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Business, Company



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 paper analyses KFC. The paper consists of an overview of KFC, followed by
 SWOT analysis, which is used to evaluate the strengths, weaknesses,
 opportunities and threats to KFC. PESTEL analysis is used to identify the
 Political, Economic, Social, Technological, Environmental and Legal factors of
 the company. Porter's 5 Forces analysis of KFC is presented, discussing the
 bargaining power of customers, bargaining power of suppliers, threat of new
 entrants, threat of substitute products, and intensity of competitive rivalry
 affecting KFC. And also in this paper, implementation for KFC is also given,
 describing what all action can be taken to make changes to the problems
 faced by KFC. 2. INTRODUCTION KFC is one of the main parts of the YUM
 brands Inc. The world's leading and most appreciated chicken sellers are
 KFC, with a wide spread for more than 10 thousand places & in 80 countries.
 KFC and its franchised employees are more than 200 thousand in all over the
 world. In 1997, KFC franchised with Gray Mecanza International and started
 work in Pakistan. They had 45 outlets in Pakistan after 10 years. The reason

why Kentucky Fried Chicken changed their name to KFC is just because people got cognisant about the word " FRIED" which made a bad inkling that the food is not healthy as it contain fats. So KFC thought it is better to change the name just to shun the bad impression. Kentucky fried chicken is the world's most large and well knows fast food restaurant. The slogan of KFC is so famous that even the younger and the older people know it which is " Finger Licking Good", and the old man with white suits hand holding a black colour crutch. Nowadays, we can see KFC in any shopping centre, malls or some popular location. We can get service or their product easily, it really convenient. (Jerome. S. Q, 2008). The first multinational food chain to enter India was KFC. During its growth it faced several ups and downs regarding the rights of the animals. It was a tough time to grow for the KFC according to the Indian cultures and ethics.

3. 1 Challenges The major challenge of KFC is to stay focus and need lots of fixing. Focus means they have to concentrate on their fried chicken with all hidden recipes and 11 herbs. Let the new products like Veg. Burger come, but that should be just to challenge the competitors. Main motive should be on selling their specialised fried chicken. In this service driven fast food industry they have a problem with the significant service. They will have to find out some alternative for it very soon as other competitors are waiting to suppress and jump ahead.

3. Analysis 4. 2 SWOT 4. 3. 1 Strengths: Kentucky Fried Chicken is a very famous chain of fast food outlets that started from Louisville, Kentucky. KFC has good and strong brand equity amongst the neighbouring competitors. Almost every human being knows about this KFC outlet. Their main target of KFC is on young generations. (Smith. A. F., 2006). KFC has a secret recipe

with 11 herbs and spices. These are the hidden recipes which that will never leak it out. All over the world KFC is having a stronger franchise. They have interactive relationship marketing. They have a nice menu variety. They have a separate kid's play area, which develops interest in the minds of kids coming out there. In the year 2002 the company became a vice brand of the YUM groups and gradually from the position and the YUM brand value they gained benefits. In the precedent it was the beneficiary time for KFC to grow at a fast pace and which helped them know to become one of the world's biggest chicken restaurant chain. They had been known for maximum annual sale for about more than a million dollers. In the fast food industry as a delivery service provider KFC had a well reputable brand name. It was the biggest challenge for the company which they succeeded to retain its loyal customers, despite of many other competitors entering in the fast food industry because of its unique offering. This is the only reason why KFC is still the number one chicken provider despite of many other competitors. KFC currently has more than fifty percent of the market share in fast food industry and the new entrants are finding it very difficult to capture any of its share. Over the years KFC has gained enormous recognition as a reputable brand for fast food and has globally positioned itself well in the industry. (Burns. A. C., 2000). 4. 3. 2 Weakness: KFC lacks focus on the research and developments. They lack in knowledge about their customers. They just focus on the young customers. Whereas other competitors (like McDonalds) have much wider focus on their customers. KFC also focus on higher income level people. KFC don't blend with the local culture unlike McDonalds. Also the special paper buckets that is now used by the KFC for delivering large

