing each step along the way, from the seed, to the harvest and finally the mill. Cheerios also lists in bullet point form all benefits their cereal provides such as vitamins, calcium, fiber and sugars. A slogan Cheerios uses on their website is “The One and Only.”

³⁵ Kashi Company. (2016, July 12). *Kashi Unveils New Look Proving Good Food and Good Design #GOTOGETHER* [Press release]. Retrieved February 7, 2017, from <http://www.pnrcorrewire.com/news-releases/kashi-unveils-new-look-proving-good-food-and-good-design-gotogether-300297102.html>

³⁶ Kellogg 2015 Annual Report. (2016, January 2). Retrieved February 13, 2017, from <http://investor.kelloggs.com/~media/Files/K/Kellogg-IR/Annual%20Reports/kellogg-2015-AR-10-K-v3.pdf#>

³⁷ Kashi - What We Believe. (2017). Retrieved February 07, 2017, from <https://www.kashi.com/what-we-believe>

³⁸ Our Foods – FiberOne. (n.d.). Retrieved February 13, 2017, from https://www.fiberone.com/our-foods/?category=craveable-bars&gclid=CjwKEAiAz4XFBRW87vj6-28uFMSJAAHeGZbG9DLIKETP3m5T6zenywpdzZMP3vBRbb0JcsQpbl4GxoC8Nrw_wcB&gclsrc=aw.ds&dclid=CPrP3bipjtI CFVM6TwodBeMC Q

³⁹ Original Cheerios. (n.d.). Retrieved February 13, 2017, from <http://www.cheerios.com/products/Cheerios.aspx>

Special K's website highlights a key demographic of women throughout their homepage. Their cereal is described as filled with protein, tasteful while still being gluten free.⁴⁰ Visually, Special K highlights images of their grains and women being active. They use words such as fortify, strong and nourish to describe their products.

Raisin Bran's website talks about how their cereal is heart healthy and made with whole wheat, also mentioning that Raisin Bran is a good source of fiber, potassium, and that it has real raisins in it.⁴¹ They also describe their cereal as classic. Based on this, it appears they are targeting an older demographic. Their website also mentions that their cereal is a great way to start the day and their packaging reflects this since there is a sun holding two scoops of raisins on the box.

Interestingly, all the different cereal brand websites incorporated images of fruit even if their cereal product did not contain fruit.

Public Opinion Analysis:

It is imperative that we understand what the general public thinks about the Kashi brand to create a successful campaign. Sales in the cereal (hot and cold) market have steadily declined since 2012.⁴² By 2020, Mintel expects the segment's sales to decline by 21.8%. Despite potential struggles in a concentrated, competitive and declining industry, Kashi has solidified itself as the number one natural and organic cereal brand. As of 2011, Kashi had 42 percent of the market share.⁴³

Public opinion soured, however, in 2012 when a Rhode Island grocer refused to sell Kashi products after he discovered the brand used genetically modified and non-organic ingredients.⁴⁴ This information went viral, and other food bloggers picked up the story and criticized Kashi for labeling its products containing GMOs as "natural." Many consumers felt betrayed by the brand and took to Facebook to express their concerns after Kashi temporarily shut down their customer call line.⁴⁵

To combat the new consumer distrust, Kashi partnered with the Non-GMO Project. The Non-GMO Project is the leading North American Non-GMO verification program. Their goal was to have all of their products Non-GMO verified by 2015.⁴⁶ As of 2017, 11 of their foods are Non-GMO verified, and they are continuing to verify the rest.⁴⁷ Kashi's partnership with the Non-GMO Project re-established Kashi's relationship with its consumers and began to rebuild trust in the brand.

⁴⁰ Special K® Cereals. (n.d.). Retrieved February 13, 2017, from https://www.specialk.com/en_US/products/cereals.html

⁴¹ Kellogg's Raisin Bran® | Kellogg's. (n.d.). Retrieved February 13, 2017, from https://www.kelloggs.com/en_US/brands/kellogg-s-raisin-bran-consumer-brand.html#num=12

⁴² Hofbauer, R. (2015, August). Hot and Cold Cereal – US. Retrieved from Mintel Academic database.

⁴³ Browne, D. (2011, October). Natural and Organic Food and Beverage: The Market – US. Retrieved from Mintel Academic database.

