

A Comparative Analysis of the Marketing Mix of KFC in China and Bangladesh

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Abstract

The aim of this study is to find out the marketing mix of KFC in China and Bangladesh. By making a comparative study of KFC's Marketing Mix in China and Bangladesh, different operation and competitive strategy theory will be integrated with their development situation. Research is made based on strategy theory, Internet sources and interviews. The study area of the present research is restricted to Mainland China and Bangladesh only. The presented results can guide other chains to enhance marketing mix and formulate business policy in China and Bangladesh. Over the past thirty years, retail sales in Mainland China have risen at a steady double-digit growth rate, far surpassing the country's GDP growth. The boom in the food industry, including the rapid growth in fast-food chains, has also fueled domestic economic growth and expanded employment channels on the other hand fast-food business is also growing in Bangladesh. The various favorable factors for investment in China, and Bangladesh such as large population, remarkable socioeconomic development, huge potential market, and good investment environment, have attracted many global fast-food chains.

Key words: KFC , Marketing Mix, China, and Bangladesh

Introduction:

KFC (Kentucky Fried Chicken) is a franchise-led, emerging-market powerhouse. With closely 15,000 restaurants in 120 countries and territories so far, KFC generated \$16 billion in annual system sales and there operation profit raised last 3 years 9% compound growth rate in stable currency.

Yum brand company is the world largest restaurant company in terms of system units which belong KFC, Pizza Hut and Teco Bell. Colonel Harland Sanders who founded KFC (Kentucky Fried Chicken) an entrepreneur who began selling fried chicken in Corbin Kentucky, USA, 1930. It was his roadside restaurant. It is the world's largest fried chicken chain restaurant, measured by sales; it is the second largest restaurant chain after McDonald's.

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Recent days KFC mainly sell fried chicken, hamburgers, French fries, soft drinks and other Western-style fast food. KFC has 18000 locations with 15 billion US dollars revenue. Table 1 as follow presents information regarding KFC.

Along with other different countries KFC doing business in China and Bangladesh as well. KFC started their business in China in the year 1987 in Capital Beijing and in 2006 opened their business in Bangladesh.

KFC is the largest restaurant chain in China, with 5,003 outlets as of 2015. (Yum! Brands, Annual Report, 2015)

KFC Bangladesh has opened 20 stores inside and outside Dhaka to give access to more consumer (Star Business Report).

TABLE 1. The brief background of KFC (Yum 2013)

The name of the company (English name):	Kentucky Fried Chicken (KFC)
Headquarters locations:	America
Establishment time:	1952
Business field:	Western-style fast food
Company slogan:	We Do Chicken Right
Number of Employees	840000

Business in China:

As we know that KFC entered in China in 1987 with their first outlet in Beijing as foreign fast food company. From the beginning KFC assumed that they had to settle in itself to the particularities of Chinese market because it was and till today not easy to open any business in China for their strict foreign investment laws, so they chose to entered into Joint ventures with local producers.

In terms of Joint business, KFC got the following benefits to open a business as foreigner:

- Existing facilities
- knowledge of the local government and can penetrate the Chinese system enough to move critical regulatory decisions forward.
- KFC formed a partnership with the Beijing Corporation of Animal Production who helped to find a chicken supplier. However they lacked close contact with the government agencies that would be essential to setting up operations. Beijing Tourist Bureau was worked as ideal third partner to responsible for the supervision of the construction and operation of all hotels and restaurants in Beijing

The Beijing Corporation and the Beijing Tourist Bureau became part of the venture, KFC was able to get the necessary license from the city, allowing KFC to operate in Beijing.

Business in Bangladesh:

Transcom Food Limited, a concern of Transcom Group is the franchisee of KFC in Bangladesh. The first ever KFC restaurant has been opened in September at Gulshan, Dhaka with a seating capacity of 178 person. Transcom Foods is the franchisee of Yum! Restaurants India Pvt Ltd, a subsidiary of Yum! Brands Inc, an American fast food company and a Fortune 500 corporation. (Star Business Report, 2015)

When KFC opened its first outlet in Bangladesh, they were local franchisee which make some people in doubt that whether they able to maintain the international standards the global fast food restaurant chain demands or not, but the stuff of Transcom Foods proved wrong that idea through their service, quality of food, values and customer-mania. The people who are engage with KFC business in Bangladesh are very passionate what are they doing and will do in future. Although they have limitation but they want to introduce variety of new items. KFC running its eleven years of operation in Bangladesh now. (Star Business Report, 2015)

KFC's Business strategy in China:

KFC's success in China can count one of the major point was first-mover advantage, there were no fast-food restaurants anywhere on the mainland when KFC's first outlet was introduced in Beijing in 1987. Localization strategies is very important for any foreign company, to understand new environment, culture, taste, behavior are all consider local matters. Localization play a one of the key role for become successful in business.

