BREAKFAST GONE BAD... The case of Kellogg’s Rice Krispies®

1. Introduction

Three months had passed since the launch of the new Rice Krispies® Vanilla, announced in June 2018. Mark Smith¹, the Brand Category Manager for Cereals at Kellogg’s Company of South Africa (Pty) Ltd (“Kellogg’s”), browsed their social media pages with increasing concern. There were more than 2 000 negative comments on Facebook and Twitter in just a few days, and the number was growing. None of the feedback could be described as positive towards the new product for which he was responsible – Rice Krispies® Vanilla. Then there were the press articles criticising the new product, quoting negative opinions of customers. This was surprising as the taste tests had shown that the new cereal was liked by the majority of the participants who said they would buy it. So why did the customers dislike this new product so much? They were accusing Kellogg’s of betraying loyal consumers. Customers’ emotions ranged from disappointment to anger, and there were using words like “hate”, “frustrated”, and “horrible”, and many were promising they would never buy the product again. How had the decision to be innovative gone so wrong?

2. Breakfast food choices

Breakfast is regarded as one of the most important meals of the day, reinforced by sayings like “Eat breakfast like a king, lunch like a prince and dine like a pauper”, and “Breakfast is the most important meal of the day”. ² ³ Nutritionists recommend that people of a healthy weight make breakfast their largest meal in order to maintain this weight. ⁴ It is also important that breakfast delivers the right vitamins (such as vitamins A and C), iron, calcium and other minerals. Despite knowledge of the importance of breakfast, studies show that many young people skip this meal for various reasons, including a lack of time to prepare it. ⁵ With changing lifestyles and time pressures in many households, breakfast cereals can

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¹ A pseudonym
⁴ Ibid.
provide the healthy start to the day, saving time yet providing the necessary nutritional requirements. One of the leading players in this market is Kellogg’s, that describes itself as a company “making breakfast cereal loved and enjoyed by the whole family”.

Health researchers have examined the extent to which breakfast cereals provide a healthy start to the day. The analysis, commissioned by BusinessTech (a leading business website in South Africa), determined the nutritional values in 30 of South Africa’s breakfast cereals. This table included the amounts of sugar in breakfast cereals (per 100g of product), and these reported sugar levels do not include any sugar added by the consumer. Rice Krispies® Vanilla was placed mid-table. Table 1 shows these nutritional values, ranked based on sugar content.

<table>
<thead>
<tr>
<th>Position</th>
<th>Cereal</th>
<th>Energy</th>
<th>Fat (g)</th>
<th>Carbs (g)</th>
<th>Sugar (g)</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>Frosties</td>
<td>1433</td>
<td>0.7</td>
<td>80.0</td>
<td>37.4</td>
</tr>
<tr>
<td>#3</td>
<td>Strawberry Pops</td>
<td>1502</td>
<td>0.3</td>
<td>82.0</td>
<td>33.1</td>
</tr>
<tr>
<td>#4</td>
<td>Coco Pops</td>
<td>1453</td>
<td>1.2</td>
<td>76.0</td>
<td>33.1</td>
</tr>
<tr>
<td>#8</td>
<td>Fruit Loops</td>
<td>1479</td>
<td>3.5</td>
<td>76.0</td>
<td>28.0</td>
</tr>
<tr>
<td>#9</td>
<td>Coco Pops Chocos</td>
<td>1466</td>
<td>4.3</td>
<td>74.0</td>
<td>27.7</td>
</tr>
<tr>
<td>#16</td>
<td>Rice Krispies</td>
<td>1485</td>
<td>0.3</td>
<td>80.0</td>
<td>21.7</td>
</tr>
<tr>
<td>#24</td>
<td>Special K Classic</td>
<td>1301</td>
<td>1.0</td>
<td>68.0</td>
<td>16.7</td>
</tr>
<tr>
<td>#25</td>
<td>All Bran Flakes</td>
<td>1054</td>
<td>2.2</td>
<td>51.0</td>
<td>12.9</td>
</tr>
<tr>
<td>#27</td>
<td>Corn Flakes</td>
<td>1355</td>
<td>1.0</td>
<td>71.0</td>
<td>7.9</td>
</tr>
</tbody>
</table>

Adapted from BusinessTech, 2018.