sized orders was originally introduced by Wendy's restaurant. 4. 3. 3

Opportunity: KFC is trying very hard to enter certain countries like South America, to build new markets and position itself. The company can certainly make a stronger position in the food industry with some more investments. They should concentrate and invest properly on the new food products which can increase its market share and profits. KFC can come up with ideas like launching toys for kids. Preparing a separate menu for kids and providing complimentary gift toys to attract more and more customers. 4. 3. 4 Threats: A larger number of market share have been captured by the competitors of KFC. In this total number of market share McDonalds' has captured around 35% of share in sandwich segment and on the other hand 16% of the market share have been owned by the Burger king in the fast food industry. In different countries, emergence of KFC has made a threat to the local restaurants. The baby boomers formed the major part of the loyal customers of the company that now have ages between 35 to 50 years and are likely to move towards healthier foods. The upcoming competitors are trying their luck much harder to enter the new market and grow their market shares and sale. Now days, people are focusing more on hygienic, low calories food and much more delicious. 4. 3 PEST ANALYSIS PEST stands for political, economic, social, and technological. It is important for a business because it will influence the environmental condition of the business. Identification is an important factor of PEST, and focussed on the exterior surroundings of commercial procedure. KFC uses an important strategy known as demographic and its factor is present in the demographical PEST of KFC. The first one is age, there is no age limit is focus by KFC, and they only target on

every age of the society. But I think that KFC will target on younger more than the older. The second is household size, KFC will more target on a whole family members, that why KFC have provide many family packages meals. The next one is population. Population have played an important role in KFC. The light of population they can make their strategy.

4. 4. 5 Political Factors :-

The first most key factors of PEST are Political, which will manipulate business in various ways. Political can make many advantages and opportunities for a business. For example, in government policies KFC have to obey the policies of the government in the location they run their business although KFC is a foreign company. KFC have handled this policy very well and obey the policy of the government, in order to run this type of business in that particular location. The next policy is price policies. KFC maintain the price policy by the way of keeping in the view of income distribution of the people who living in the country. This is the reason why KFC had targeted all the classes. Political factors influence organisations in many ways. Political factors can create advantages and opportunities for organisations. It had includes the legal and regulatory, elections, employment law, customer protection, environment regulations, taxes, political trend and more.

4. 4. 6 Economic Factors :-

The second most key factor of PEST is Economic, with this national and global economic factor, all the organizations are affected. The first one is income. Income is important factor for KFC; it is because incomes will decides which class KFC is going to target. In the early year of KFC, they only forces on the upper class. After few years, KFC start to introduce some meals that target on the middle and the upper level. Payment methods are the next economic factor. KFC will check

whether the customer is comfortable paying money in the form of cards or hard cash. Economical factors included economic growth trends, consumer confidence index, and government spending levels, exchange rates, taxation, disposable income, unemployment, tariffs, inflation, production levels and more.

4. 4. 7 Social Factors :- The third element of PEST is society. It concentrates forces on family, friends, neighbours, colleagues, and media. The first factor is social class. Social class divide into 3 classes, there are business class, standard class and economical class. As I say early, KFC had targeted all the classes to increase the profit of the company. Apart from this, the other two are culture and religion. Even though KFC has some different cultures, they also try to adopt the different culture from different location. For example, KFC had adopted the Pakistani cultures. KFC is not only adopting the culture, but also the religion also. KFC offer Halal food to the customers, this means that they accepted the Muslim religion. It included demographics, fitness, standard of living, lifestyle changes, diversity, immigration/emigration, attitudes to work, leisure activities, occupations, population shifts, trends, fads and earning capacity.

4. 4. 8 Technological Factors The last but not the least element of PEST is technological factors. This is the progress of technology has been greatly changed the way they do business. The first factor of technologic is pace of change. It is same meaning of rate of change. KFC had make a strategy, if they think is time to introduce the new technologic, they only will out the technologic. The next two factors are research and development, and capital formation. These two factors are important factors of technologic. In order to bring in new technology, KFC hold the work of research and development. To run the

business activities of KFC, they have ample of machineries. It included bio-tech, health, research, communications, inventions, internet, information technology, transportation, rates of obsolescence, manufacturing advances, genetics, waste removal/recycling, and so on.

4. 4 FIVE FORCE ANALYSIS

4. 5. 9 Risk of entry by Potential competitors. The potential competitors to KFC are the fast food joints, both organized and unorganized. The unorganized fast food joints are posing to be the toughest competitors to the organized joints like KFC. Within the organized sector, Mc Donald's surfaces as a competition to KFC with Mc Donald are serving with the same target clientele and the same purpose of Business. However it becomes difficult for the new entrants to establish themselves in the market with existing brands like KFC. The strong customer loyalty of KFC works in the favour of KFC.

