

# Marketing Communications Plan Honey Nut Cheerios



Jessica Anderson  
Spring 2012

## **Table of Contents**

Overview.....	2
Situation Analysis.....	3
Company Analysis.....	3
Market Analysis.....	4
Product Analysis.....	6
Competitive Analysis.....	9
Consumer Analysis.....	14
S.W.O.T. Analysis.....	17
Target Market Profile.....	18
Media Objectives.....	20
Media Strategy.....	22
Strategy.....	22
Tactics.....	24
Cost Estimates.....	30
Media Schedule.....	31
Contingency Plan.....	32
References and Citations.....	33
Appendix.....	34

## **Introduction/Overview**

Honey Nut Cheerios is trying to zero in on our female target audience for this campaign. There are about 133 million people in our target universe. We are trying to target women in households because they are often the principal decision maker of food choices within a family. We will have an \$80 million, an 8% increase from the previous year's budget, (Cereal Facts, 2009) where the majority will be made up of television advertisements and magazine advertisements. However, we will also use some non-traditional media in order to separate us from our main competitors. Some other vehicles in our media mix include radio, newspaper, product placement, social media, web contests, direct mail, billboards, sponsorship, and transit. Because the cold cereal market is very saturated and constantly has new competition and changing market shares, Honey Nut Cheerios will try to further our brand equity and our household name. We will continue to position ourselves as a heart healthy cereal and carry over that idea from previous campaigns. Less focus will be taken in advertising to children directly in this campaign; however, women and families with children will very much be a center idea for our advertising strategy. Overall, Honey Nut Cheerios will continue to advertise in such a way that will further our already established brand image within the minds of consumers and, at the same time, increase our market share.

## **Situation Analysis**

### **Company Analysis**

General Mills (GM) began back in 1856 when Caldwell C. Washburn set out to produce the world's finest flour. Despite criticism, in 1880, Washburn entered a competition with his newly developed flour types and took home the first, second and third place prizes. He then took his gold medal winning flour and renamed it "Gold Medal Flour" and to this day it continues to be the most popular selling brand of flour in America and the popularity gave birth the General Mills giant (General Mills, 2012). GM, however, did not start making "ready to eat" cereals until they came out with "Cheeri-Oats" in 1941. GM's mission was and still is to "nourish everyone by making lives healthier, easier, and richer. General Mills is Nourishing Lives, nourishing communities and nourishing the future (Cheerios, 2012).

For 38 years GM only had one variety of cheerios, but in 1979, they released one of their most popular products to this day: Honey Nut Cheerios. Since then, GM has released more than 9 different varieties of Cheerios including Multi-grain, Frosted, Apple Cinnamon, and their newest creation, Chocolate; however, Honey Nut still remains to be one of the most popular varieties (Cheerios, 2012).

GM today is one of the largest food production companies with more than \$14.9 billion in sales in 2011, and markets to more than 100 countries. GM's best selling brands include Betty Crocker, Green Giant Vegetables, Pillsbury, and Cheerios (General Mills, 2012).

## Market Analysis

Honey Nut Cheerios fall under the cold breakfast cereals category and can even further be broken down into the high sugar sub-segment. Among all products in this category there are 123,612,000 (87.6 percent of people) who are users of cold breakfast cereals.

Recently, because of the poor condition of the economy, breakfast cereals have become a go-to option for people because in their minds, cold cereals are a cost effective and quick choice for breakfast (Food Processing, 2010). The market continually fluctuates, but from 2007-2009, the breakfast cereal industry earned \$10.8 billion which was a 5.8 percent increase during this time (Food Processing, 2010).

Technology trends have affected the breakfast cereal market, but in indirect ways. For example, cold cereals are sold in 'brick and mortar' stores and sales do not stretch much further into other selling arenas such as personal selling or ecommerce. However, the use of the internet for promotional purposes, especially for children, has reshaped the way companies choose to market their products. For example, Honey Nut Cheerios advertises online games featuring Buzz for children, and for adults the webpage offers special promotions and coupons as well as health and nutritional information.

The price of breakfast cereals has increased over the last decade, and the downturn of the economy has shifted consumer's buying habits (Daily Finance, 2011). Although cereal has become a staple in consumer's minds as a "thrifty" choice, people have also become more apt to purchase a private label rather than a branded cereal and a survey done by foodprocessing.com showed that almost two-thirds of people "do not agree that leading brands provide higher-quality cereals" (2010). This mindset proves a challenge for companies like General Mills when trying to sell a branded product.

In addition, the breakfast cereal market offers a vast variety of products and brands that are constantly changing and developing new products. One major problem established brands are encountering in the market is that when a new product is launched, and established brand's sales may suffer just because their cereal is not the newest, although their quality and taste may be better (Food Processing, 2010).

## Product Analysis

Honey Nut Cheerios benefits from being a well-established and popular brand in the market and even boasts itself as “America’s Favorite Cereal” (Cereal Facts, 2009). Consumers, even if they are not users of Honey Nut Cheerios, most likely have heard of Honey Nut Cheerios because of their high brand equity. Consumers have grown to establish the general Cheerios brand with quality and because of that Honey Nut Cheerios benefit both from an economic and marketing standpoint. Because of this, they can manipulate prices and still hold clientele as well as take larger risks with their promotions and products.