3. The Breakfast Cereal Market

The breakfast cereal market in South Africa was worth R4.3 billion in 2016 and dominated by three major manufacturers, Tiger Brands (Jungle Oats®; Ace® Instant Porridge), Pioneer Foods (Weetbix®; Pronutro®; Nature’s Source®) and Kellogg’s (Rice Krispies®; All Bran®;  

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Special K®). At that time Pioneer Foods had a 32% market share following by Kellogg’s (26%), Tiger Brands (18%) and Nestlé (10%). Other smaller manufacturers accounted for the remaining 14%. The industry had experienced annual compound growth of 10.1% growth between 2012 and 2017.

Increased health awareness among consumers (such as the call for reduced sugar and gluten-free options) has led to the introduction of new brands. There was also an increase in the popularity of health bars for consumers, many having time pressures in the morning. Rising costs had put pressure on many brands to increase their prices, which leads consumers to question their loyalty to a brand. A number of retailers produced their own No Name cereals as a way of attracting customers via offering cheaper competitive products.

3.1 Kellogg’s

Kellogg’s is a US-based company formed in 1906 when they opened the “Battle Creek Toasted Corn Flake Company” with the vision of supplying breakfast foods that not only tasted good but were also healthy. While initially distributing products in the US, the range of breakfast cereals were produced in other countries such as Australia, the UK and Mexico. Currently, Kellogg’s is number 5 on the list of the 10 most valuable food brands in 2018 (down from the 3rd position). In the US, their brands are not limited to ready-to-eat cereals, but also include breakfast pastries such as pop tarts and Special K™ protein shakes. Today their products are available in 180 countries.

3.2 Kellogg’s in South Africa

Kellogg’s products were first sold in South Africa in 1923, though the first production plant was only opened in Springs in 1948. Kellogg’s Company of South Africa (Pty) Ltd

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9 Ibid.
manufactures and distributes brands such as Rice Krispies®, Strawberry Pops®, Coco Pops® as well as Special K® and All Bran® and operates as a subsidiary of Kellogg Group S.A.R.L, the holding company registered in Luxembourg.\textsuperscript{14}

In 2014, Kellogg’s launched the “Breakfast for Better Days” campaign in South Africa to reinforce the importance of a healthy breakfast – a core Kellogg’s belief.\textsuperscript{15} The focus of this campaign was to serve breakfast in 25 000 schools across the country. These schools were located in impoverished areas in South Africa and giving each pupil breakfast, Kellogg’s aim was to help children in need and aiding their learning and education.\textsuperscript{16} The company’s current slogan “Nourish your great”, which reinforces not only the importance of breakfast, but also of the relationship with education (and its impact on future success).

3.3 The original Rice Krispies™

Rice Krispies™ was invented and went on sale in 1928 in the United States. The original formula was made from a paste of rice and sugar. This paste was then toasted, resulting in the “snap, crackle and pop” effect when milk was poured over it.\textsuperscript{17} The ingredients included rice, sugar, malt extract (barley), vitamins A, C, B1, B2, niacin, folic acid, B12 and pantothenic acid (B5), and iron.\textsuperscript{18} The quantities of these vitamins are unstated. As part of providing information to the customer, a GMO (genetically modified organism) disclosure was placed on the cereal packaging to show that the product includes ingredients sourced from genetically engineered crops – that is, GMOs.

For many consumers, Rice Krispies™ is not just the product itself – it represents the memories associated with the product, recollections of their childhood and the three characters in the form of the elves in the Kellogg’s factory. The elves are named Snap, Crackle
and Pop. Snap™ is the oldest, brainiest brother; Crackle™ is the clown; while Pop™ is the youngest and most adventurous. These mascots have been associated with the brand since 1938. The use of brand mascots is aimed at increasing product liking and brand loyalty, as they are positively perceived by consumers.\(^{19,20}\) The elves are also examples of onomatopoeia, as their names are associated with the sound that the product makes.\(^{21}\) This traditional heritage and the imbedded association with a healthy breakfast time had affected the perceptions in the marketplace, with Kellogg’s Rice Krispies® being positively perceived by the children and youth of South Africa. In the Sunday Times Generation Next survey, Kellogg’s Rice Krispies® was voted the ninth coolest breakfast cereal in 2017, moving up to seventh place in May 2018.\(^{22}\)

