

**Kentucky Fried Chicken**

**Four P's of Marketing mix.**

## **Executive summary**

KFC is one of the most known fast food chains in the world started in the early 1930's by kernel sanders.

- Food, fun and festivity, this is what KFC is all about.
- KFC has more then 11,000 restaurants in more than 80 countries and territories around the world.
- KFC first time came to Pakistan in 1997 and were the title of being the market leader in its industry.
- The marketing mix of KFC consists of 4Ps. It contains every thing KFC do it to influence the demand for their products.
- KFC was launched here as an innovative product.
- KFC has a head-on competition with McDonalds
- The brand of KFC is so strong that it is the attribute itself.
- KFC introduced itself, has grown and now it is at maturity stage for the last ten years in Pakistan.
- Their products have high price and targeted only upper class.
- KFC has only one channel of distribution (direct)
- KFC by its advertisements derives the desire in thecustomer to come and enjoy healthy food in their favorite restaurant.
- They spend 2% of its profits on advertisement.
- KFC has a good product as far as chicken items are concerned.

## **INTRODUCTION**

- KFC Corporation, or KFC, founded and also known as Kentucky Fried Chicken, is a chain of fast food restaurants based in Louisville, Kentucky. KFC is a brand and operating segment, called a "concept" of Yum! Brands since 1997 when that company was spun off from PepsiCo.
- KFC primarily sells chicken in form of pieces, wraps, salads and sandwiches. While its primary focus is fried chicken, KFC also offers a line of roasted chicken products, side dishes and desserts
- The company was founded as Kentucky Fried Chicken by Colonel Harland Sanders in 1952, though the idea of KFC's fried chicken actually goes back to 1930. Although Sanders died in 1980, he remains an important part of the company's branding and advertisements, and "Colonel Sanders" or "The Colonel" is a metonym for the company itself. The company adopted KFC, an abbreviated form of its name, in 1991. Starting in April 2007, the company began using its original name, Kentucky Fried Chicken, for its signage, packaging and advertisements in the U.S. as part of a new corporate re-branding program; newer and remodeled restaurants will adopt the new logo and name, while older stores will continue to use the 1980s signage. Additionally, Yum! continues to use the abbreviated name freely in its advertising

## Mission statement

**“To be the leader in western style service restaurants through friendly service, good quality food and clean atmosphere”**

### **Goals of KFC**

- Build an organization dedicated to excellence.
- Consistently deliver superior quality and value in our products and services.
- Maintain a commitment to innovation for continuous improvement and growth, striving always to be the leader in the market place changes.
- Generate consistently superior financial returns and benefits our owner and employees.

### **KFC India**

KFC is the world's No.1 Chicken QSR and has industry leading stature across many countries like UK, Australia, South Africa, China, USA, Malaysia and many more.

KFC is the largest brand of Yum Restaurants, a company that owns other leading brands like Pizza Hut, Taco Bell, A&W and Long John Silver. Renowned worldwide for its finger licking good food, KFC offers its signature products in India too! KFC has introduced many offerings for its growing customer base in India while staying rooted in the taste legacy of Colonel Harland Sanders' secret recipe. Its signature dishes include the "crispy outside, juicy inside" Hot and Crispy Chicken, flavorful and juicy Original Recipe chicken, the spicy, juicy & crunchy Zinger Burger, Toasted Twister, Chicken Bucket and a host of beverages and desserts. For the vegetarians in India, KFC also has great tasting vegetarian offerings that include the Veggie Burger, Veggie Snacker and Veg Rice meals. In India, KFC is growing rapidly and today has presence in 11 cities with close to 50 restaurants.

## **Values of KFC**

- Focus all our resources to our restaurants operation because that is where we serve our customers.
- Reward and respect the contributions of each individual at KFC.
- Expand and update training with time and be the best we can be and more.
- Be open, honest and direct in our dealings with one and other.
- Commit ourselves to the highest standard to the personal and professional integrity at all times.
- Encourage new and innovative ideas because these are the key to our competitive growth.
- Reward result and not simple efforts.
- Dedicate ourselves to continuous growth in sales, profit and size of organization.
- Work as a team.