The Honey Nut Cheerios website is structured in a simple, but eye-catching way. Its bold orange and yellow colors make it attractive to both children and adults. The site is structured and broken up into five main sections: Questions and Answers, Products, Coupons and Promotions, Recipes, and Our Story. These, accompanied by a search bar, make the site easy to navigate. In addition to the main sections, the home page offers links to children’s games and activities featuring the Honey Nut Cheerios personality, Buzz, and also offers a link to watch all of the current television commercials and campaigns.

Right now, Honey Nut Cheerios is advertising themselves as a healthy, whole grain choice for a breakfast cereal or snack. Their slogan for their cereal is “Bee Happy, Bee Healthy.” It is evident that their current focus is on adult’s health and well-being, advertising the heart healthy benefits and weight-control benefits to choosing Honey Nut Cheerios; this is showcased in their “Breakfast for Six” TV commercial. However, Honey Nut Cheerios do not ignore their youth audience. In the past, their campaigns have centered on Buzz, and the sweet, delicious taste of their cereal. Although, for the most part, Honey Nut Cheerios tries to center in on their

adult audience and they try to stay at the top of the market by imaging themselves as a healthy option for breakfast.

The Cheerios brand in general does a good job of setting a positive brand image. They are constantly doing promotions for charities and connecting communities. For example, right now there is a forum on the Cheerios webpage that allows mom's to post their stories about Cheerios and how they have helped and affected their life and the life of their family. In addition, the Cheerios brand now exhibits 13 different varieties of their cereal, with this, they are able to compete with the "newness" of other brands while still holding high brand equity in their name and brand.

In stores, because Honey Nut Cheerios is a General Mills product and they hold the highest market share in cereal sales, it can be found at premium eye level on store shelves. This not only helps Honey Nut Cheerios get notices on shelves, but in many stores, Honey Nut Cheerios will have an entire column on a shelf that features multiple different size varieties to the consumer.



Honey Nut Cheerios stands out as one of the first spin off varieties of Cheerios and is consistently one of the brand's top sellers. This could be due to the attractive and bold packaging and color combination of Honey Nut Cheerios. The mixture of orange and yellow stands out on the shelf as well as Buzz, the cartoon bee, is largely on the front of the box, boasting a confident smile. One relatively new addition to the box design is the presence of "Whole Grain" on the front. This was a new promotion done by General Mills and all of their cereals, but helped out



Honey Nut Cheerios in that it only added to their persona of being a healthy, wholesome breakfast choice (Honey Nut Cheerios, 2012).

Honey Nut Cheerios places itself in the middle of price points for cereals. They are not the most expensive brand name cereal, but are not the least expensive either. For a 12oz box, the cereal sells for around \$3 per box depending on location (Amazon, 2012).

Traditionally, most people purchase their cereal in a brick and mortar store like a grocery store, however, with the expansion of ecommerce, cereal is now available for purchase online in bulk varieties on websites like amazon.com. Although this is not a huge share of sales for Honey Nut Cheerios, it is a new opportunity for market share and sales.

## Competitive Analysis

The cold cereal market is saturated with hundreds of different types of cereals. That is one of the downsides to competing in the cold cereal industry, there are so many competitors and so many new products coming out all the time, it can be hard to keep market share high.

Honey Nut Cheerios is an established brand name and so its direct competitors are also established brand names with similar target audiences, ingredients, and a similar price. Three of Honey Nut Cheerios direct competitors are: Post Honey Bunches of Oats, Kellogg's Frosted Flakes, and Kashi Heart to Heart Honey Toasted Oat Cereal.

### **Post Honey Bunches of Oats**

Post Honey Bunches of Oats (HBO) are one of Honey Nut Cheerios' closest competitors. HBO boasts itself on having a "honey-like taste" just like Honey Nut Cheerios. However, HBO



holds only 2.2% of the market share compared to Honey Nut Cheerios 4.9% (Topher, 2007). Currently, HBO is running a marketing campaign centered on "Bunches of love." This campaign focuses on all of the common people who love HBO for numerous reasons. They are positioning their product as a heart healthy cereal with whole grain that has "more taste and more texture." This is extremely similar to the way Honey Nut Cheerios is positioning itself right now as well.

HBO's top selling flavor is their original honey flavor and holds

high brand equity among consumers. Similar to the Cheerios brand, HBO offers many different flavor options to choose from, but their HBO honey and HBO strawberry are their most popular brands.

HBO's webpage is an attractive site centered at adults only. They do not have a large children's audience for their product so their webpage has recipes, a blog, and a place to post comments straight to Twitter and Facebook right from their page. They do not have any games or contests, but do allow people a place to watch their TV commercials and their consumer videos (Honey Bunches of Oats, 2012).

HBO is priced and placed similarly to that of Honey Nut Cheerios. For a 17oz box of cereal consumers will pay anywhere from \$3-\$4 depending on the store (Amazon, 2012).

