

Marketing planning – college



**ASSIGN
BUSTER**

Assume you have been appointed as a selling adviser for Jollibee. As portion of the international enlargement plan, the direction wants you to fix a study to place selling chances. The study should cover the undermentioned information:

a) Identify three possible markets for enlargement

Jollibee Foods Corporation (JFC) is banking on franchising and abroad enlargement to continuously hike its net incomes in the long tally. The aggressive enlargement plan is in line with duplicating the company's net incomes in 5 old ages. company functionaries said.

JFC board president Tony Tan Caktiong said the ideal concern mix is 50-50 for franchising and company-owned enlargement. JFC's subdivisions outside the Philippines are all company-owned, except those in the Middle East. In the Philippines, 45 % of the shops are company-owned while 55 % are franchised.

For its abroad enlargement, CEO Ernesto Tanmantiong said the quick-service eating house concatenation programs to spread out its planetary footmark by seting up shops in Malaysia, Myanmar, Europe and Japan " after five old ages because we need to concentrate on China and the US. " JFC is besides ramifying out in Canada following twelvemonth while the company is still analyzing chances in Indonesia, one of the fastest turning economic systems in Southeast Asia. The possible markets for enlargement are the undermentioned:

Three Options for Expansion Papua New Guinea- Raising the Standard New Entrant into 3 shop fast nutrient concatenation Tingzon offered to set up all capital required Hong Kong- Expanding the Base 3 Store already established. possibility of a 4th one. High volume with Filipinos but non with occupants (Chinese) 4th shop location high traffic but few Filipinos California-Supporting the Settlers Success in Guam led them to believe US had possible Food Appealed to Filipinos and Americans Decided on Daly City-Large Filipino population Plans to appeal to Asiatic Americans and so Hispanic Americans

B) General information about the possible markets (geographical location. capital. population. per capita income. literacy rate. linguistic communication spoken)

Geographic Location

Jollibee started with five subdivisions in 1978 and has grown to a strong web of a sum of 801 shops in the state. and 96 shops internationally. In entire. Jollibee has 896 shops worldwide as of November 2013. It is the largest fast nutrient concatenation in the state with international locations in Brunei. Hong Kong. Indonesia. Kuwait. Malaysia. Qatar. Saudi Arabia. Singapore. Vietnam. the United States. and Canada. JFC is be aftering to spread out Jollibee to other markets like Europe. Asia

Brunei (launched 1987) Hong Kong (launched September 1996) Indonesia (to be launched 2015) Kuwait (launched 1995) Malaysia (to be launched 2015) Philippines (chief hub) Katar Saudi Arabia (launched 1995) Singapore (launched 2013) Vietnam (launched October 1996)

North America United States (launched 1998) Canada (to be launched 2015)

The first Jollibee subdivision in Vietnam was opened on October 1996 at the Super Bowl in Ho Chi Minh City. To day of the month. Jollibee has more than 30 shops in Vietnam. they are located in the metropoliss of Ho Chi Minh. Hanoi. Da Nang. Nha Trang. in the states of Vinh Phuc. Dong Nai and all states in the Mekong Delta Region. In Hong Kong. there is presently one subdivision located in Central. At present. it is in the procedure of being renovated. while the gap of a 2nd subdivision in the state is presently under consideration. As of end-September 2012. Jollibee was runing 2. 040 shops in the Philippines for all of its trade names: 765 for Jollibee. 383 for Chowking. 201 for Greenwich. 209 for Red Ribbon. 457 for Mang Inasal and 25 for Burger King. PAPUA NEW GUINEA: There are five million people in Papua New Guinea with highly limited fast nutrient options. Jollibee can come in and put a high criterion. pull many clients. and scare future investors off. However they would hold to rapidly add three to four shops to be competitory and screen costs. There was besides inquiry as to whether the country could manage 20 shops.

