

A report on jollibee foods corporation

[Nutrition](#), [Fast Food](#)



A Report on Jollibee Foods Corporation Prepared By: Syed Tarik ID: 1030510650 Section: 6 Prepared For: Bashir Hussain Senior Lecturer School Of Business North South University Contents: * Executive Summary * Business Landscape * Target Market * Positioning * Marketing mix * Firm Analysis * Solutions and Recommendations * Conclusion Executive Summary

This report is an attempt to analyze the case of “ Jollibee Foods Corporation (A) International Expansion. In this study we have first analyzed the case background so that we understand the scheme of things. In this section we have laid emphasis on the inception of Jollibee Foods Corporation, their expansion in various countries like Singapore, Honk Kong, Brunei, Taiwan, Indonesia, and California etc. Further we have discussed the Strengths, Weaknesses, Opportunities and Threats to Jollibee in the fast food industry. We have dealt with different problems like the management issues, the market issues, business expertise, financial resources, inventory management etc. This would help in better understanding of Jollibee’s present condition and future sustainability in the modern and fast changing business world. After the SWOT analysis we identified certain issues with Jollibee which concerned the Management, business, expansion etc.

There were issues like improper utilization of financial resources, lack of promotional campaigns, communication gap between the different wings of Jollibee and between the Management and the employees. Keeping in mind these issues we have come up with a few recommendations. We have discussed them through Human Resource, Marketing, Financial and Operations perspective. Then we have discussed the Strategic decisions with regards to expansion in the future in California, Hong Kong and Papua

New Guinea. We have studied various pros and cons of expansion in each of the above mentioned countries and reached the conclusion that California is the most favorable location. The reasons for the location being that there is a huge Philippine population in Dale City of California which will help in the establishment of the store. Also they have successfully catered to the taste buds of the people in Guam which will help them serve the Americans better and thus the expansion could be a success. Later we have conversed about the implementation plan and how to go about it. At the end of the document we have attached appendix for the reader's facilitation. It contains certain tables and graphs for better understanding of the financials of Jollibee Food Corporation. Business Landscape: Company History; Jollibee Food Corporation began as an Ice- cream parlor in the year 1975 and was run by the Chinese Filipino Tan Family. But later they diversified in to sandwiches when the 1977 oil crisis occurred and the President Tony Tan Caktiong (TTC) expected the ice cream prices to soar. The hamburger recipe developed Tony's father who was a chef also became famous and a year later they opened five store in Manila, where the family incorporated as Jollibee Food Corporation. Friendliness pervaded the organization and become one of the "Five Fs" that summed up Jollibee's philosophy. The others were "flavorful food, a fun atmosphere, flexibility in catering to customer needs and a focus on families". Background: Until 1981 it was a smooth sailing for Jollibee, but then came Mc Donald's to Philippines. But the group was fearless and had confidence in the spicy taste of their Hamburger which appealed to the Philippine customers. Slowly Jollibee forayed in to the foreign markets and began with its investment in Singaporean 1985 in 1988 with the help of

some family friends. Their next venture was in Taiwan again with the help of family acquaintance, but this also did not last long and the transaction came to an end on the basis of distrust between the local manager and Jollibee management in 1988. Brunei was another joint venture that they entered into in 1987 August. Then they forayed in to the Indonesian Market in the year 1989, opening a store in Jakarta but due to conflicts with the local manager again this store also had to be closed down. In 1994 the International Division was created with Tony Kitchner, as the Vice President. Kitchner went about differentiating the International Division from the Philippine part of Jollibee and tried to create a more formal culture for the division. Kitchner's strategy rested on two themes: 1) Targeting expats 2) Planting the Flag But as the international business grew, the relation between the International Division and the Philippine operations started turning sour. In 1996, TTC realized that he could no longer support Kitchner as the expansion strategy was costing heavily and they were losing a lot of money. In February 1997, Kitchner left Jollibee. Then, Kitchner, Manolo P (Noli) Tingzon was hired as the replacement. Now he is considering the three options for profitable expansion. They are: Papua New Guinea, Honk-Kong and California. Papua New Guinea has no much completion for Jollibee. In Hong Kong there are several management issues and in California things seem to be quiet pleasant. Target Market: Jollibee Food Corporation targets its market very strategically. First of all, JFC can be considered as a nicher as it specializes on its local market. Though it has penetrated its market by operating overseas, JFC tends to serve the Philippines who are living there. JFC have 1200 stores worldwide of which 1079 are situated in Philippines. Jollibee

segmented fast food market according to several variables and had chosen some them according to its resources and technological ability.

Geographically, JFC mainly serves local Philippines market that has already been mentioned above. Demographically, JFC tends to serve almost all customers. But still the market is been segmented according to age to serve the children superior value. A Philippino business analyst notes that, in a normal family weekends are reserved for children and parents ask them where to go. Thus, JFC wants to be appealing to children. This segmentation can also be called as a “ Family Life” Cycle segmentation. Jollibee also tries to capture some occasions like birthday party. They serve this segment very nicely. JFC tends to serve every possible segment. They are expanding their business overseas aggressively to go beyond Geographical barriers.