As KFCs excellent localization strategies, their full understanding of Chinese culture and the achievements of its keen perception of cross-cultural marketing also contributed to their success story. Localization strategies top priority in China is family oriented, they focus on children based family because China's one child policy make parents over attentive to their kids , therefore KFCs main focus on family. Chinese families visit fast-food restaurants to please their children (Li, 2004). Old people also like KFC rather than other fast food restaurant.

Signify the Chinese characteristics and grow up the identification from Chinese consumers, KFC study on Chinese cultural elements to decorate all their outlets and arrangements all over China. In continuation of KFC spent 7.6 million RMB(equal to 900,000 Us dollars) to redecorate the flagship outlet in Beijing which is also the World's largest KFC outlet, with the Great Wall, shadowgraph Chinese kites and other traditional Chinese symbols in year 2003.

In addition to ensure the implementation of the localization idea in the year 2000 KFC has invited over 40 national food nutrition experts and set up Chinese KFC Food Health Advisory Committee. Their main task was to study Chinese taste, food habits and their style. According to their survey in 2004 KFC developed diversified products to meet up the different groups requirements, in connection of this application KFC products broke the boundaries of Western and Chinese fast food and achieved a new consumer market. There are more than 30 type of new product introduced in China market half of t with the Chinese characteristics. (Info Food Hc360 2006)

KFC using 4P as enhance their business plus to give priority to local people as well, which called marketing mix 4P(Product, Price, Place, Promotion)+ People. Though KFC Bangladesh is a franchisee but they have almost similar strategy like china.

Product:

China	Bangladesh
<p>Because of KFCs localization strategy, no matter what other people think they just want to win local peoples inner feelings with no compromise with their best effort. On the one hand to fulfill customers desire for innovation and to promote young consumers who are much more freedom in their thinking, work and behavior and like to welcome western flavors, KFC just work on this and introduced western style items like Mexican Chicken Warp and New Orleans Barbeque Wings. On the other hand more Chinese style fast food say Old Beijing Chicken Roll and Chinese style breakfast food are offered since year 2003 to cater to consumers taste for traditional Chinese meal to attract old Chinese people, through this way to introduce fast food among younger to old people. There another specialty is to priority the region based food.</p> <p>KFC is offering the variety of foods and the traditional Chinese dishes. To diversify the menu, they include 50 items compared to US where only 29 and add 50 new products every year. The Chinese KFC menu may include fried dough sticks, egg tarts, shrimp burgers, and soymilk drinks, as well as foods tailored to the tastes of specific regions within China. In 2004 summer KFC launched wang Lo Kat herbal tea (the oldest brand of herbal tea in Guandong) only in Guandong provices. This was completely localized product offered by KFC for the first time ever. (Bell et al., 2011)</p> <p>Few years ago KFC China launched big family package which consists at least 13 family members (Thesis paper on KFC)</p> <p>Moreover there are so many products specially to Chinese taste i.e., hibiscus fresh vegetable soup, mushrooms and chicken porridge, traditional Beijing chicken roll, Sichuan spicy hamburger and so on. Localized products followed by Chinese cuisine but they are served in a fast food manner with reasonable price and good time. In 2004 KFC launched Guangdong province herbal tea called Wanglaoji.</p> <p>In addition to original recipe KFC also offering beef, hamburgers, fried chips, cola, seafood, rice dishes, fresh vegetables, soups, breakfast, desserts, and many other delicious products.</p> <p>In Chinese market 1.5 new items on average introduced every month.</p> <p>KFC also aware of health issue so then they came to know according to survey result that Chinese adults are overweight up from 6% in 1982 to 22% in 2002. Relate to health awareness KFC launched new product in 2005. New fast-</p>	<p>Variation in the menu, bringing in new flavours such as the Fiery Grill'd and Tom Yum, having a whole range of burgers to choose from stands for KFC's constant endeavour to remain on a par with the changing consumer market.</p> <p>Catering to the popular choices and consumer demand, KFC in Bangladesh is bringing in food variations from time to time.</p> <p>Veggie Burger, Zinger Burger, Hot Zinger Burger, Fusion Burger, Hot and Crispy Chicken, Fiery Grilled Chicken, Rice Meals, Buckets, Desserts like Ice-creame, Krushers. Still all items are westernized but keeping in mind the local taste, KFC Bangladesh has created history when it introduced beef burger in a store that specialized in chicken only.</p> <p>(Star Business Report, 15 Sep, 2015)</p>