Either they will acquire the first mover advantage or they will prolong immense loss. Since the benefits offered by the local spouse are unsure and net income potency is low. Jollibee should non seek to come in New Guinea at this clip. HONG KONG: In Hong Kong. Jollibee are located near a really dumbly populated country. which has a really loyal Filipino client base. These people gave them great concern on the weekends. but gross revenues fell off during the hebdomad because the local Hong Kong people seldom

frequented the Jollibee constitution. Besides, there were enormous jobs with the Chinese shops. All of the directors resigned and many employees quit because the Chinese like to work for Chinese. There was obvious clash between the Chinese and Filipino's. While the 4th shop in Hong Kong represents a valuable acquisition chance, it will not bring forth the gross needed to construct a planetary imperium. Providing to the local Chinese pallet would let Jollibee to construct its competency advantage by learning to equilibrate flexibility in menu offerings with consistency across the planetary trade name.

Additionally, a success in widely distributed Hong Kong could give Jollibee the trade name exposure it needs to pull better spouses. However, given the staffing issues and uncertainty affecting the local Chinese client, it would be better for Jollibee to better its current operations, instead than to perpetrate extra resources to a new shop. California: It will be a really good thought to aim the Asian community life in U. S and California is the best topographic point to get down from. The intense competitive ambience of US fast nutrient market will supply Jollibee enormous chance of planetary acquisition. Furthermore, they besides discovered that there were many elements of their eating houses that appealed to Americans. Similarly, there was great support from Filipino-Americans. Likewise, Jollibee was traveling to spread out throughout California before it moved east. They were determined to derive acknowledgment. Another helpful facet is the variegation of America.

In any given metropolis a individual can happen Chinese, Italian, Grecian, Spanish, Nipponese, American, German, Polish, Indian, and other cultural

eating houses. Americans like to seek nutrient of different civilizations and there is no ground to believe that we will non seek Filipino nutrient. There is really small ground to believe that Jollibee can non successfully enter the fast nutrient market in the United States. But on the other manus. United States is place to some of Jollibee's most formidable rivals. As a late-mover. it will be hard for Jollibee to obtain entree to the distribution channels. providers. and shop locations which allowed it to go a cost leader in the Philippines. Additionally. aside from its experience in Guam. Jollibee does non hold any existent experience operating in a Western concern environment.

degree Celsius) Specific information about each market (legal and ethical demands. market tendencies. rivals. size of the market. possible gross revenues volume)

Legal and ethical demands

When markets in foreign states offer a higher net income potency than your place market. it makes sense to spread out internationally. As you prepare your enlargement and research mark markets in other states. you will frequently happen that the legal constructions and ethical models differ well from those in the United States. You have to turn to the legal and ethical issues of your come ining these markets to do your enlargement a success.

Traditional Small Scale Bribery- involves the payment of little amounts of money. typically to a foreign functionary in exchange for him/her go againsting some official responsibility or duty or to rush everyday authorities actions (lubricating oil payments. kickbacks) . Large Scale Bribery- a comparatively big payment intended to let a misdemeanor of the

jurisprudence or designed to influence policy straight or indirectly (eg. political part) . Gifts/Favours/Entertainment- includes a scope of points such as: munificent physical gifts. name miss. chances for personal travel at the company`s disbursal. gifts received after the completion of dealing and other excessive expensive amusement.

Pricing - includes unjust differential pricing. questionable invoicing - where the purchaser requests a written bill demoing a monetary value other than the existent monetary value paid. pricing to coerce out local competition. dumping merchandises at monetary values good below that in the place state. pricing patterns that are illegal in the place state but legal in host state (eg. monetary value repairing understandings) . Products/Technology - includes merchandises and engineering that are banned for usage in the place state but permitted in the host state and/or appear unsuitable or inappropriate for usage by the people of the host state. Tax Evasion Practices - used specifically to hedge revenue enhancement such as transportation pricing (i. e. . where monetary values paid between affiliates and/or parent company adjusted to impact net income allotment) including the usage of revenue enhancement oasis. where any net income made is in low revenue enhancement legal power. adjusted involvement payments on intra-firm loans. questionable direction and service fees charged between affiliates and /or the parent company.