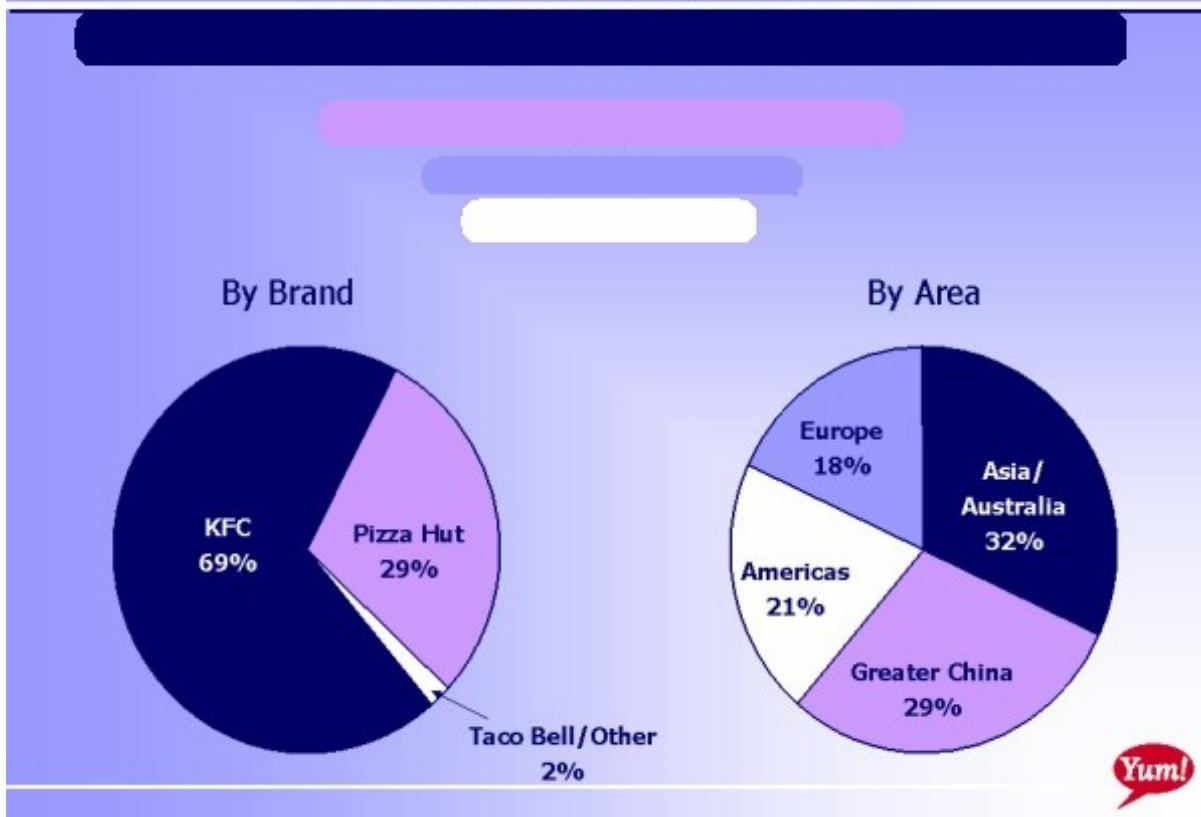
## **SWOT ANALYSIS**

### **STRENGTHS**

- KFC continued to dominate the Chicken Segment, with sales of **4.4 billion in 1999**.
- Despite gain by Boston Market and Chick-fil A, KFC customer base remained loyal to the KFC brand because of its unique taste.
- KFC has continued to dominate the dinner and take out segment of the Industry.
- Strong trademarks recipes.
- Ranks highest among all chicken restaurant chains for its convenience and menu variety.
- Generate \$1B each year

### **MARKET SHARE**

# Yum! International —



## WEAKNESSES

- KFC was losing market share as other Chicken chain increased sales at a faster rate.
- KFC share of Chicken Segment sales fell from **71** percent **1989**, to less than **56** percent in **1999**, a **10**-years drop of **15** percent.
- KFC leadership in U.S market was so extensive that it had fewer opportunities to expand its U.S restaurant base, which was only growing at about 1 percent per year.
- Failed to rank in top 20 in growth in 2000.
- Lack of knowledge about their customers.
- Question of over franchising leads to loss of control and quality.

- Lack of focus on R&D.