### **Kellogg's Frosted Flakes**

Kellogg's Frosted Flakes are another direct competitor with Honey Nut Cheerios. However, they target a different audience than many other competitors. Frosted Flakes target children because of the high sugar content, however, Honey Nut Cheerios is considered to be in the same high-sugar cereal market as Frosted Flakes making them direct competitors. Frosted Flakes have high brand equity and are well established in the market with a share of 3.4% among cold cereal brands (Topher, 2007).

Frosted Flakes do not boast themselves on high nutritional content and heart healthy benefits with whole grain, instead they position themselves in a way that promotes high energy output with quality taste that kids love. They have blanketed the well-



known phrase “They’re Gr-r-reat” over their marketing campaigns, but most recently they have been promoting the “show your stripes” campaign. This encourages kids to be active in sports and activities in order to show their stripes of personality.

The Frosted Flakes website is targeted directly at children with different games, activities, surveys, and pictures to draw them in. They have the different show your stripes commercials playing as soon as you enter the webpage as well as a plethora of pictures of athletic children (Frosted Flakes, 2012).

Frosted Flakes are cheaper per ounce than Honey Nut Cheerios priced at only around \$3 for 23oz of cereal compared to Honey Nut Cheerios \$3-\$4 17oz box (Amazon, 2012).

### **Kashi Heart to Heart Honey Toasted Oat Cereal**

Even the name of Kashi’s cereal is close to that of Honey Nut Cheerios. Kashi boasts itself on creating heart healthy products that are all natural with less sugar than other leading brands. They have high brand equity in the fact that people associate Kashi’s products with quality; however, they only hold .7% of the market share as a whole (Topher, 2007).

Kashi uses similar ingredients as Honey Nut Cheerios in their Honey Toasted Oat Cereal; however they do use less sugar and more natural oat ingredients creating a different texture and taste. Kashi does not have a specific campaign or webpage just for their cereals, but as a brand, currently they are advertising products that “have always been made from all natural ingredients.”



Some Kashi's key phrases used to place their cereals are low blood pressure, low cholesterol, and whole grain. This brand is targeted at a smaller audience of mostly older, health conscious adults and do not try to target children.

Their webpage is a blanket one for all of their products with short descriptions of each. It is clean, with little imaging and is targeted specifically for adults. There is a place for an open forum where people can comment on products as well as nutrition information and comparisons to other brands. They do not run their TV commercial on the webpage, but do use some of the same commercial images as still photographs on the home page (Kashi, 2012).

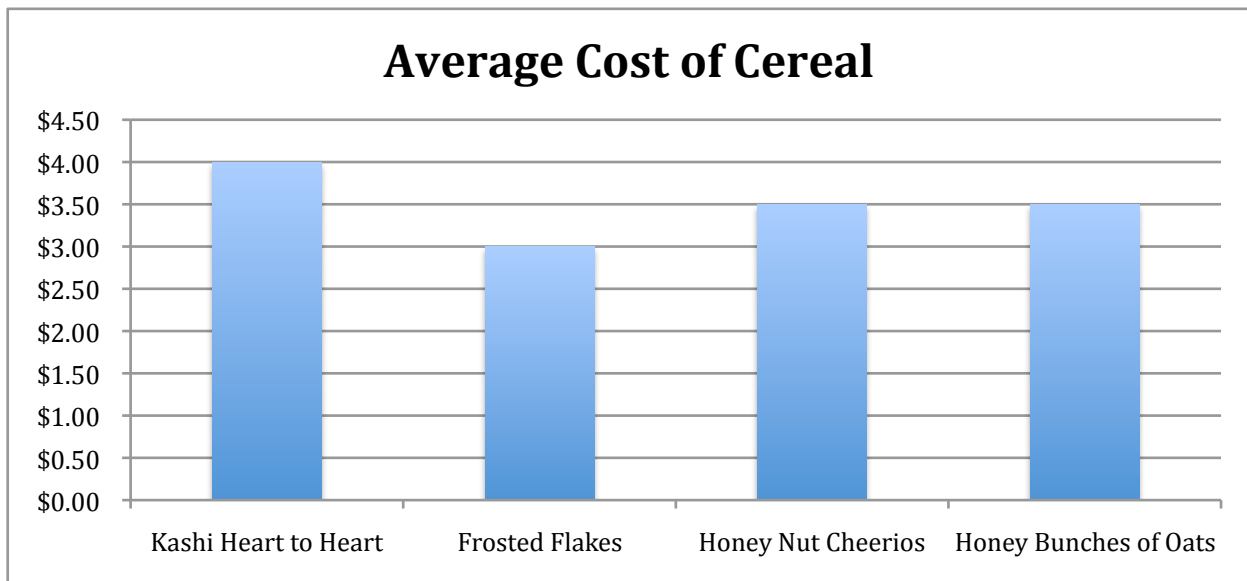
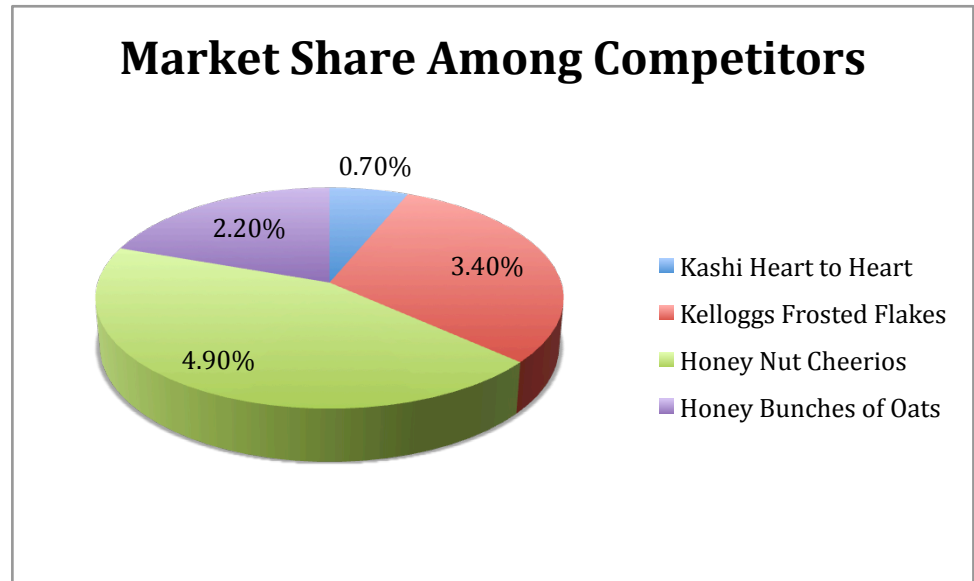
Kashi cereals are generally priced much higher, on average, than other brands. Their target audience includes those with mid to high-level incomes. For a 12.4oz box of cereal, Kashi charges around \$4 (Amazon, 2012).