Illegal/Immoral Activities in the Host Country - patterns such as: fouling the environment. keeping insecure on the job conditions ; product/technology copying where protection of patents. hallmarks or right of first publications has non been enforced and short weighting abroad cargos so as to bear

down a state a phantom weight. Questionable Committees to Channel Members - unreasonably big committees of fees paid to impart members. such as gross revenues agents. jobbers. advisers. traders and importers. Cultural Differences - between civilizations affecting possible misinterpretations related to the traditional demands of the exchange procedure (e. g. . minutess) may be regarded by one civilization as payoffs but be acceptable concern patterns in another civilization.

These patterns include: gifts. pecuniary payments. favors. amusement and political parts. Engagement in Political Affairs- related to the combination of selling activities and political relations including the followers: the effort of political influence by multinationals. prosecuting in selling activities when either place or host states are at war or illegal engineering transportations.

Market tendencies

More focal point on young persons
Popular trendy cafe
Wi-Fi cyberspace
entree
Creative location
Multi stigmatization
Cleanliness environment

Rivals

Size of the market
Claimed market size
Jollibee was able to capture 65 % of the market portion in beefburger market in the Philippines. The JFC reported Php 82 billion by the terminal of 2011
Based on the one-year study of JFC. Jollibee earned Php 50 billion gross on 2011

Entire gross revenues of JFC claiming 65 % market portion is Php 82 billion.
The entire market portion is Php 126 billion

Potential gross revenues volume

Local fast nutrient giant Jollibee Foods Corp. grew its 2013 net net income by 24.5 percent year-on-year to P4.64 billion as gross revenues from its eating house web here and abroad expanded by a double-digit gait. In the 4th one-fourth entirely. JFC's net net income rose by 20.3 percent year-on-year to P1.52 billion. System-wide retail sales—a step of consumer gross revenues from company-owned and franchised stores—grew by 13.9 per centum in the 4th one-fourth and by 12.8 per centum for the full twelvemonth. to P28.87 billion and P104.1 billion. severally. The full-year retail gross revenues growing marked the highest rate of rise in organic gross revenues in six old ages and allowed JFC to transgress the P100-billion grade for the first clip. JFC main runing officer and incoming main executive officer Ernesto Tanmantiong said in a statement. Apart from turning its gross revenues volume and distribution web. JFC besides unlocked higher borders by bettering the operating efficiency of its turning shop concatenation.

Net income border for 2013 increased to 5.8 per centum from 5.2 per centum the old twelvemonth. JFC opened a sum of 98 shops in the 4th quarter—the highest figure opened in a individual one-fourth in the company's 35-year history. It ended 2013 with an international shop web of 2,764. of which 2,181 are in the Philippines. “ Our advancement in constructing the concern has been taking topographic point across our trade names in different states. In the old ages in front. we look frontward to further beef uping our trade names and speed uping our profitable growing by maintaining our intense focal point on the basicss of our concern for the benefit of our consumers: Superior merchandise quality and gustatory

sensation. value. service. restaurant experience and shop locations made possible by an even stronger JFC organisation. " Tanmantiong said. For 2014. Jollibee has earmarked P6. 3 billion in capital disbursement. It will be used to open new shops and restructure old 1s.

The budget is higher than the P4. 1 billion capital spendings in 2013. when the company opened 235 new shops. In the 4th one-fourth of 2013. system-wide gross revenues in the Philippines entirely rose by 12. 2 per centum. while concern grew by 19. 2 per centum in China. 17. 2 per centum in the United States. and 35. 3 per centum in Southeast Asia and the Middle East. In Southeast Asia. growing was led by Vietnam. where concern rose by 40. 2 per centum. Same shop gross revenues across its planetary web for the 4th one-fourth grew by 8-9 per centum year-on-year on higher client traffic and purchases per shop. With higher cyberspace net income last twelvemonth. JFC's return on equity improved to a 15-year high of 21. 3 per centum from the 18. 3 per centum seen in 2012. Aside from the flagship Jollibee trade name. JFC operates Chowking. Greenwich. Red Ribbon. Mang Inasal and Burger King.