## **Opportunities**

- Growth of 18-24 age demography
- Targeting to growing ethnic markets – Asian American
- New leadership
- Domestic Market
- Updating restaurant
- Balanced menu
- Customer focus
- Increase delivery service

## **Threats**

- Rated 83 out of 100 in terms of competitiveness.
- Increasing wage rates directly affect menu prices
- International Exchange Rates
- Health Trend away from fried foods
- Changing customer demands
- Quality of Service Focus

## **Marketing Mix**

- The marketing mix is generally accepted as the use and specification of the 'four Ps' describing the strategic position of a product in the marketplace.

- Product (goods and service)
- Price (value of the product)
- Promotion (aware the people for product)
- Place (distribution of product)

### **Marketing mix at KFC**

The marketing mix of KFC consists of 4Ps. It contains every thing KFC do it to influence the demand for their products.

#### **PRODUCT**

Anything that can be offered to a market to satisfy a want or need. KFC's specialty is fried chicken served in various forms. KFC's primary product is pressure-fried pieces of chicken made with the original recipe. The other chicken offering, extra crispy, is made using a garlic marinade and double dipping the chicken in flour before deep frying in a standard industrial kitchen type machine.

A product is anything that can be offered to a market that might satisfy a want or need.

#### **KFC product planning**

- KFC product is classified as consumer product as it has no intermediates.
- KFC offers specialty goods.
- The stock turnover of KFC is high.
- Price and quality of the product is always compared.
- KFC's product includes

- Goods (Burgers, Chicken Meals etc)
- Services (cleanliness, quick service, parties)

### **Product strategy of KFC**

KFC was launched here as an innovative product. KFC has got one product line but later they introduced products in the same line to protect their market share. New product ideas are generated from:

- Customer services (comments cards)
- Gallops survey (mystery shoppers)

KFC have a Quality Assurance department that decides the new product innovation. Q.A. department prepares screening of new ideas and product's feasibility report. This department does the technical evaluation (whether it is practical to produce the new product or not).

KFC's products are tested externally by offering trials to customers by giving them free samples.

KFC adds a new product in its present assortment based on

- Their competitors
- Product's adequate demand
- The satisfaction of key financial criteria
- Its compatibility with environmental standard

### **KFC product line**

KFC product line includes all chicken based products.

## **Product mix strategy**

The product mix strategies are in relation to:

### **Competitors:**

KFC has a head-on competition with McDonalds

- Wherever they place their products; KFC goes there as well.
- Locally in INDIA KFC face a close competition with the local

### **Attributes:**

- The brand of KFC is so strong that it is the attribute itself.

### **Place and Quantity:**

KFC products are based on high quality and prices.

### **Segmentation**

#### **• Geographic segmentation :**

KFC has outlets internationally and sells its products according to geographic needs of the customer. In India KFC focuses how geographically its customers demand different products. In north India Chicken is the main selling product, while in the south the Veg. items sell more than the chicken.

#### **• Demographic Segmentation**

In demographic segmentation, the market is divided into groups based on an age, gender, family size, income, occupation, religion, race and nationality.

KFC divides the market on demographic basis in this way:

- Age is between 6-65.
- Gender is both males and females.
- Family size is 1-2, 3-4, 5+

- Income is Rs 10,000 n above.
- Family lifestyle is almost all

## **TARGET MARKET**

- The process of evaluating each market segment's attractiveness and selecting two or more segments”

As the outlets of KFC are in posh area and prices are too high (overhead expenses-rent, air-conditioning, employees), so KFC targets upper and middle classes. Target market depends upon size and growth rate of population, Company resources and structural attractiveness of market segment

## **Price**

- Price is the any amount of money that customers have to pay while purchasing the product. More broadly, price is the sum of all the values that consumers exchange for benefits of having or using the product or services

### **Price strategies of KFC**

- In introduction stage KFC entered the market using market-skimming strategy. Their products were high price and targeted only upper class. Gradually they trickle down focusing on the middle class to penetrate the market. Also KFC follows one price strategy. Price is determined according to the rates of the raw materials and policies of the Govt. The political and legal forces often affect the policies of KFC and eventually results in change of prices that is due to imposing of taxes.