The new product

World-wide, Kellogg’s growth has come from the development of innovative products as part of their growth strategy.\(^{23}\) This growth strategy at both the international and at the national level includes a number of actions. It involves investing in business opportunities that provide growth such as the introduction of Kellogg’s Strawberry Rice Krispies and the international purchase of Pringles. But it also results in the sale of brands that are not able to attract investment within Kellogg’s, but which could do so within another organisation.\(^{24}\) For South Africa, the growth strategy includes growing the African market (throughout the continent) for breakfast and snack products.\(^{25}\) Growing the market for these products suggested a need to provide “innovative products and variety to customers”, and this was interpreted to mean that customers wanted new products and breakfast solutions.

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Consequently, the decision to launch the new product, Rice Krispies® Vanilla in South Africa in August 2018 was made. Rice Krispies™ (as well as Coco Pops® and Strawberry Pops®) was reformulated in various ways. Firstly, the rice was replaced with multigrains, such as cornflour and crushed wheat flour. To do this, the brand decided to reformulate the existing product to include the following ingredients:

“Rice flour (48%), *corn flour (13%), crushed whole wheat flour (10%) (gluten), sugar, salt, calcium carbonate, flavouring, folic acid, niacin, pantothenic acid, vitamin A, vitamin B1, vitamin B2, vitamin B6, vitamin B12, vitamin C, iron. *May contain genetically modified organisms.”


This product label indicates that 48% of the new product formula is rice flour, down from 89.9% in the original product. The cornflour and crushed wheat flour replaced the rice flour as new ingredients. There is still the disclaimer regarding potential GMOs. The new recipe contains 21.7g of sugar per 100g – previously 9g per 100g – and this is added to enhance the crispiness of the product, which is done by adding a thin coating of sugar to the cereal. The decision was made to change the product formula for the South African market only to cater to South African tastes and palates.

The major benefit identified by Kellogg’s with this change of ingredients and reformulation included the ability to source the inputs from South African sources (as South Africa does not produce rice). This local sourcing had the potential to impact the local economy and employment, instead of the ingredients being imported. The new product was not only viewed as providing variety to customers, but it also offered “additional nutritional benefits”, specifically nine vitamins and iron, and the introduction of the vanilla taste.

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26 Kellogg’s. (2018). Rice Krispies Vanilla is a new product that was launched in South Africa in June this year, responding to many of our customers’ calls for more innovation and variety, which accounted for our action over the last two years by…. Retrieved from https://www.facebook.com/Kellogg’sSA/ (accessed 5 October 2018).


28 Ibid.

29 Kellogg’s. (2018). Rice Krispies Vanilla is a new product that was launched in South Africa in June this year, responding to many of our customers’ calls for more innovation and variety, which accounted for our action over the last two years by…. Retrieved from https://www.facebook.com/Kellogg’sSA/ (accessed 5 October 2018).
3.4 **Conducting the market research – taste tests**

Prior to launching new products, it is recommended that product prototypes and new products be tested among consumers.\(^{30}\) The testing is an attempt to limit potential damage of launching a product that will not be well-received, impacting the company reputation and the costs associated with a product failure. Consumer testing is undertaken among consumers who are similar to the final market segment, and who are able to provide an accurate indication of how customers will perceive the new product.\(^{31}\)

Kellogg’s pretested the new product through the use of taste tests among 400 mothers and children. These testers included regular Rice Krispies® consumers (50%) and those who had stopped using or had never consumed the product (50%). The reason for using both groups was to determine the reaction to the new taste so as to be able to keep the current users, while also attracting lapsed users back to the product or tempting those who had never tried the cereal to purchase it.

According to Xolile Mbatha, the director of research, nutrition and development at Kellogg’s South Africa, the results indicated that the product was “significantly liked” by all consumers involved in the testing\(^{32}\) But the research had acknowledged that there had been some differences in the personal taste reactions.

