

How Kellogg's is keeping up with accelerated demand

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The food and beverage category is seeing the biggest gains in retail ecommerce sales growth this year as more consumers have gotten comfortable shopping online amid the pandemic. Over the past few months, Kellogg's has also experienced this digital growth and implemented ongoing efforts to adapt to the rapidly changing retail environment.

We recently spoke with Julie Bowerman, chief global digital consumer and customer experience officer at Kellogg's, about how the brand is keeping up with demand, how it's measuring success, and its direct-to-consumer (D2C) plans.

Can you speak about the shift to ecommerce that Kellogg's has witnessed over these past few months?

We've seen the accelerated growth coming from all markets pretty consistently. But our performance was already experiencing increased growth before COVID-19.

Our ecommerce business has nearly doubled as a percentage of our global retail sales, to nearly 9% in Q3. In every region so far this year, we are delivering double- to triple-digit growth with omniretailers, pure players, and delivery aggregators.

As a brand that doesn't sell directly to consumers, but rather works with retail partners, how are you measuring success?

We obviously measure growth, but our main KPIs [key performance indicators] go beyond just growth. Globally, we're looking at several critical KPIs. First is share vs. offline. As the business shifts, are we maintaining or growing our share? Are we leading category growth?

Secondly, we're looking at our brand health, things like ratings, reviews, rankings, and search rankings. And then we look at our economics. Are we creative? Our goal is to be a creative, but certainly we're looking at that across the business as it shifts to make sure that we're adding incremental value. We keep those KPIs globally, and that also becomes the template for how our markets measures their performance as well.

How are you retaining customers?

We're running the play we put in place two years ago. We made a strategic choice at Kellogg's that ecommerce was going to be an important focus area and part of our overall company growth plan. We made investments in three really critical areas. One, we've brought on really good talent, largely external hires that have come in with previous ecommerce and digital experience. It really allowed us to level up our capabilities quicker.

Next, we built a global strategy, but it allows for local flexibility. It's freedom in a framework. Lastly, we put a lot of investments in people training and capability tools that we need to operationalize that. So, we're just continuing to run that play during this window in time.

The beauty of ecommerce is that it allows you to have much more targeted conversations and targeted offers. With that data and those capabilities that digital and ecommerce enable, that is absolutely what we use when thinking about things like our search investments. We already had a healthy search investment, but [ecommerce] allows us to think about that investment—some portion of it is targeted, some portion of it is attracting and recruiting new shoppers. It's a balance by market based on the dynamics of the

market, but absolutely we're using those targeting and precision marketing capabilities that the channel offers.

Do you think that this shift to ecommerce, and its stickiness, will continue post-pandemic?

It's early, and there's obviously been a lot of industry discussion across different markets. There's really good data that supports that a fair amount of new shoppers are going to be sticky. And so we think, yes, this is going to continue. It doesn't mean that we think it's going to replace brick-and-mortar—there's absolutely a role for brick-and-mortar. Those channels are equally important for us, but we do believe that the stickiness of ecommerce will continue to grow.

What's next for Kellogg's?

We're building out our B2B capability. This is a platform that's going to enable us to digitize our ordering process—and it'll be easier to work with our retail customers and bring a lot of sophisticated capabilities. That's a big focus for us to scale globally.

We're also starting to touch around in the D2C space. That's not ever going to be a big part of our revenue base, but it does play a really strategic role for us, so we're doing some piloting and testing there.

You're obviously still in the early stages of your D2C efforts, but do you have an idea of what they may look like?

For us, D2C is a place to launch and test innovation and to get early reads on the ways in which we can get shopper and consumer insights quicker than we could with more traditional methods of research and qualitative analysis. We think about it more as a new capability area for building our brand and less as a revenue opportunity. That doesn't mean that we are not ambitious about revenues, but that's not the role D2C will necessarily play in our overall ecommerce mix.