⁴⁴ Weise, E. (2012, April 29). Kashi cereal's 'natural' claims stir anger. Retrieved February 10, 2017, from <http://usatoday30.usatoday.com/money/industries/food/story/2012-04-29/kashi-natural-claims/54616576/1>

⁴⁵ Kashi Cereal Pledges to Be Non-GMO by 2015 After Consumer Backlash. (2014, March 02). Retrieved February 10, 2017, from <http://www.organicauthority.com/blog/organic/kashi-cereal-pledges-to-be-non-gmo-by-2015-after-consumer-backlash/>

⁴⁶ Company, K. (2017, February 10). Kashi Increases Commitment To Organic And Non-GMO Project Verification. Retrieved February 10, 2017, from <http://www.prnewswire.com/news-releases/kashi-increases-commitment-to-organic-and-non-gmo-project-verification-149473835.html>

⁴⁷ (n.d.). Retrieved February 10, 2017, from <https://www.kashi.com/natural-living/organic/kashi-and-the-nongmo-project>

Despite their scandal in 2012, Kashi loyalists continue to express their love for the products on Kashi's Facebook and Twitter. On Facebook, customers frequently post about the great taste and nutritional value of Kashi products.⁴⁸ On Twitter, Kashi retweets their customer's photographs with their Kashi product of choice.⁴⁹ On both platforms, Kashi posts recipes for smoothies containing Kashi ingredients, to engage with their audience and offer them ways to reinvent the product they love. Overall, most of the content featured on Kashi's social media is positive, upbeat and praises the brand. Kashi should continue to engage with its consumers on social media.

Even still, Kashi skeptics take to the Kashi Facebook page to express concerns about whether or not Kashi is transparent with the ingredients they choose.⁵⁰ Instead of ignoring these posts, Kashi replies to the consumer to engage in a dialogue. Additionally, if a customer posts a picture of a damaged product, Kashi replies hastily and asks for their address to send them a new product. Customers appreciate Kashi's engagement.

Most recently in 2016, Kashi has received praise for its new label, Certified Transitional.⁵¹ Kashi and Quality Assurance International partnered to lessen the challenges faced by farmers who are transitioning to organic.⁵² Kashi gives its consumers the opportunity to promote organic farming by purchasing products with this label. Since Kashi consumers have interests in organic and natural foods,⁵³ they have responded positively to the new label.⁵⁴ Additionally, the Certified Transitional label strengthens the bond between Kashi and its farmers promoting a positive brand image.

Stakeholder Analysis:

Kellogg Co. and Shareholders

Kashi is owned by Kellogg Company. Kellogg Co. and General Mills Inc. each command one third of the cold cereal market.⁵⁵ Since more consumers are choosing healthy options, and Kashi is the leading health brand,⁵⁶ Kashi's acquisition is an advantage for Kellogg Co. This could lead Kellogg Co. to potentially surpass General Mills Inc. if Kashi succeeds. However, if Kashi fails, the gap between Kellogg Co. and General Mills could widen.

⁴⁸ Facebook. (n.d.). Retrieved February 10, 2017, from <https://www.facebook.com/kashi/>

⁴⁹ Twitter. (n.d.). Retrieved February 10, 2017, from <https://twitter.com/kashifoods>

⁵⁰ Facebook. (n.d.). Retrieved February 10, 2017, from <https://www.facebook.com/kashi/>

⁵¹ Certified Transitional Initiative - Kashi | Transitional Trade. (n.d.). Retrieved February 10, 2017, from https://transitional.kashi.com/en_US/home.html

⁵² H. (2016, May 18). Meet the new food label: 'Certified Transitional,' huh? Retrieved February 10, 2017, from <http://www.cnbc.com/2016/05/18/meet-the-new-food-label-certified-transitional-huh.html>

⁵³ Simmons Research LLC. (2012). Spring 2014 NHCS adult study 06-month [Data file]. Retrieved February 10, 2014 from Simmons OneView database.

⁵⁴ Twitter. (n.d.). Retrieved February 10, 2017, from <https://twitter.com/kashifoods>

⁵⁵ Hofbauer, R. (2015, August). Hot and Cold Cereal – US. Retrieved from Mintel Academic database.

⁵⁶ Browne, D. (2011, October). Natural and Organic Food and Beverage: The Market – US. Retrieved from Mintel Academic database.

Non-GMO Project

The Non-GMO Project is a nonprofit organization that has been heavily involved with the production of Kashi goods since 2012⁵⁷. Partnering with the Non-GMO Project has helped Kashi re-establish itself as a trustworthy and transparent brand. Since the relationship between Kashi and The Non-GMO Project is highly publicized, any mistakes either company makes could harm the other. Additionally, if Kashi succeeds it would provide positive publicity for the Non-GMO project.

Farmers

Kashi's new Certified Transitional⁵⁸ label aims to help farmers transition their farms to organic farms. This process is long and expensive, and Kashi aims to minimize the struggle. If Kashi is successful, this will better the livelihoods of many American farmers. It is imperative that Kashi succeeds so its farmers can as well.

Health-food Activists

Health-food activists played a large part in publicizing Kashi's mislabeling of products. These activists are influential on the internet, and since 88.5 percent⁵⁹ of Americans use the internet, health-food activists could heavily sway public opinion.

Consumers

Since Kashi is the leading healthy cereal, its consumers have a stake in its success. Kashi fills a niche for nutritious, fiber and protein-rich cereal.