<p>food which is Nutritious and balanced, instead of supersized item they introduced roast chicken, sandwiches, fish, shrimp, and more fruit and vegetable dishes.</p> <p>The information about nutrition is printed on every package. Hostesses teach kids about nutrition to promote healthy living. KFC maintain the following way to serve their menu.</p> <ul style="list-style-type: none"> • BREAKFAST MENU- Offering of Regional Recipes • LUNCH MENU FOCUSING ON WORKING PEOPLE WITH EXCEPTABLE PRICE • AFTERNOON MENU SMALL MEAL + DESSERT + BEVERAGE DURING THE DAY • NIGHT MENU FOCUSING ON STUDENT & OVER-TIME WORKERS • LATE NIGHT MENU FOCUSING ON PARTYING PEOPLE & NIGHT SHIP WORKERS 	
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PRICE:

China	Bangladesh
<p>KFC set the prices at medium to high level. It is still affordable by the Chinese customers. To be reliable at price level KFC try their best and make the price affordable. Because in China it is easy to get food in 10 RMB. (1RMB=12Tk)</p>	<p>KFC Bangladesh target group are upper middle class and Student. Their price level is not as cheap as to motivate maximum number of people. If KFC's fried Chicken is 280 Taka(\$ 3.5) then other fast food offer at 80 Taka (\$ 1) though not same quality as KFC but people give priority to low price,</p>

PLACE:

China	Bangladesh
<p>Compare to KFCs US outlet , KFC is much bigger, comfortable and good environment in China. As their location KFC China mostly prefer Shopping mall.</p> <p>Food in China is cheap. It isn't hard to find a good meal for about 10 RMB (6 RMB = 1 USD), so KFC and other fast food places aren't anywhere near the cheapest options.</p>	<p>Near University or Education Institute but they have still no outlet in all big super mall in Bangladesh. Selection of place is not still convenient. Recent year they open their branch in one of big super mall named Jamuna Future Park. Choosing the right place is very important issue to be successful in Business.</p>

PROMOTION:

China	Bangladesh
<p>Discount offer or gift items on special day say Chinese new year, lantern festival, Dragon boat festive etc. For cartoon fans pay only RMB 9.90 for each unit of Doreamon plus toys when purchase either. KFC Chewy Cheese Combo at RMB 9.95 or they hire famous singers and stars to attract to keep young adult customer.</p> <p>The KFC mobile strategy is strictly product and marketing-oriented: like other social media the WeChat is very popular in China, this media channel has a feature allowing its followers to get food delivered at home, and has a section with all the promotions KFC is currently running. As well as wechat they also use other mobile apps to promote food delivery, providing customers who use it a series of offers and discounts. They also advertise on Television which is another big focal point to become closer to mass people. KFC is good at gathering the attention of public and the focus of attention of a society.</p>	<p>Still they have no kind of promotional offers. Recent years they launched one promotional offer named KFC BIG MEAL VALUE DEALS which is available from 11am- 3pm, saved 45% and card holder like visa card enjoy 10% discount.</p>

PEOPLE:

China	Bangladesh
<p>KFC China is one of the first companies to train their employees to encourage excellent customer service. Through this training new employees are able to learn basic communicative skills to interact with customers. As first foreign fast-food industry KFC also pride themselves on being a learning organization. To work closely under experienced worker new team members get experienced and leave for new outlets afterward. Employer-employee relation is more homely than profession. In China 250,000 employees are college students where they work as their first job. They have freedom to skip work day, as the procedure they just inform the authority over the phone and take leave and their job is covered.</p> <p>KFC China is one of the first companies to train their employees to encourage excellent customer service. Through this training new</p>	<p>At KFC's Bangladesh outlets, 1,000 people work, mostly students and part-timers. KFC always hire young people as learner because they believe they can train them to their specification and they are eager to learn to get ready for upward mobility.</p>

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Type of problems faced:

China	Bangladesh
<p>Some Western health problems are already showing up in China. In the year 2002 China National Nutrition and Health Survey found that Chinese 22.8% adults became overweight up from 6% in 1982. They also revealed that 7 to 17 aged children who were already overweight or obese has tripled to 8.1 % over the past 10 years.</p> <p>The chain in December, 2012 was criticized when it was came out that number of KFC suppliers using growth hormone and an excessive antibiotics on its poultry which is treat as violation of Chinese law. [Wiki pedia KFC China 176]</p> <p>As this matter Yum! CEO David Novak told that this issue is very crucial and hampered KFC business more than they imagined. This issue became major concern because Yum! earns almost half of its profits from China market, bulk portion is from KFC brand.</p> <p>Avian Flu is also hampered KFC business so far.</p>	<p>In Bangladesh as like China KFC buy chicken from local supplier. Though it make good connection with government and reduce cost but some things like bird flu make this business in danger and loss profit. As other problems like hygiene and some other problems which said to be minor that KFC handled that quickly.</p> <p>In Bangladesh student are also facing obesity problem though people are not concern enough.</p>

Why KFC China successful

KFC China operating their business about 30 successful years respectively. No matter that their success promote other foreign fast food giant like McDonalds, Burger King and so on start their business in China also. Still KFC is number one fast-food giant in China among them.