In China. it operates the Yonghe King. Hong Zhuang Yuan and San Pin Wang ironss. It similarly has a 50-percent interest in the joint venture running Highlands Coffee (in Vietnam and the Philippines) . Pho24 (in Vietnam. Indonesia. Philippines. Hong Kong. Macau and Cambodia) and 12 Sabu (China) . vitamin D) An appraisal of external factors for each market (PEST analysis) The general environment consisting of 6 sections and the analysis of its effects on Jollibee is as shown below.

Demographic

In the local Philippines context, the million consumers walking into Jollibee's shops day-to-day represent strong demand for its merchandises. The singularity of the geographical landscape of Philippines has besides made it a challenge for fast-food companies. Globally, there are many Filipinos workers situated in the abroad market, particularly in the United States where there are estimated to be around 2 million Filipino immigrants. Besides the US, many Filipinos are besides situated in parts of Asia such as Hong Kong, Brunei and Indonesia. Not restricting to Filipinos, their shops have besides attracted other Asians to eat at their eating houses.

Economic

The turning economic capablenesss of developing states have attracted major participants in the fast nutrient industry to set up their shops at that place. Likewise for Jollibee, the turning market possibilities in Indonesia for Chinese nutrient enabled Jollibee to venture into the market by debut of Chowking Brand. The possible China market for fast nutrient besides led Jollibee to get 85 per centum ownership in Yong he King Chain.

Sociocultural

The societal and cultural of each state differs from one another. For illustration, a Chinese might prefer to hold noodles alternatively of rice in Japan. In our instance of Jollibee, the " langhap-sarap" construct adopted by them may be enormously popular to Filipinos consumers, but this construct may non make so good in planetary markets. Foreign consumers might non

like the traditional gustatory sensation of Jollibee's nutrient. as compared to bigger planetary participants such as McDonald.

Global

The of all time altering planetary landscape is one of the critical factors Jollibee has to see. As illustrated in the instance survey. Philippines have seen major planetary participants come ining the fast-food market holding a return on this pie. Although Jollibee have ever been the dominant in this section. viing in foreign markets seems to be in a different narrative. Not merely they have to perforate the foreign market with their proven and successful local formula. they would besides hold to vie against already established participants such as McDonald. Wendy's and KFC. vitamin E) Estimate the costs. hazards. fiscal viability for each market.

Papua New Guinea: Raising the Standard In early 1996. at the recommendation of Quality Assurance Manager Gil Salvosa. a local New Guinea enterpriser in the domestic fowl concern approached Tony Kitchner about a Jollibee franchise. He described a state of five million people served by merely one ill managed. 3-store fast-food concatenation. that had late broken ties with its Australian poulet eating house franchise. " Port Moresby does non hold a individual nice topographic point to eat. " he told Kitchner. He believed Jollibee could raise the quality of service and nutrient adequate to take much of the Australian chain's market portion while deterring farther entrants. Although the original program had been to open merely one shop in the foreseeable future—in the capital. Port Moresby—Tingzon was certain that the franchisee could merely cover the costs of developing the market if

he put in at least three or four shops shortly after. But he was unsure whether Papua New Guinea could back up the 20 shops that he saw as the mark critical mass for new markets. (For comparing. in the Philippines. about 1. 200 fast nutrient mercantile establishments competed for the concern of 75 million people. GNP per capita in both states was about at US \$ 2. 500.)

