

Teaching Case

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Kellogg's Healthier Cereals: An Ethical Dilemma?

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INTRODUCTION

Vicki thought of herself as a good mother. She planned her grocery purchases and attempted to provide nutritional food for her husband and son. Her three-year-old son, Chaden, was a “picky” eater, so finding healthy foods that he would eat was a challenge, especially at breakfast. About the only food that Chaden would eat for breakfast was cereal. He was particularly fond of Kellogg’s Frosty Flakes and thought “Tony the Tiger” was super. She had even made Chaden a “Tony the Tiger” costume for Halloween. Vicki could usually get Chaden to eat breakfast when she said that “Tony the Tiger” was proud of him for eating a bowl of Frosty Flakes and milk.

Vicki was concerned, however, with the sugar content of Frosty Flakes. She had recently returned to school to pursue a degree in early childhood education and had researched the impact of sugar on children’s health, especially childhood obesity. She was relieved when Kellogg’s introduced a low-sugar version of its Frosty Flakes. Vicki was pleased that Chaden’s favorite cereal was now a healthy choice. Or was it?

KELLOGG’S

The Beginning

During the late 1800’s and early 1900’s, two brothers, Dr. John Harvey Kellogg and Will Keith Kellogg, began experimenting with a healthy meal supplement for the Battle Creek Sanitorium, a hospital and health spa. Patients were required to exercise daily and follow a strict diet that excluded any intake of caffeine, alcohol, tobacco and meat. The Kellogg family began working with foods that were high in grain content. They also attempted to develop a substitute for coffee and a type of granola and peanut butter to replace the stale and tasteless bread offered at the sanitorium.

While experimenting with grain products to develop a healthy substitute for protein, the Kellogg family found that wheat could be converted into brown flakes that were light and crispy. The process involved cooking the wheat, moving it through granola rollers, forming the wheat into thin sheets and finally baking it. The Kellogg brothers were unaware that they had formed not only a new healthy food substitute but also a new industry. The new flakes became an instant hit with the patients of the sanitorium. When patients went home, they wanted to continue eating the crispy flakes. As a result of this demand for the new product, John formed Sanitas Nut Food Company, where his younger brother, Will, began producing the flake cereal so that patients’ requests could be met by mail order.

Within a short decade, over 40 factories began producing wheat flaked cereal and began expanding the product line. In response to the increased competition, Will continued experimenting for new versions of corn flakes. Though his older brother was satisfied with one type of flaked cereal, Will saw great potential in the growing market and went into business for himself. In order to keep his competitive advantage, Will added a malt flavor to his corn flakes to distinguish them from other flake cereal. While he believed that people might be initially attracted to food because of its nutritional values, he was convinced that consumers wanted food products that were not only healthy but also fresh and flavorful. He also believed that consumers wanted value and convenience for their food expenditures.

In 1906, Will used his talent to create The Battle Creek Toasted Corn Flake Company. He spent a lot of time and money developing good advertising techniques to promote his cereal products. One of the most prominent advertisements included an expensive full-page advertisement in the 1906 July issue of *The Ladies Home Journal*. Will saw his sales increase dramatically from only 33 cases of cereal per day to over 2900 cases of cereal per day. His well-known advertisements helped to promote “The Original and Best” Kellogg’s Corn Flakes to sales that exceeded over a million cases by the end of 1909.

Along with the importance of advertising, Will also found packaging an important aspect of the company’s success. He packaged his cereal in “waxtite” to help keep the cereal fresh. He also added nutritional messages, recipes and product information to the side and back of the cereal packages. Kellogg’s became the first food company to voluntarily print nutritional information, including sugar content on the side of its products. In the 1970s, Kellogg was the first marketer to press the Food and Drug Administration to allow companies to use food-related health claims. During the early to mid 1900s the company brought to market several new cereal products, including Kellogg’s All-Bran, Special K, Corn Pops, Frosted Flakes, Honey Smacks, and their now famous Rice Krispies. This same time period also saw Kellogg’s begin global operations in Canada, Australia, and England. Today, consumers can purchase Kellogg’s cereals in over 160 countries.

Kellogg’s Advertising Techniques

Kellogg’s has used a variety of advertising techniques, including television, newspaper, radio, magazines, and sporting events, to promote its numerous products. In late 2004, Kellogg’s joined NASCAR with the number 5 car driven by Kyle Bush. Kellogg’s advertisements have provided consumers with insights into its products as well as notification of new products and improvements to existing products.

On its corporate web site, Kellogg’s has stated that its advertisements are socially responsible and that the company is committed to conveying the truth in its advertising rather than misleading consumers. Kellogg’s goal has been to place ads in programs that support and communicate standards of good taste and fair practice. Kellogg’s has suggested that its advertisements provide accurate information, comply with any Federal, state, and local laws or regulations, and avoid any violent content and racial or sexist themes.

Children have been a primary focus for Kellogg’s advertisements. For example, in 1912, Kellogg’s placed an advertisement in New York City’s Times Square that used animation to portray a child smiling when they had Kellogg’s and frowning when they did not. To capture children’s interests, Kellogg’s has used age-appropriate ads, including computer games and characters such as Tony the Tiger, Snap! Crackle! Pop! and Ernie Keebler. The company began utilizing characters as an advertising tool during the 1950’s and 60’s when the baby-boomer generation started elementary school. To appeal to children’s taste, cereal such as Corn Pops, Frosted Flakes, and Honey Smacks made their debut.

CHILDHOOD OBESITY AND INDUSTRY PRACTICES

The U. S. Department of Health and Human Services (DHHS) has stated that childhood obesity is the fastest growing cause of disease in children. The health of many children in the U.S is being negatively affected by less active lifestyles related to playing video games and watching television for several hours each day. When children with these types of lifestyles increase their sugar consumption, weight gain may become a by-product. Some children that have excess body weight have developed symptoms associated with diabetes, heart disease and asthma as well as emotional and mental health problems.

In order to combat childhood obesity, children must increase their daily physical activity, expand their knowledge of a healthy lifestyle and practice healthy eating habits. One suggestion given to combat childhood obesity has been to decrease daily sugar intake, which is often impacted by the consumption of children's cereal. Children need to be educated about the nutritional value of their diet, not just the color of or character on a cereal box.

The food processing industry has been slow to react to the warning signs that the growing concern and national discourse over childhood obesity could lead to litigation. However, in the last few years, Kraft Foods, General Mills and PepsiCo have made concentrated efforts to inform the public about the proactive changes that they have made to their product portfolios and advertising practices. In contrast, during this same time period, Kellogg has stood by its existing products and strategies, including its aggressive advertising and toy giveaways aimed at children. Part of this advertising campaign included the marketing of healthier versions of some of its product line, including low sugar versions of Frosted Flakes and Froot Loops.

HEALTHIER OR MISLEADING?

Vicki's belief about Kellogg's healthier Frosty Flakes was short lived. She recently read an article about Mary Hardee, a mother of two from San Diego, suing Kellogg's over a deceiving cereal label. Vicki noted that Mary's research indicated that Kellogg's was replacing the sugar on Frosted Flakes with refined carbohydrates, which the body treats the same as sugar; thus, there was no real difference between traditional Frosty Flakes and the new "low-sugar" Frosty Flakes. The article stated that Hardee appeared on Good Morning America and told the host that Kellogg's was deceiving...parents think that they are buying something healthier for their children, only to find out that they are not. Vicki was disappointed that Kellogg's mislead consumers. Or did they?