### **Product Line Pricing:**

- KFC has a unique pricing strategy that falls solely on their many product lines. Their Value Meals fall into the category of Product Line Pricing. “Where there is a range of product or services the pricing reflect the benefits of parts of the range

### **Cost Based pricing**

- KFC prices their product keeping different points in view.
- They adopt the cost base price strategy.
- Pricing of the product includes the govt. tax and excise duty and then comes the final stage of determine the price of their product.
- The products are bit high priced according the market segment and it is also comparable to the standard of their product.

### **Demographic factors**

- Age: Generally there is no age limit focus by the KFC. The target and focus is on each and every individual in a society. KFC finds its largest demographic in the young of any society.

- Gender: Both male and females are focused by KFC, gender does not play any role here.
- Household Size: This plays a vital role in the demographic factor of the KFC. Generally they target whole families rather than single persons. This being the reason for their Family Meals which are basically bundled items served at a nominally cheaper rate.

### **Economic Factors**

- Income: Income is an important key factor for KFC. This factor decides which class is to be targeted. In the early rise of KFC they focused on the upper class but slowly are introducing economy meals that attract the lower to middle classes.
- Consumption Behavior: It estimates the behavior of people, their liking and disliking towards the pricing of the products.

### **Geographic location preference**

- urban
- semi urban

### **Behavior segmentation**

- taste conscious
- quality conscious
- class
- combination of product and quality

### **Place**

This refers to how the product gets to the customer; for example, point-of-sale placement or retailing. This third P has also sometimes been called *Placement*,

referring to the channel by which a product or service is sold (e.g. online vs. retail), which geographic region or industry, to which segment (young adults, families, business people), etc. also referring to how the environment in which the product is sold in can affect sales.

- **TARGET AREAS**

- **“Free home Delivery”** strategy – They provide free home delivery to offices & homes (select countries).
- **Accessibility** – Resulting in several outlets to cater to the needs of people in & around the city.
- **Hectic lifestyle** – Due to the hectic lifestyle of office goings individuals the fast food concept saves time of preparing food and gives the customer a full meal quickly.

**Economically convenient** – The pricing appeals to the many classes of a society

## **TARGET MARKET**

### 1. Location

- Hectic lifestyle of individuals – giving them more time at work and less stress about waiting for food.
- Commercialization of urban and sub-urban markets leading to more mid-sector people that find high-end eating joints very to expensive.
- Mid-sector people are always looking for change which KFC provides in their range of fast food.
- Quality conscious – people in urban areas are more conscious about the quality of food than rural areas.
- Urban areas are more populated therefore they help with attracting higher revenues.

### 2. Placement of outlets

- Due to KFC placing itself close to schools, colleges, cinemas and markets which are mostly populated by the young and those who are in a hurry, KFC enjoys a large number of footfalls everyday. In addition, they also have outlets close to non-vegetarians (mostly Muslim populated areas).

## STRATEGY

- Given the competitive nature of fast food joints, KFC uses the “**Push Strategy**” to help them create:

- Awareness
- Be different
- Sound attractive

## CHANNEL PROCESS

KFC works on the flow of good operation techniques i.e.

“Good Operating Manager → leads to “Good Team Selection → Good Services → Good Targets → Good Revenues through the following internal strategies:

- Training
- Incentive based targets
- Recognition for good work
- Performance based bonus
- Employee benefits to keep them motivated
- Promotion
- 

### **Promotion**

Promotion is the method used to inform and educate the chosen target audience about the organization and its products. Using all the resources of promotion:

- Advertising
- Sales Promotion
- Public Relations
- Events and Experiences
- Coupons, Discounts and Bundled packages
- An organization finds most of its meanings and survival through promotion.

At KFC, Promotion is the main tool to bring all chicken lovers attention towards its delicious one-of-a-kind product, the Fried Chicken

### KFC promotion strategy

The logo features Colonel Harland Sanders that is one of the best logo in the world has created its name as a standard in the market. The logo of the smiling Colonel is probably one of the most recognized faces in the world and instantly brings the image of fried chicken to one's mind. Today the Colonel's Spirit and heritage are reflected in KFC's brand identity.

### KFC promotion sources

- Advertising
- Sales Promotion
- Public Relations
- Events and Experiences
- Coupons, Discounts and Bundled packages

An organization finds most of its meanings and survival through promotion. At KFC, Promotion is the main tool to bring all chicken lovers attention towards its delicious one-of-a-kind

### Advertising

The logo of the smiling Colonel is probably one of the most recognized faces in the world and instantly brings the image of fried chicken to one's mind.