Hong Kong: Expanding the Base Besides on Tingzon's home base was a proposal to spread out to a 4th shop in Hong Kong. The franchise. owned by Jollibee in partnership with local business communities and managed by Tommy King. TTC's brother-in-law. opened its first shop in September 1996 to instant. overpowering success. Located near a major theodolite hub in the Central territory. it became a assemblage topographic point for Filipino exiles. chiefly domestic workers. However. appealing to the locals had proven more hard. While volume was high on weekends. when the Filipinos came to Central to socialise. it fell off during the hebdomad. when concern was chiefly from local office workers. Although two more shops in Central had attracted many Filipinos. they both relied extensively on Chinese clients and generated gross revenues of merely about tierce of the first mercantile establishment. One job was that. despite strenuous attempts. Jollibee had been unable to engage many local Chinese as crew members.

Harmonizing to one director. Chinese clients who did non talk English good were worried that they would be embarrassed if they were non understood by the preponderantly Philippine and Nepalese counter staff. Another job was that in a metropolis dominated by McDonald's. Jollibee's trade name acknowledgment among locals was weak. Working with Henry Shih. the sub-

franchisee who owned the 2nd shop. Jollibee staffs were seeking to assist establish a thematic advertisement run. but due to the Hong Kong operation's little size. the franchise could non shoot sufficient finances. California: Supporting the Settlers Soon after subscribing his contract. Tingzon had learned of year-old program to open one Jollibee shop per one-fourth in California get downing in the first one-fourth of 1998. Supporting TTC's long-held belief that Jollibee could win tremendous prestigiousness and promotion by deriving bridgehead in the place of birth of fast nutrient. Kitchner had drawn up programs with a group of Manila-based business communities as 40 % spouses in the venture.

Once the company shops were established. they hoped to franchise in California and beyond in 1999. Much of the assurance for this bold enlargement program came from Jollibee's success in Guam. a district of the US. Although they ab initio targeted the 25 % of the population of Filipino extraction. direction discovered that their bill of fare appealed to other groups of Americans based at that place. They besides found they could accommodate the labour-intensive Philippine runing methods by developing different equipment and cookery procedures more in maintaining with a high labour cost environment. In the words of one International Division veteran. " In Guam. we learned how to make concern in the United States. After wining at that place. we felt we were ready for the mainland. " The program called for the first shop to be located in Daly City. a community with a big Filipino population but comparatively low concentration of fast-food rivals in the San Francisco country.

(With more than a million immigrants from the Philippines live in California. most comparatively flush. this province had one of the highest concentrations of Filipino exiles in the world.) The bill of fare would be transplanted from the Philippines without alterations. After ab initio aiming Filipinos. the program was to ramify out geographically to the San Francisco and San Diego parts. and demographically to appeal to other Asian-American and. finally. Hispanic-American consumers. The hope was that Jollibee would so spread out to all consumers throughout the U. S. Like the enlargement schemes in PNG and Hong Kong. this undertaking had momentum behind it. including seeable support from Filipino-Americans. strong involvement of local investors. and. non least. TTC's great involvement in wining in McDonald's back-yard. degree Fahrenheit) Rank the chances in footings of their viability and likely part to the concern

Harmonizing to the corporate web site. Jollibee International presently has over 50 locations in Brunei. Hong Kong. Vietnam. Saudi Arabia. Qatar. and U. S. There are now a sum of 26 Jollibee shops in the U. S. including 9 shops in Northern California. 15 shops in Southern California. one shop in Las Vegas. and one shop in New York. Harmonizing to Jollibee's web site. the company has modified its planetary scheme and stopped international franchising impermanent.

The California franchise has been a success. Since opening the first U. S. shop in Daly City in 1998. the company has expanded their U. S. presence to a sum of 26 shops. The company has the advantage in the California market because there are a batch new immigrants come ining the province with 80. 000 Filipino migrating per twelvemonth. Jollibee presently has merely one

Hong Kong shop located in Central. implying that at least two Central shops have been closed since 1998 in add-on to the Kowloon territory shop. Finally, there is no Jollibee presence in Papua New Guinea bespeaking that attempts to spread out to this state were non successful.

Mentions:

Jollibee Bankss on franchising. abroad enlargement to hike long-run net incomes (04 Aug 2014)

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