3.5 **The decision to launch – the selected strategy**

Based on the positive research results, the decision was made to launch the product while also withdrawing the existing product (the original Rice Krispies®) from the market. Any commitment to a new formula or product can be viewed as risky. However, considering the results of the taste tests, it was assumed that customers would accept the new product, and even if they did not love it initially, they would, in time, as with any product range extension, transfer their loyalty. The rationale behind the new product was stated in a press release that was placed on the website as well as on the Kellogg’s Facebook page in 2018. The press release read as follows:

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\(^{31}\) Ibid.

“Rice Krispies Vanilla is a new product that was launched in South Africa in June this year, responding to many of our customers’ calls for more innovation and variety, which accounted for our action over the last two years by launching Granola, Wholesome Snacks and Noodles. With Rice Krispies Vanilla we have moved from a single grain to a multi-grain formula which has additional nutritional benefits and allows us to source locally, promotion local farmers and jobs. The New recipe also contains 9 vitamins and iron. While we fully understand that in some instances people prefer the original plain Rice Krispies, several different recipes were tested in market, and the vanilla formulation was significantly preferred by our local customers. We are grateful and indebted to our customers that have supported our products and look forward to continue making breakfast cereals loved and enjoyed by the whole family.”

Source: https://www.facebook.com/KelloggsSA/

The packaging did not change significantly. The major difference between the old and new packaging was the green “new and improved vanilla flavour” banner that was placed on the bottom corner of the updated cereal box. The packaging did not indicate the reduction in rice content or the increase in the sugar content but did state the introduction of multigrains. To become aware of the details, the consumer would need to study the list of ingredients on the package and compare them to those on the previous packaging.

Subsequent to the launch of the new product in June, there was a reported “uplift in sales”. This was due to the marketing efforts of Kellogg’s to “engage with new/lapsed” users, which made up 50% of the taste test group.33

4. Customer reactions to the new product

The reformulation undertaken with Rice Krispies® was also done with Coco Pops® and Strawberry Pops®, although the changes to these products did not cause the same reaction that the Rice Krispies changes did. Customers took to social media to express their

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Some clients attempted to find humour in the new Rice Krispies, with the change being described as a crisis or as a disaster, addressed to Kellogg’s US (the parent company).

Customer reactions to the product changes were centred around various central issues.

- **Dislike for the new product and an associated preference for the original product**

Customers expressed their dislike of the new product and indicated a desire to purchase the original (now discontinued) product. Reasons for this included the taste of the new product being different from the previous product, and the missing “snap, crackle and pop” when the milk was poured over the cereal. Words used to describe the taste of the cereal included “dislike”, “hate”, and “horrible”, and many social-media comments contained emojis to reflect customers’ opinions. Other users commented on the smell and the consistency, specifically the cereal’s mushy texture.

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34 Note that all customer comments are unaltered, and spelling and grammatical errors are also unchanged. These comments are presented in a deidentified form, but permission has been obtained from all of the authors.
The new one is awful and I wasted over R60 on the box. AND no snap,crackle and pop. Why change a product that is loved by every generation? (C8)

The change was viewed by some customers as a form of betrayal towards them and to the memory of the product and the memories associated with it, with one customer comparing it to a death in the family (C8).

- The lack of knowledge regarding the change to the formula

The lack of a clear indication of the change in the product ingredients on the packaging was a complaint for many consumers. As the packaging was largely the same, the ability to tell the two products apart was not obvious to customers, with some asking for a refund as they felt they had been deceived (C9). Other customers had switched to generic brands offered by large retail groups such as PNP (Popped rice) or Spar (Rice puffs) or those of other competitors such as Heartland (Rice popperz) and suggested these alternatives to readers.

I was tricked in purchasing the vanilla flavour as I it isn’t visible at first sight. My child has resorted to eating the PNP brand Rice Krispies. (C9)

I accidently bought the new Rice Crispies, as the packing looked the same as the old packaging. (C10)

Tastes horrible, way too sweet. My complaint it looks like the old box, just with a green block on the bottom of the box, introducing the new “improved” flavour”. Not on, I grabbed a huge box and only after opening it realised the difference. Very sneaky. (C11)

Based on the lack of knowledge of the change in the product and the subsequent dislike of the product, some customers asked Kellogg’s for the possibility of a refund.