4. 5. 10 Rivalry among established companies: In a market of a large number of companies termed as oligopoly, the competitive advantage of the company plays as important role. The competitive strength of one company directly influences the weaknesses of the other rival company. A strong competition leads to price wars where companies alter prices which affect the profitability leading to increase in rivalry. The company's market share is therefore affected along with the competitor's market share. KFC prices its menu slightly higher than its competitors due to its product differentiation compared its rivals. But KFC will have to reduce prices due to price wars existing in the market.

4. 5. 11 The bargaining power of buyers The buyer's power of a company in the fast food industry is very strong. KFC being small in number but large in number enables it to bargain the prices from its suppliers by purchasing in large quantities. Therefore the buyer namely KFC

can reduce its cost and increase the competitiveness. Individual customers can expect lower prices in the flood of competitors existing in the market. This is the power that the end users possess in a market of fast food joint. 4. 5. 12 The bargaining power of suppliers The supplier's power of KFC is also strong. KFC is a company which emphasizes a lot on its product differentiation. Therefore it becomes difficult for KFC to change its suppliers. The suppliers have a moderate bargaining power. In spite of substitutes available in the market, KFC is not bound to change its suppliers and vice-versa with the suppliers association with KFC 4. 5. 13 The Threat of Substitute products The substitute products for KFC are Boston Market and Kenny Rogers Roasters. KFC has lost a considerable amount of its market share to these companies by offering roasted chicken and traditional fried chicken across its chains. The product in each segment of fast food chain is a substitute for the other. The newly launched spicy crispy chicken in McDonald's can pose as a substitute for chicken segment of KFC. 4.

IMPLEMENTATION This report focuses on ethical issues present in Kentucky Fried Chicken's business procedures in India. In 1995, KFC entered India with many controversies. Looking to the Food Adulteration Act, (1954) the regulatory authorities found that KFC did not stick to the prevention of chickens according to the act. Formerly chickens used in KFC contained a high percentage of monosodium glutamate which was permitted by the Act. But later in 1990's KFC faced allegations of unethical practices and cruelty to chickens by PETA (people for ethical treatment of animals). KFC should stick to their ethical practices to secure an image of sustainably developing brand. Brands to a large extent get accepted amongst its masses by involving in its

social responsibility. (Mike, 2009). Even though we know that KFC has a defined target market but still they need to be redefined. They only focus on higher income level people. KFC has to improve a lot and work more on their researches and also on their developments. KFC has to give more importance on the client's health. KFC is lacking in open space unlike its competitors like McDonalds have planned their spacing so very well. Also when it comes to the int'l marketing KFC doesn't blend with the local culture, the way McDonalds do. As we know that Indian market is more into home delivery. India being an over populated country and the ever changing fast life of metros compels the people to opt for home delivery. Maximum sales are done through home delivery. But KFC is lacking as they are not into these home delivery system. While establishing a business in foreign country, KFC should appreciate the importance of traditions, economic, regulatory and ecological issues of that particular country. Also in the developed and developing countries they should encourage the animal rights. While doing a business understand the importance of ethics in doing business. KFC can come up with ideas like complimentary toys for kids. As McDonald's are having happy meal, even KFC can come up with some combo offers at reasonable rate. They can modify their menu with a bit more of vegetarian dish in it, since other competitors are doing it and are on profits. There has also been some problem with the parking space. Customers are facing the problem to park their vehicles especially in country like India, where it is too populated and congested. So KFC has to plan out spacing facilities outside the restaurant. Also the customers who want to take away their orders, won't park their vehicle in the parking lot, instead they would

prefer to have a space where they can just move in few minutes. McDonalds' one of the competitors of KFC, they have introduced a system where customers can take their orders from the car. This has given a nice feedback from the guests. The one of the main problem with KFC is the service methods. Customers have to wait after giving their orders resulting in more and more queue. Improving the value chain can help the KFC to run smoothly without much waiting. So by removing the system of face to face conversation while ordering the food and introducing the computerized ordering will fasten up the process of taking the order and responding to it. It is natural that you can't provide instant service to the orders, but at least can quicken up the order receiving part. KFC is a fast food outlet which provides authentic menu from amongst the flood of competitors. This secures the original stance of KFC. The company should adapt to new innovative menu to attract the youth and teenagers. However the company should stick to what it is well known for namely —fried chicken. Another thing to improve the KFC system can be, introducing the toy system for kids. Like McDonalds they can supply toys to kids, in the form of complimentary. It's not that for every order, there has to be a separate combo offer for kids. If customer buys that combo meal then only toy has to be given. The toys should be attractive or can be of the famous and favorite cartoon correctors of kids. All the toys need to be update with the current cartoon correctors in animated movies or TV programs. There can also be separate combo offers for all the age groups, like for kids, teen ages and families. KFC should implement new schemes like family pack, student pack to suit different types of clients. The clients who wish to have a combo meal along with drink and