### **More General Comparisons**

In store, products are placed strategically in isles based on the product. Each cereal brand has their products grouped together in the isle, but their most popular cereals can be found at eye level. For example, General Mills Products are often found in the middle of the isle with Cheerios and Honey Nut Cheerios placed on eye level. Kashi Products can often be found at the end of an isle surrounded by other health food brands. Kellogg's has similar market strength to General Mills so their products often are right next to each other on the shelves.

Additionally, sales and promotions differ from company to company. General Mills and Kellogg's will frequently run sales and have coupons relating to their products, whereas Kashi rarely does so because of their target audience and the way they have positioned themselves as a high market brand.

Although Honey Nut Cheerios and Cheerios own the top to market share spots for cold breakfast cereals, there is no denying the fact that there are many market threats because of new products and the quantity of competitors General Mills has to face.



## Consumer Analysis

There are about 141 million homemakers and principal in the US and of those 133,341,000 are women. This comprises the general universe of people Honey Nut Cheerios chooses to operate in. This leaves around 65 million men in this category as well. Listed below is the analysis of what the current target market for Honey Nut Cheerios looks like.

### **Demographics**

Honey Nut Cheerios (HNC) chooses to target women of all ages 18-54 collectively because they are all at least 15% more likely to buy HNC than men in the same category. However, Women 18-34 are 47% more likely to purchase HNC than men ages 18-34. Additionally, however, women in the 25-54 age group top out the charts for purchasing HNC as being 19% more likely to buy than men in the same age category.

HNC also targets people who have middle to upper middle class income levels. MRI data shows that 28% of HNC users have an income level of \$75,000-\$149,000 per year. However, all indexes for income level are within 7% of each other. This being said, HNC does choose to target individuals with incomes that fall into middle class standards.

On average households with children of any age are 27% more likely to purchase HNC than households without children. Among that, households with children between the ages of 12-17 are 37% more likely than average to purchase HNC. Children are a large part of who HNC advertises too, although ultimately, the head of the household will purchase the product, so HNC chooses to target both groups, but spends more time and money advertising to the older people.

Blacks are the race that is most likely to buy our product, followed with whites. Blacks are 9% more likely than Whites to buy HNC and These are the two primary races HNC chooses

to target. Asians, on average, are 10% less likely to buy than the top two groups. All other races have average index values. Although, whites occupy most of the sales of Honey Nut Cheerios (77.2%), blacks are more likely to buy, but whites have the greatest number of users. Because of this, neither of these races can afford to be ignored.

The typical HNC consumer has graduated high school and a large portion of them have attended some college. Most people fall into one of those categories. Post Graduate professionals are the least likely to purchase the product.

### **Psychographics**

Where the typical HNC consumer gathers information and what draws their attention are stereotypical female traits. These things include TV programs and magazines regarding topics such as brides, babies, cooking, style, parenthood, traveling, weight management, and entertainment specials. More specifically, an average HNC consumer watches TLC and Style Network on TV and reads things like Baby Talk, Everyday Food, Glamour, and Self magazine.

Children's programs are also targeted, for example, Toon Disney watchers are 31% more likely to be users of our product than average.

When thinking of psychographic characteristics of HNC's consumer, one may think of a middle aged woman who concerns herself with stereotypical female ideas and characteristics. She is concerned about her health and her family's well-being, as well as big life changes such as getting married, or having children.