Positioning: Ensuring high traffic needs an emphasis on store location and positioning Jollibee in the minds of the consumer as a place that they would enjoy eating fast food. This entails proper branding and positioning of the service offered. Jollibee also projected itself as world class and not a local brand. The service that is offered should be consistent over all Jollibee stores, however this might be a problem as the division has been slimmed recently and resources might be stretched too far. Marketing Mix: Product: In the case of Jollibee, it went from being an ice cream parlor to serving hamburgers made with a home style recipe. This change in product was in response to events triggered by the 1977 oil crisis which would have doubled the prices of ice cream. The product offered by Jollibee appeals to the Filipinos taste for spicy burgers. By concentrating its resources on satisfying the Filipino palate, Jollibee has been able to serve localized dishes that are

unlike any found in the other fast-food chains in the Philippines. In addition to offering the usual French fries that accompany the meals found in McDonald's, KFC, Burger King, and so forth, Jollibee also serves rice or spaghetti, Filipino style. Even the burgers are cooked exactly as Filipinos want them done– sweeter and with more seasonings, often likened to what a Filipino mother would cook at home. Menus in outlets across the globe adjusted to local preferences to differentiate it from other standardized players like Mc Donald's and KFC who maintain the same menus worldwide with minimal changes. Jollibee even incorporated recipes from employees to truly capture local tastes. Price: Price is closely related to customer satisfaction. Thus, JFC provides its high quality fast food products at a relatively cheaper price. According to its commitment to serve each and every Philippines, JFC keeps things affordable for all. The DLSU survey shows that, 94% of JFCs customer thinks it's affordable or cheaper. Place: The location of outlets is of key importance to the marketing strategy of Jollibee. For Example, the outlet in Hong Kong is located at Central where a large number of Filipinos gather. Promotion: Local brands: Brands in local market are strong contenders and are not to be underestimated. Local managed brands like Jollibee in the Philippines often have the advantage of intimate knowledge of consumer tastes and consumer preference through local pride. Jollibee used the wave of nationalist pride to promote a Filipino brand of hamburger. This strategy met with great success. Firm Analysis: Internal Analysis: Strengths: * Responsiveness to competition (Market sensing capabilities). * Advantage in local Philippine market. * Strong financial resources. * Well-developed operations management capability (ability to

provide quality products at affordable prices). * Diversity in product offering after the acquisition of Greenwich Pizza and joint venture with Deli France.

Weaknesses: * Absence of proper protocol to select franchisees in target market (country). * Too much dependence on Filipino expatriates and inability to cater to the needs of the local residents of other countries. *

Weak promotional campaigns in international markets to promote Jollibee as a global brand. * Lack of communication within the organization during the formation of International Division which led to infighting amongst the two divisions. * Bias towards friends and relatives while selecting local franchisee partners. * Lack of cross cultural management. External Analysis:

Opportunities: * Untapped locations with fewer or negligible competition from fast food chains. * Widen product range to include more local food items. * Make new acquisitions of profitable food chains in other countries. * Create differentiation by cost advantage, customer experience etc. Threats:

* Dining habits of local people e. g. more preference to dining than fast food. * Shift of preferences of people to more health conscious items. * High set up cost due to high standard of living. * Rise in operational cost like cost of

power, labor etc. Industry Analysis The fast food industry being a service industry has many unique features: a) The service is equally important as the recipe at the food joint. b) Consistency in quality is utmost requirement though quality is heterogeneously (every consumer has different taste) determined. c) Firms mostly operate through franchisees and expansions of critical mass is required to achieve economies of scale

Solutions and Recommendations In order for Jollibee to succeed in the global market, the company needs to consider its problems. Hence, below are some

recommendations the company should use that can help it to achieve its goals and objectives: 1. Jollibee should reduce the price of their foods so that people can have the opportunity to try the foods. The pricing of goods usually attracts customers to patronize and know the taste of JFC's foods. Hence, this can create more sales to the company which is going to bring profit. 2. Moreover, the company should make use of Market Penetration Pricing strategy. In this strategy Jollibee is expected to set a lower price compared to its competitors. Thus, it will help in getting a quick and large number of customers. In fact, Penetration pricing is very important because, for instance in US where Mc Donald and KFC have dominated, it will be difficult if not impossible for Jollibee to survive in case it set high price as that of the two giant competitors. The second strategy that JFC should employ is Promotional and Psychological pricing. Promotion pricing is the use of promotions for the purchase of certain foods. For example, if a person buys a certain combination of dish, he or she will be given free drink and also stand a chance of winning some items like mobile phones, LCD screens etc. However, Psychological is a pricing that plays with the mind of customers to think that the food is cheap. Consequently, people will rush to the JFC stores as a result of the offers and cheaper rates of their food. 3. In addition, the Company should make their foods in every part of the world to tally with the taste and likings of people in the environment. Therefore, it will make the customers to have confidence and sense of belonging i. e. to feel happy that their culture has been acknowledged. Hence, Jollibee will experience sales like never before which means it has accomplish its mission of expansion. 4. Jollibee should engage in commercial Advertisement. Thus, media

advertisements like the Television and Radio, also through Newspaper and Magazines. Therefore, this will increase people's awareness and publicity of Jollibee. Finally, for Jollibee to develop its brand name, it should take part in public relations. Public relations involve creating good relationship with the public that is the people so as to develop a good image of the company with regard to the people. For instance, Jollibee can give donations to nonprofit organizations. Thus, this will develop the JFC brand in the eyes of the people. CONCLUSION In conclusion, Jollibee, although it is doing well in some parts of the world especially Philippines but it has some problems that need to be tackled for the business to achieve better in the Expansion to other parts of the world. Thus, this could be possible through the use of the above recommendations.