One of the most impressive stories of a U.S. multinational in an emerging market is unfolding right now in China: KFC on average opening one new restaurant a day (on a base of some 3,300). They have target to reaching 15000 outlets. KFC left all of those thing which they did in USA. They figure out their blue print in China and they achieved the success. (Bell et al., 2011) With KFC as its flagship chain, Yum! has become China's largest restaurant company today, with more than 250,000 employees and about 40% of the market for fast-food chains. KFC China is one of the first companies to promote excellent customer service.

China's revenue and operating profit in 2010 were \$4.1 billion and \$755 million respectively; comparable figures for the overall company were \$11.3 billion and \$1.77 billion. KFC's China's revenue (more than \$1.1 billion) surpassed KFC US revenue in 03. 2010.

KFC China's five competitive advantages all depart from the U.S. model.

As we know Chinese rules are very strong for foreign business but realize the globalization, Chinese government granted foreign company greater access to market in 1992. According to this access KFC manager draw the blueprint and renovate the chain. KFC create its way up the learning curve by trial and error. The following five advantages are below:

- Infusing a Western brand with Chinese characteristics.
- Expanding rapidly.
- Developing a logistics network.
- Training employees in service.
- Focusing on ownership rather than franchising.

If anyone want to take KFC's experience in China, that multinational should consider in their mind that whether they want to collect quick extra sales or to establish a long-term presence and they should keep in mind that to hire local managers whose vision is to build an organization that will last.

In addition of KFC China's localization strategy they also concentrate regional consumer preferences. KFC used China's big geography scale with their verified food preferences. Needless to say that KFC now is at the top fast food industry in China due to their successful use of localization strategy. (Media163 2004)

Thread :

China:

There are so many street food stall and many local fast-food restaurant who are copy KFC style and their price is also cheap rather than KFC. On the other hand foreign giant fast-food like McDonald and Burger King already in China who are just everyday making their own business strategy and expand very quickly say neck to neck competitor.

Bangladesh:

It is similar like China, say more than China because so many street food court and local fast-food namely BFC, CFC, DFC, FFC etc. are running their business successfully. They have almost same item whether they offer low price, they attract a good number of customers. They offer almost half of KFC's prize. Recent days street food market become very popular, they are also make crispy fried chicken (whether it is KFC level) as well and they are offering variety of other food items with very low price. Students are large portion of consuming these foods, they are one of the most prominent in number in society, especially in capital of Bangladesh because there are so many school, college and universities situated here. This cluster of the student mainly belong middle class, who haven't enough pocket money to spend for expensive food, so they are like to have cheaper one.

Suggestion and Recommendation:

In this article author try to emphasize the brand image of KFC. She found that as the image of KFC their staffs and managers are very smart, patient and cooperative both in China and Bangladesh indeed. It is one of the core point for KFC to attract people and booming their business and dominant in emerging market like China. One of the limitation of time and ability the author cannot able to make this article very comprehensive. She was mainly depend on secondary data.

For further research I would like to recommend to study more on it and collect more data from primary and secondary section. To have a closer view of KFC's more success point to find out through more effort and can recommend both for KFC China and KFC in Bangladesh to implement their business strategy successfully.

Conclusion:

As discussed both China and Bangladesh KFC business above and try to find their success, limitation and future plan and find out how KFC China place itself number one in China market in terms of speed, quality, performance and reputation. The main reason is that KFC emphasizes on how to integrate into the Chinese market and work out a development strategy with strong Chinese characteristics. They just established their brand image all over in China. On the other hand still KFC Bangladesh expansion is slow in progress. If we lookout both of them then we can see China make revolution within five years since they start their business and they don't need to look back. If we compare two countries atmosphere Bangladesh is more flexible in some section than China to start business. Which points can be consider as positive for Bangladesh to expand smoothly rather than China to expand foreign business are below:

- Language barrier is not as difficult as China
- Western culture is much flexible or know than China here.
- Laws and Regulation is not as hard as China to start a foreign business.
- Advertising is also a good part to introduce new business to people quickly because so many TV channels are in Bangladesh now and recent days billboard is also seen everywhere in Bangladesh.

Though Bangladesh sometimes facing massive political crisis and security become violated with some stray people, again Bangladesh is a nice country for investment. If we concentrate both China and Bangladesh case can say KFC need not give enough effort to be successful in Bangladesh. They can explore their vision easily here because they already past their 11 years here. Study found that recent days they are thinking their strategy how to come closer to maximum number of people than before under their brand image. To be successful localization strategy will play a significant role though KFC Bangladesh need not to change their western style enough like China because people here in Bangladesh like western food. Apart from political issues and some other administrative difficulties it is not difficult for KFC to be successful in Bangladesh like China.

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