## **Geographics**

Most regions of the country are equally likely to purchase HNC, except for the south. The Northeast region's consumers are 6% more likely to purchase HNC than average, followed by the West at 4% above average, then the Midwest comes in at 2% above average and the South is 7% below average when it comes to purchasing habits. However, the South has the greatest number of consumers out of all the regions with more than 9 million consumers, but has a lower index number of only 93.

Because of the brand's well-established name, it may be rare that a person has not encountered or heard of Honey Nut Cheerios in the US. For this reason, it's important to not seclude any area of the country because the brand sells well almost everywhere.

## **Behavioral**

In the US, women generally make food decisions for her family. There are exceptions, however, when target market is concerned, HNC chooses to focus on women who are making the decisions of what their family will eat. These women buy HNC at grocery stores and markets and also at department stores such as Wal-Mart and Target. HNC targets children because they often have a large influence on what the parents buy.

**\*\*All data compiled from MRI Database\*\***

## S.W.O.T. Analysis

### **Strengths**

- Brand Recognition
- Brand Equity
- High Market Share
- Large Advertising Budget
- High Quality Product
- Large Target Market
- Community outreach and connections
- High Sales among women

### **Weaknesses**

- Lots of Competition
- No newness factor
- More expensive than name brands
- Low sales among men
- Sugar content makes cereal not as healthy as advertised

### **Opportunities**

- More out of the box marketing techniques
- Online forums
- Online ordering
- More focused target market to increase market share
- Make people more aware of our health benefits

### **Threats**

- Outside competition
- New products
- Cheaper prices of competitors
- Brand loyalty to other products

## **Target Market Profile**

For this campaign, HNC is choosing to target women between the ages of 25-54 who are already users of our product. There are roughly 133,500,000 women in the US and 56,445,000 who fall under our target audience category. 47.4% (13,925,000) of all users of Honey Nut Cheerios are women ages 25-54. This is why we are choosing to go after that age of people, because, overall, they are about 19% more likely than average to purchase our product and they already have purchased or used Honey Nut Cheerios in the past. What separates the current target audience from the new target audience is the concentration of targeting only women, rather than targeting women and children. We will spend more funds reaching more women in hopes to achieve our objectives.

### **Demographics of Target Audience**

As mentioned above, women ages 25-54 will be targeted for this campaign. These women will have an average income of \$50,000-\$149,999 per year. This encompasses almost half of all of the current users (48.4%). Additionally, we will target women who have families and/or children in their household because households with children are, on average, 27% more likely to buy Honey Nut Cheerios.

77.2% of all users are white, but blacks are most likely to buy. For this reason we will target both the white audience and the black audience.

### **Psychographics of Target Audience**

Women in our target audience watch daytime and primetime TV, read lots of magazines and shop in places like grocery stores and malls, and this is where we will target most of our advertising.

### **Geographics of Target Audience**

Our advertising efforts will be spread out across the country with heavy concentration in the northeast because people in that area are 6% more likely than average to purchase Honey Nut Cheerios. Although the south is 13% less likely than people in the northeast to buy our product, the south comprises the largest total number of sales. The west and the Midwest are also areas that comprise above average sales, so we will plan to spread advertising through many channels and markets across the country.

### **Behavioral Tendencies of Target Audience**

We will choose to target women who are the primary decision makers of food in their household. These women may be moms, or just women who do the grocery shopping for their family or household. These will be women who shop at grocery stores and any retailers who also sell food such as Target or Wal-mart.

**\*\*All Data Compiled from MRI Database\*\***

## **Media Objectives**

### **Objective 1 (reach and frequency):**

Reach 75% of the target audience 13 times per month during the campaign year.

### **Rationale 1:**

Reach is the most important factor when constructing this campaign because Honey Nut Cheerios are an established brand with high brand equity. Additionally, some months will have higher GRPs than others averaging out to 13 times a month in frequency.

### **Objective 2 (geographic):**

Increase advertising 10% in the northeast, west, and midwest from May to August and December and increase advertising 5% in northeast, west, south, and midwest from September to November and January to April.

### **Rationale 2:**

Honey Nut Cheerios sell well everywhere in the US, we will concentrate areas and times where sales are the highest (May-August and December) and also concentrate heavily on the areas where HNC is best sold (the northeast).

### **Objective 3 (scheduling):**

Use a pulsing schedule with heavy advertising from May- August and December and moderate advertising in September-November, January-April.

### **Rationale 3:**

Honey Nut Cheerios is a family cereal, it's a cold cereal and parents are more apt to buy it in the summer when kids are not in school and need an easy breakfast. Also, women in our target market are more health conscious in the summer so they will be looking for healthy food options.

December sales will increase also because of Holiday cooking and the amount of recipes Honey Nut Cheerios can be used in.

**Objective 4 (PR/Promotion):**

Raise awareness efforts of Honey Nut Cheerios by 10% among target audience of the health conscious.

**Rationale 4:**

Honey Nut Cheerios has a current health campaign to promote the cereal as a healthy one. This strategy will be continued because our target audience is responding, however, we want to increase the effort and continually create awareness of HNC as a healthful cereal.