- KFC and its new company jingle, “finger licking good” is a frequent announcement on televisions, billboards, flyers and radio. The concept of showing a normal customer deeply involved in devouring his piece of chicken usually turns on the drool factory in everybody’s mouth and makes them rush to the nearest KFC. In India where chicken lovers are plenty abound these ads featuring normal people connect instantly and create a rush at their outlets. Using the following methods KFC spreads its message of finger licking good chicken.

- Using **Reminder advertisements** KFC stimulates repeat purchases of its products. The company anthem “finger linkin good” is just a wake up call to the consumer to remind them how good they felt the last time they ate KFC chicken.
- Sponsorship is another tool to strengthen an organizations image. KFC is currently the sponsor of the Australian Cricket Team and the colonel logo can be seen on their uniforms throughout the matches.

### **Sales Promotion**

- KFC uses the following tools to further enhance its sales.
- Premiums
- Exhibits
- Coupons
- Entertainment
- Using coupons that one can acquire after spending a particular amount over a period of fixed time, customers can enjoy the benefits of free meals (premiums). Additionally they provide meal vouchers and exciting offers in their print ads.
- All KFC outlets offer its customers with various forms of incentives to buy its Chicken. Using coupons that one can acquire after spending a particular amount over a period of fixed time, customers can enjoy the benefits of free meals or free add-ons. Additionally they provide meal vouchers and exciting offers in their print ads, which the customer must cut and bring along.

# Survey Analysis

- a) Survey Plan
- b) Survey Sample
- c) Summary of Survey Results



# **Survey Research Plan**

## **Client Interview**

- Told the research team that their main focus was proving to the public that KFC isn't as unhealthy as many people perceive it to be compared to other fast food restaurants.

## **Research Objectives**

- We are conducting this survey to find out what people's perceptions of the KFC brand is currently.
- To compare KFC's menu options to the menu options of their major competitor's.

## **Research Methodology**

- Mall-intercept method, it is the most convenient due to the overwhelming student population on campus.
- Convenience sampling, because we don't want biased results and we will get more of a variety students.
- Our survey will consist of open ended, multiple choice, and Likert scale questions.
- We will try to achieve our goal of 50 completed surveys throughout different campus buildings, and through friends and co-workers. These surveys will take place through the next 2 weeks.

## **Tabulations and Data Analysis**

- The scale and multiple choice questions will be tallied. The open ended questions will be categorized into positive and negative responses with noted suggestions.

## **Research Reporting**

- We are hoping to gather information from the surveys to better understand why people think KFC is an unhealthy fast food option. While at the same time maintaining the convenience of the fast food industry.

## **Time Frame**

- The survey will be conducted within one week's time period.

## **Limitations**

- We will have a very narrow age range (18-24).

- Since we are only using convenience sampling we will only be able to survey people located in Morgantown.
- People sometimes rush through open-ended questions, or don't answer questions truthfully.
- People may not be familiar with all of the restaurant options on the survey.

## Sample Survey

This is a survey about the fast food industry. Through this survey we are trying to understand what consumers like and dislike about the fast food industry and what can be improved. Please answer as honestly as possible. Your participation is appreciated. Thank you.

1. Please name three fast food restaurants you can think of:

( ) ( ) ( )

2. What type of item do you look for on the menu when you're eating at a fast food restaurant?

Combo Meal       Value Menu        
Other: \_\_\_\_\_

3. How often do you eat fast food in a month?

( ) never      ( ) once a month      ( ) 2-3 times a month      ( ) 4-5 times a month

( ) 5+ times a month

If you do not eat fast food , skip to question 21

4. Which fast food restaurant do you feel gives you the best value?

( ) Burger King      ( ) Chik-fil-A      ( ) McDonald's      ( ) KFC

( ) Popeyes ( ) Wendy's ( ) Subway ( )

Other: \_\_\_\_\_

5. How many times do you eat chicken per week?

1-2 times a week  3-4 times a week  4-5 times a week  6+ times a week

6. Have you ever eaten at KFC?

Yes  No If no, skip to question 21

7. If yes, when was the last time you ate at KFC?

Last week  Last month  Last 6 months  Last year

8. How familiar are you with KFC's menu selection?

Not familiar  Somewhat familiar  Very Familiar

9. What would be the main reason you choose KFC?

To eat chicken  Good menu selection  Quality of service  
 Convenience

10. What do you think is KFC's strongest menu attribute?

Family value menu  Value menu  Choice of original or extra crispy  
 Healthy menu items