- Health concerns related to the new product

The change in formula impacted customers who are gluten intolerant, as rice-based products provide a viable alternative for them. The increased sugar content was also raised by
consumers, as the increase in sugar (per 100g) counters actions of food companies worldwide that have reduced the amount of sugar in their products since excessive sugar consumption is associated with health issues and weight gain. Many mothers commented that they could no longer allow their children to eat Rice Krispies™ due to the increased amount of sugar.

Rice Crispies used to be one of the few treats I could have, since I am gluten-intolerant. The new “multigrain” version now puts an end to that; so Bye Bye Rice Crispies. (C12)

@kellogs I fail to see how you can be introducing lower sugar level cereals in some countries to acknowledge responsibility in promoting good health, especially amongst children and then produce this higher sugar content cereal for them here in South Africa? Does the health of South African children not matter? (C13)

- A perception that Kellogg’s does not care about its customers

Consumers perceived the change in the product formula and the removal of the original product as a perceived disregard for customer needs and an associated lack of interest in their opinions (C14) – although this was given as the reason for the change.

There you go, they’re “saddened”... copy and paste response!! They don’t give a hoot. (C14)

Despite the collective outcry, and the multitude of complaints, [...] customer feedback is determinedly not valued and the stubborn undertone seems to indicate that the brand wants to nourish its own great at the expense of its market. Nothing quite like converting lifelong loyalty into resentment. (C15)

To show how you have no regards to your customers you continue to lie to us which is disgusting. Is there a consumer ombudsman that we can report you to so that you can be held accountable for your false claims and tricking us into buying your disgusting and inferior cereal modification 😢😢😢 (C16)

Some posts on the page believed that this deception was being perpetrated by those involved in the taste testing (C17; C18). This made some customers query the extent to which Kellogg’s could trust the opinions of those involved in the taste tests. Some customers
questioned the quality of the research that had been conducted and it was suggested that the people who tasted the product were “paid to like the product”.

It was stated in the following ways:

How much where the group paid to say its nice? (C17)

I’m sure if a study were done about testing, they will find that most people just say yes they like it, cause that is what they think the marketeer wants to hear. I was part of test groups before and I know that we just gave positive feedback, cause we got free stuff. (C18)

• Packaging misleading the customer

An allegation was made that the packaging was not clear about the ingredients of the product or of the volume of product that was purchased and the cost of production (C19).

Because of all the added sugars there is now less in a pack as well so clearly adding the sugar is a marketing technique. Funny enough they still weigh the same but to fool us all they use the same big box which will not last the same amount of time. And tastes terrible. Kids don’t need the triple added sugar kellogs have added. Customers enjoy kellogs because they kept sugar contents low and as natural as possible now you just heading down the cheap brand road but still charging more. (C19)

Yeah, so their cereal is rubbish now. [...] I sent an email to Kellogs and got a response where they mentioned that the supply chain has changed. Making me think this is purely for cost cutting and clearly not an improvement on a proven formula trusted in many homes. (C20)

• Unintended consequences of the product change

The change in the Rice Krispies™ formula impacted other activities besides breakfast, to which customers reacted. The use of Rice Krispies in the production of other items was also raised on Facebook, specifically relating to the production of chevra (a spicy trail mix) in the Indian community, and Rice Krispies® Treats enjoyed by many children.
This new improvement is also a fail in our house. We loved making marshmallow rice krispies treats. Something you cannot do with the new product. Absolutely will not be buying the product anymore. (C21)

5. Reactions to complaints from the company

Kellogg’s posted responses to the complaints and comments made on Facebook.

- Reactions regarding taste and sugar content

On its website, the company set up a separate channel to deal with feedback on Rice Krispies® and Coco Pops®. Regarding the lack of knowledge of the formula changes, Kellogg’s acknowledges that additional efforts was necessary to increase the awareness of the changes in the product. The brand promised to address this in stores and online. For example, they stated: “We’re sorry you feel this way. While we have indicated in bright green on the bottom left the changes to the recipe, we acknowledge that there is more we can do to bring awareness around this new product. We are working with our marketing teams on this, so keep an eye out on social media and in-store for more information” (https://www.facebook.com/KelloggsSA/)

Regarding the sugar content of the new product, the following response was placed in social media:

“Around the world, Rice Krispies is made in a variety of ways and with different flavours, and together make up the Kellogg’s Rice Krispies universe. Kellogg’s globally is guided by our Food Beliefs, which restrict sugar to 33g/100. New Rice Krispies Vanilla fall within these guidelines. We acknowledge that we can play a role in helping address the public health concern regarding sugar intakes while keeping the great taste and quality that is loved and expected from us. However, all feedback has been noted. Enjoy your day further :)

Source: https://www.facebook.com/KelloggsSA/

- The quality of the responses

With more than 2 000 mostly negative comments on the new product on social media, the standard nature of Kellogg’s responses also attracted customers’ attention. There were various identical responses, as reflected in the comments taken from Facebook. These
standard replies included the promise to communicate the findings to the marketing team, reinforcing that the decision had been taken to satisfy customers’ desire for innovation, while other responses suggested that consumers try other Kellogg’s products (if they did not like Rice Krispies®). Examples of these responses appear in the table below.

Table 2 Responses to customer comments posted on Facebook

| In response to | “Un fortunately, at this stage, we have phased out the plain Rice Krispies. Over the years we have received numerous indications that our customers in South Africa want innovative, tasty new recipes and products and thus New Rice Krispies Vanilla was introduced in June this year.” |
| In response to | “Un fortunately, at this stage, we have phased out the plain Rice Krispies. Over the years we have received numerous indications that our customers in South Africa want innovative, tasty new recipes and products and thus New Rice Krispies Vanilla was introduced in June this year.” |
| In response to | “we’re sorry your little ones aren’t enjoying our new Rice Krispies Vanilla Flavour. Please note that we have shared your feedback with our marketing and consumer teams.” |
| In response to | “Thank you for your feedback. We’ll be sharing your concerns with our marketing and consumer team.” |
| In response to | “We’re sad to hear that you’re not enjoying our new Rice Krispies Vanilla Flavour. You can try our Kellogg’s Granola Original, it’s a tasty blend of crunchy rolled oat clusters with crispy rice, delicious shredded coconut and a hint of cinnamon.” |
| In response to | “there are processes to be followed, our marketing team are working through this. In the meantime may we suggest you try our Kellogg’s® Corn Flakes is the original Kellogg’s cereal. Our Kellogg’s Corn Flakes are crisp. Have a good day further.” |

Source: https://www.facebook.com/KelloggsSA/
Customers commented on the generic nature of the responses and said that Kellogg’s did not address the issues raised in the complaints about the new product.

**Copy. Paste. BS (C22)**

Kellogg’s...think it's time you stopped churning out these automatic responses. They don't wash with anyone. Too many people are very unhappy...then you suggest we try another product in your range. Don't you get it...we don't want another product. Eish. (C23)

Stop your inane standard replies please. (C24)

Further, some suspected that part of the responses were generated by bots – computer programmes that act as humans. However, as bots are machines, they are unable to detect sarcasm, irony or follow conversations as humans can. This can be seen in the following interaction (C25):

**I am the most loyal kellogg’s customer. [...] over the years i have collected the figurines, the plush toys, the spoons and the bowls and now i am just collecting tears, as I am so upset by the new multigrain formulations.**

We appreciate your continued support. We have shared your feedback with our marketing and consumer teams for consideration.

These responses were negatively perceived, as it reinforced the perception of customer disregard and a lack of consideration on the part of the company, especially as the brand reflected that people were engaged and wanted to reflect their dissatisfaction.

**Kellogg's South Africa quit while you think you're ahead. Your generic social media scripts are tiresome and indicative that you employ under skilled junior marketing trainees to copy and paste your responses. Same probably goes for your research sample group. It's laughable and not winning you any votes, conversions or purchases. (C26)**

The shockingly bad and generic responses from Kellogg’s marketing department has been atrocious and disrespectful towards their loyal customer-based. (C27)

**6. So, what should be done now?**
As part of both the management and marketing team, Mark was trying to deal with the negative reactions on social media. It was very hard to respond without making customers more disappointed, angry and irritated. The decision to remove the original product and replace had been a costly one. So, what should be done now? Mark wondered how to react. Should Kellogg’s admit it made a mistake? Should the company look at bringing back the old product? If it did, what would customers think? Perhaps Kellogg’s should just stick with the new product? Surely customers would get used to it over time, and it would all just blow over. And what to do about the reaction on social media?