## **Media Strategy**

### **Strategy**

In order to reach the set objectives of the campaign we will use a large media mix to ensure that 75% of our target audience is reached on average about 13 times per month. We will operate on an \$80,000,000 total budget for the yearlong campaign and will try to generate overall GRPs of 1200 in heavy advertising months and 700 in lighter advertising months.

The media mix will consist of TV ads, magazine ads, product placement, city bus transportation, billboards, direct mail, internet ads, internet promotions, radio, contests on webpage, online coupons, Facebook and Twitter campaigns, and sponsorship of health conscious events like 5K run/walks and blood drives. This large mix will help us reach a large number of our target audience. Because Honey Nut Cheerios is an established brand, we feel that simply reminding people of our product and creating awareness about the health benefits of our product, people will be more apt to buy our cereal when shopping.

We will schedule our advertising flow across the country in conjunction with seasons and school schedules for K-12 to achieve our second objective. This will allow for the prime opportunity for sales and for increasing market share and sales. We will concentrate heavily on the northeast, midwest, and west for most of the campaign, and slightly increase advertising in the south because although we sell well in the south, people there are least likely to buy our product.

Our heaviest months of advertising will try to be the dominant brand our market for advertising to achieve our third objective. We will also use our heavy months to target people when they are buying our product or products like ours more frequently. The use of some non-traditional media tactics like our product placement will separate us from our competitors during

this campaign because not many of our competitors are using non-traditional media. In less heavy advertising months, advertising will still be prevalent, but some of the vehicles will not be used as often or at all such as product placement and newspaper inserts.

In order to achieve our last objective of creating awareness, we are going to use sponsorship of health conscious events. These events will not only increase our brand equity, but will also increase awareness of our health benefits and in turn will raise our sales and market share over our competitors.



## Media Tactics Thumbnail Media Planner

### **Television- \$44 million**

The majority of Honey Nut Cheerios advertising budget will be spent on TV advertisements. Our goal is to have high reach values for the duration of our campaign and television is the way to do that.

Our primary network we will advertise on is ABC because they have a 72% reach potential to our target audience. We are planning on running two daytime, 9am to 12pm, and one prime time, 8pm to 11pm, 30 second advertisement per day during the months of May-August and December. During September-November and January-April we will run only one ad during the day and one during primetime. The CPM of daytime advertising is \$7.21 and for primetime it is \$22.72 on ABC.

We will also focus in on cable television as a vehicle to advertise our campaign because it will give us an opportunity to advertise directly to our market because of segmented channels. Three of the top cable networks that attract the largest number of our target audience are: TLC, CMT, and DIY network. Advertising for these channels will be done by running two daytime 30 second ads during the duration of our campaign. During the heavy months, we will also run a 60 second ad twice a week during the day. The CPM for running ads on these channels is around \$23.17 on average. However, cable provides us with a 94% reach potential and is a good investment to try and reach our target audience.

A large portion of our \$44 million TV budget will be spent on advertising during award shows such as the Grammys and the Academy Awards because our target market for our campaign who watch award shows are 22% more likely to buy our product than

average. We will run two 30 second advertisements during each show, which will have a potential reach to more than 85 million viewers. The CPM for advertising at the Grammys is \$35.11 and for the Academy Awards it is \$32.40.

Although the CPM is high for TV advertisements, we again think that it is the most effective way to achieve our objective of 1200 GRPs per month.

### **Radio- \$4 million**

Through the course of this campaign we will utilize multiple radio stations within the top 20 markets in the country. We will buy a block of advertisements for these stations to run during the daytime anywhere from 10am-3pm. These will be spot announcements on adult contemporary stations because we share a target market with adult contemporary stations and that type of music is most listened to by our target audience. These 30 second ads will run 8 times per day during the months of May-August and December and will run 6 times per day during September-November and January-April. The CPM for running these ads will be about \$7.42. These ads have the ability to reach a segmented market that matches our target audience and will provide enough frequency to reach our monthly GRP goal.

### **Magazine Advertisements- \$12 million**

Magazines will serve as our second largest investment for this campaign. Our target audience reads magazines frequently and with the ability to place large color ads with coupons makes this a good choice to invest money for our campaign. The magazines most read by our target audience include: American Baby (CPM \$23.31), Scholastic Parent (CPM

\$12.53), Country Living (CPM \$13.10), Glamour (CPM \$13.82), and Weight Watchers (CPM \$6.79). We will place an ad in each of these magazines 9 months out of the year: May-December and March. Each of the ads will be a full page, full color ad with a clip-our coupon on the bottom. The ad will change each month as well as the coupon, but will all coincide with the overall theme of our campaign.

### **Product Placement- \$500,000**

Our target audience has an interest in cooking and cooking shows. Because of this and because of our ad partnership with ABC we are going to have Rachael Ray use Honey Nut Cheerios on her show 4 times throughout our campaign. There will be one show in December, one in August and 2 in June. She will base her cooking segment of the show around Honey Nut Cheerios. Many users of our product and people from our target audience watch Rachael Ray's show. This will yield lots of exposure and a CPM of only \$1.26.

