

Answer **all** the questions.

1. Extending the Product Life Cycle



Nutri-Grain, a cereal bar originally designed for those who missed breakfast, was launched by Kellogg's in 1997 and was immediately successful; it gained almost 50% of the growing cereal bar market in just two years. These sales continued to grow as new flavours and sizes were introduced, reaching their peak in 2002. Although the overall market for cereal bars continued to increase, sales of Nutri-Grain began to decline. Kellogg's now had to make a key business decision. Should it withdraw the product from the market or try to extend its life?

Detailed market research was undertaken and it was decided to attempt to revive Nutri-Grain's fortunes. An extension strategy was implemented and, as a result of the measures undertaken in relation to the product's marketing mix, the Nutri-Grain brand achieved a retail sales growth almost three times that of the cereal bar market. More importantly, significant growth was maintained.

- (a) Describe, with the aid of a diagram, Nutri-Grain's product life cycle. [6]
- (b) Explain the changes to Nutri-Grain's marketing mix which Kellogg's might have considered when deciding on its extension strategy. [6]