11. KFC is an accurate representation of Southern Cooking:

Strongly Disagree 4 3 2 1 0 1 2 3 4 Strongly Agree

12. Do you view KFC as a family restaurant?

Strongly Disagree 4      3      2      1      0      1      2      3      4      Strongly Agree

13. When you think of KFC what comes to mind?

Colonel Sanders  Fried Chicken  Home style sides  Family meals

14. Roughly how many KFC TV or Billboard advertisements have you seen within the last 6 months?

0  1-3  4-6  7-10

15. Are you aware of the new, healthier options available at KFC?

Yes  No  N/A

16. On what area do you believe KFC should focus its image?

Convenience  Family  Health   
Other: \_\_\_\_\_

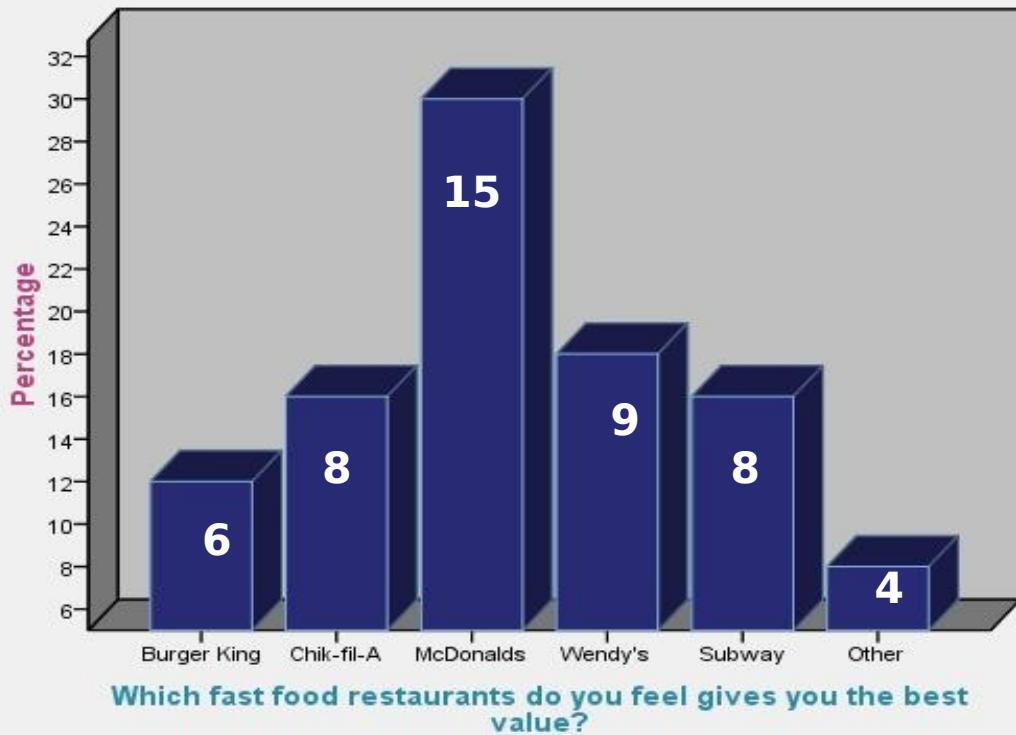
17. Who do you view as KFC's biggest competitor?

McDonald's  Chik-fil-A  Popeyes  Subway  
 Burger King  Other: \_\_\_\_\_

18. Which fast food restaurant has the best chicken?

KFC  Chik-fil-A  Popeyes  Church's  
Chicken  
 Burger King

## Summary of Results



In order to figure out where KFC stood in terms of their competition, we went out to find out how they compared to other fast food restaurants in pricing. Most people when asked in the surveys said they thought McDonald's had the best value because of options like the dollar menu. Our respondents put great emphasis on this saying that value and convenience were the two main things they typically look for when going out for fast food. When asked about KFC's pricing, many said that compared to their competitors KFC was a little overpriced. For the most part, they said since KFC also gives a lot of food in their meals that they would probably get KFC only if they were going to be eating with a group of people as opposed to just for themselves.