### **Newspapers- \$3 million**

We will focus most of our newspaper advertising on stand-alone color inserts that will be run in Sunday newspapers. We will target the NNN top 100 Sunday papers and will run a stand-alone advertisement with a cut out coupon every other Sunday May-August and December. In September-November and January-April we will run one advertisement on the first Sunday of every the month. CPM for the stand-alone inserts is extremely inexpensive at only \$.76.

### **Online Advertisements- \$3 million**

Because of the technological abilities and advancements of our target audience, we are going to use both Facebook and Twitter to enhance our campaign. This is a free way to advertise and draw attention to our product and is also a way for our consumers to interact with both the company and other consumers. We will place an advertisement on our box encouraging people to visit and follow our tweets and our Facebook posts. On these social media sites we will place coupons and put up things to draw awareness to our campaign.

In addition to our social media tactics we will also place banner ads on Rachael Ray's website and web pages concerning cooking, weddings, babies, and fashion. Although banner ads are cluttered all over the Internet, if people even read our name on the ad or recognize it as a Honey Nut Cheerios ad, then we have reached them. CPM for banner ads concerning moms and parents is \$6.41 and is \$3.63 for websites concerning food. These ads will run on 600 web pages during our heavy months and 300 during our light months.

### **Webpage contests- \$1 million**

To help attract traffic to our webpage from our target audience we are going to offer 2 contests that will award \$500,000 in prize money for the winners. We will first have the "Tell your favorite Honey Nut Cheerios Family Story" in June and July and we will have people send their stories in and the top 4 stories will be picked and published on our website for consumers to vote for their favorite. The second contest will be run the exact same way but will be a photo contest: "Heart warming memories of Honey Nut Cheerios" in October and November CPM is hard to calculate for this type of ad because it is hard to predict how much traffic and reach this will generate.

### **Direct Mail- \$2 million**

By partnering with coupon companies like Val-Pak we are going to send out coupons for Honey Nut Cheerios to people through their mail. The price of partnering with these types of companies drastically drops the CPM of direct mail. However, it is still an expensive way to advertise with a CPM of \$35.00. This tactic will not have a pulsing schedule. We will send out one coupon in a Val-Pak every month during the campaign.

### **Billboards- \$3 million**

Honey Nut Cheerios will try to reach people through outdoor advertising in the top 50 markets around the country. We will place 2 billboards along every major commuter highway in the top 50 markets in the heavy advertisement months and one on every major commuter highway in those markets during the lighter months. On average, the CPM for billboards is around \$3.00 according to past advertising studies.

### **Sponsorships- \$6 million**

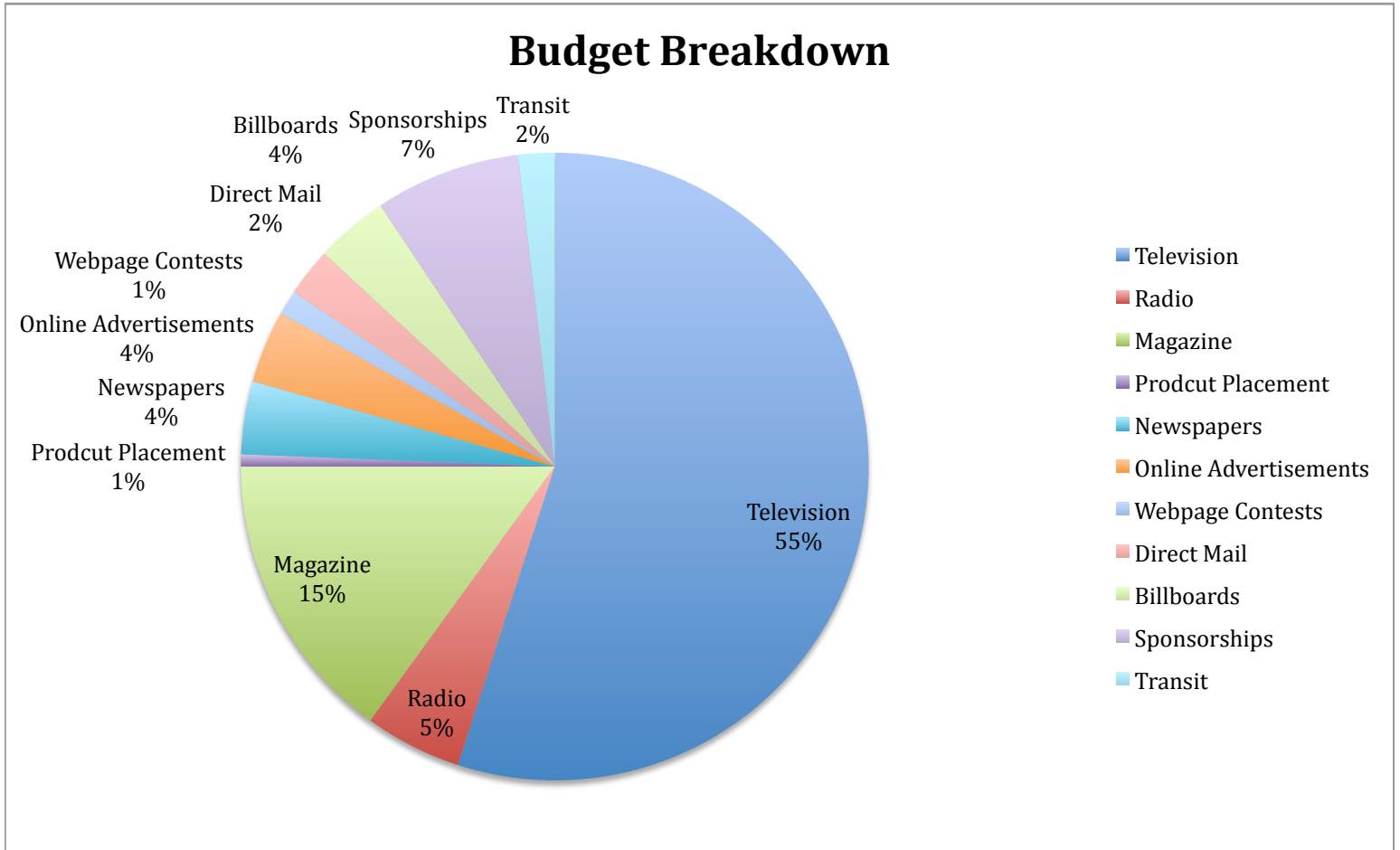
To help increase awareness of Honey Nut Cheerios as a heart health cereal choice we will sponsor 10 5K run/walks across the country and Blood Drives. This will not only increase consumer's trust in our well-established brand name, but it will also create a high reach value and will help reach our monthly GRP goals in the summer.