SWOT Analysis:

Strengths

- Kashi has solidified itself as a healthy, nutritious and natural cereal brand
- Kashi products are Non-GMO verified and are working towards helping farmers transition to organic practices⁶⁰
- The logo, design and brand identity of Kashi are consistent and reflective of the simplicity and health of Kashi products
- Kashi utilizes strong social media interactions, the brand is great with prompt customer responses and engagement

Weakness

- There is still skepticism and distrust in the ingredients and claims that Kashi makes about its products
- Kashi's advertising tactics are similar to its competitors, but Kashi spends less money to reach an even smaller audience
- Kashi does not emphasize its high fiber content (only 1g less than Fiber One), despite the

⁵⁷ (n.d.). Retrieved February 10, 2017, from <https://www.kashi.com/natural-living/organic/kashi-and-the-nongmo-project>

⁵⁸ Certified Transitional Initiative - Kashi | Transitional Trade. (n.d.). Retrieved February 10, 2017, from https://transitional.kashi.com/en_US/home.html

⁵⁹ Internet Users by Country (2016). (n.d.). Retrieved February 11, 2017, from <http://www.internetlivestats.com/internet-users-by-country/>

⁶⁰ *What We Believe*. Retrieved from <https://www.kashi.com/what-we-believe>

fact that consumers are increasingly picking high fiber and protein cereals

Opportunities

- Only 4.9% of people who care about shopping locally buy Kashi, ⁶¹ despite the fact that Kashi consumers are 53% more likely than average to buy locally grown food
- Only 5.7% of people who seek out organic and natural foods buy Kashi, but most of Kashi's consumers say they look for organic and natural foods⁶²
- Only 5% of people who consistently exercise and count calories are purchasing Kashi, even though Kashi consumers are over 20% more likely than average to exercise and count calories⁶³
- New advertising avenues and tactics may reach untapped consumers and differentiate Kashi from competitors
- Consumers are focusing on high fiber cereals and there is not a lot of competition in that area yet

Threats

- Consumers have a price incentive to choose similar cheaper, generic cereals or pick entirely new, convenient breakfast options outside of cereal
- Kashi's competitors such as Cheerios and Special K have huge amounts of money to spend on advertising and gain publicity⁶⁴
- As more consumers become health conscious, there will be an increase of healthy, high fiber and protein cereals and breakfast products

Summary:

Consumers are increasingly focusing on high fiber cereals. Although Kashi cereals have a high fiber content, it is not something Kashi is emphasizing. A competitor, Fiber One, has an entire brand based off of its high fiber content food. However, Fiber One Original Bran has only one gram of fiber more than Kashi GOLEAN Crunch. By emphasizing and informing consumers about Kashi's high fiber products, there is potential to tap into Fiber One's consumer market.

Kashi has a very strong social media presence, so the brand will be able to take advantage of new advertising opportunities. Like most of its competitors, Kashi has utilized television as the primary avenue to reach its consumers and potential customers. However, Kashi has a solid social media presence and following. This means the company could successfully implement new, unique avenues of digital advertising. This would set Kashi apart from competitors and has the potential to reach an even wider audience.

Some of Kashi's biggest competitors are longstanding, popular cereal brands. Cheerios and Special K are huge brands that have large sums of money for advertising and promotion. However, Kashi is currently branding itself in a distinct, creative manner. Its logos, design and overall aesthetic are transferred across the Kashi website, cereal boxes and logo. By using similar creative strategies to implement a unique brand, Kashi is differentiated from Cheerios and other competitors. This way, consumers will specifically seek out Kashi as it stands out from

⁶¹ Simmons Research LLC. (2012). Spring 2014 NHCS adult study 06-month [Data file]. Retrieved February 10, 2014 from Simmons OneView database.

⁶² Simmons Research LLC. (2012). Spring 2014 NHCS adult study 06-month [Data file]. Retrieved February 10, 2014 from Simmons OneView database.

⁶³ Simmons Research LLC. (2012). Spring 2014 NHCS adult study 06-month [Data file]. Retrieved February 10, 2014 from Simmons OneView database.

⁶⁴ *AD\$ Summary* retrieved from <https://j345manual.journalism.wisc.edu/files/2016/02/Media-Usage-2013-Food-Beverage-.pdf>

competitors and provides a cool alternative cereal option.

Organic and health foods have become increasingly popular. Today, people care about the ingredients in their foods, are skeptical about GMOs and prioritize locally-grown food. It is crucial that consumers are informed about the ingredients in Kashi cereal and how the cereal is made. Today, many Kashi products are non-GMO verified and Kashi is working to help farmers transition to organic practices. There is a potential untapped market of people who value local, organic and natural foods and are not currently eating Kashi. By emphasizing the wholesome, nutritious ingredients in Kashi and explaining what it means to be non-GMO and Organic, Kashi could gain a number of consumers. Similarly, most of those people are calorie conscious and exercise too. If Kashi explains and emphasizes the nutritional content and beneficial health aspects in their cereal, more health conscious individuals may purchase Kashi.