The Run/Walks will take place in New York, Chicago, Miami, Los Angeles, Boston, Dallas, Houston, St. Louis, Milwaukee, and Seattle. The blood drives will be in conjunction with the American Heart Association and we will provide sponsorship for all the drives in our heavy months of advertising.

**Transit- \$1.5 million**

With a 96% reach potential; Honey Nut Cheerios is going to advertise on transit systems. We will have 20 painted busses, 20 bus stops, and 10 painted subway cars in the northeast during our heavy advertising months and half those efforts during our light months. We will achieve higher impressions during high traffic and commute times. However, CPM for transit is one of the lowest for the entire campaign at \$1.52.

## Cost Estimates







## **Contingency Plan**

Because advertising costs can fluctuate, we cannot be exact with our estimates of media advertising costs. For this reason, we have come up with a backup plan to use excess funds if we are under budget, and what to cut from our plan if we are over budget with our estimates.

If we are over budget we will cut out some of the magazines we had originally planned to place ads in. First we will cut world traveler, then scholastic parent. If we are still over budget, we will then cut the number of city busses we wanted to advertise on. Instead of 20 banners in heavy months and 10 in light months, we will adjust those numbers down to 15 in heavy months and 7 in light months. If more funds need to be cut still, we will the start to skim down the number of billboards advertised on. We will cut from the smaller cities and be sure to stay in New York and Boston.

If we are under budget, we will increase our advertising on prime time TV on ABC until our budget limit is reached. This is one of the most affective ways to reach our target audience and the CPM is one of the best so this strategy will give us the best chance to reach our objectives if we have the extra money.

Overall, we have a balanced budget with a wide media mix. This will allow us to monitor our funds and execute a productive plan with minimal waste and maximum productivity.

## **References and Citations**

- Cereal Facts. (2009). *Honey Nut Cheerios Facts*. Retrieved From  
<http://cerealfacts.org/media/FACTS-Sheets-pdfs/HoneyNutCheeriosFACTS.pdf>.
- Cheerios. (2012). *Our Story*. Retrieved from <http://cheerios.com>.
- Daily Finance. (2011). *Breakfast Cereals Americans No Longer Love*. Retrieved from  
<http://dailyfinance.com/2011/06/04/breakfast-cereals-americans-no-longer-love/>.
- Food Processing. (2010). *Battle for the Cereal Bowl*. Retrieved from  
<http://www.foodprocessing.com/articles/2010/breakfast-cereal.html>.
- Frosted Flakes. (2012). *Frosted Flakes*. Retrieved from <http://www.frostedflakes.com>.
- General Mills. (2012). *Company*. Retrieved from <http://www.generalmills.com>.
- Honey Bunches of Oats. (2012). *Bunches of Love*. Retrieved from  
<http://honeybuncesofoats.com>.
- Honey Nut Cheerios. (2012). *Our Story, Breakfast for Six, Coupons and Promotions, and Honey Nut Cheerios*. Retrieved from  
<http://www.honeynutcheerios.com/honey-nut-cheerios>.
- Kashi. (2012). *Heart to Heart*. Retrieved from  
[http://www.kashi.com/product\\_family/heart\\_to\\_heart](http://www.kashi.com/product_family/heart_to_heart).
- Topher. (2007). *Breakfast Cereal Character Guide*. Retrieved from  
<http://http://www.lavasurfer.com/cereal-analysis.html>.

## Appendix

MRI Data Attached