ice-cream can opt for a family pack of KFC. People who want to opt for a small pack as opt for the same and so on. Thus different types of clientele are served. Here customer retention rate is taken care of. KFC now needs to concentrate on focusing on retaining their clients and developing a strong customer base. 5. Conclusion KFC should understand the importance of the Indian ethics by knowing the culture, regulatory and logical issues of the country. According to different countries, the focus of the strategy by KFC should also be different, because they offer high growth rate markets. With previous name KFC had a difficult time, but still they managed to cope up in the end, this proves that it is the market to stay. Looking at the needs of the customers in the present generation, it is sure that KFC will have a good time in future. 6. Reference a. Adam, M. 2010. Naturalnews. KFC and Komen - What the Cluck? (online) April 29. Available from: http://www.naturalnews.com/028679_Komen_for_the_Cure_KFC.html#ixzz1G2NjQ1fv/ [Accessed on March 1st 2011]. b. EarthTimes, 2007. KFC, Taco Bell announce trans fat-free cooking oil. (Online) Available from: <http://www.earthtimes.org/articles/news/57343.html> [Accessed on March 6th 2011]. c. Learn Marketing. 2009. Marketing environment- PEST analysis. [Online] Available from: <http://www.learnmarketing.net/pestanalysis.htm/> [Accessed on March 6th 2011] d. Lucky. 2008. KFC new product plan. [Online] available from: <http://www.scribd.com/doc/9259321/KFC-New-Product-Plan/> [Accessed on March 6th 2011] e. Mike. 2009. KFC's Secret Blend of Herbs & Spices, oh yeah, and MSG (Online) Available from: www.msgexposed.com/kfcs-secret-blend-of-herbs-spices-oh-yeah-and-msg/ f. MindTools. 2010. PEST analysis. [online] Available from: <http://www.mindtools.com/>

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Skills * Knowledge * Behaviour Skills Whether it is a low level employee or higher authorities, consultancy is all about dealing with people it can be either individual or group. Regardless how your client is, it is on consultant that how he makes them understand by putting your ideas into a coherent string of words which the people understand. When and where needed you should be able to support your solution and also should be able to disagree in a reasonable and rational way. According to me I believe that many consultants lack this set of interpersonal skills, even though they have great ideas and they are smart. (Morgan, J. 2010). Whether it is one-on-one or in front of a crowd if you nicely understand the needs of a customer, just help them to formulate a solution and then present your findings effectively. It is necessary for a consultant to build a trust with all the hierarchy of an organization. It means a consultant need to gather information without any discrimination and should not take any action unless and until they have relevant information which is necessary for his work. It is vital that a consultant should feel independent in his work. It helps a consultant to free up his mind and think on both the sides of the problems and also helps to see the overall view of the solution. If the consultant is not able to exhibit empathy and understand the needs, expectations and fears of the staff, then the organization will not entertain the consultant and won't implement the ideas of consultant. Knowledge Knowledge is one of the most important and vital element, because till the point the consultant does not have any knowledge about the topic what he is supposed to do, he can't find the solutions for it. At the same time for a consultant the learning point doesn't stop. It is very important for a consultant to keep in touch about the

development that takes place in their respective fields and should be updated from time to time. A person gains his knowledge through experience, but experience itself brings knowledge to a person. I took this topic because I thought I had a nice knowledge about it, but I was proved wrong when I literally started with the topic. I realized that I had lots to update myself. The change of their culture, their cliental attraction etc. all had to been known. I personally approached many of the outlets to know their way of service, how quick they are supposed to give the orders. I would seriously say that this assignment has helped me significantly to increase my knowledge about this topic. The plus point is I also knew many things about fast food industry, as I continued with this topic. Gained knowledge about how to start and franchise or a fast food outlet and also what are the positive and negative parts of this business. Behavior The behavior is very imperative for the future growth of a particular organization. Hence it is necessary for an organization to work in a positive environment to provide healthier outcomes and for that it is also necessary to have a right set of employees working together. In this field team work is most important so as to maintain a good environment. It is very important to have a good relationship within the departments, like food production team and service team should have well understanding and should not blame each other for any reasons. The wealth of a fast food outlet is the customers, so the employees should have a proper communication skill. They should maintain a good rapport with the customers. Hence I would say I build up much behavioral knowledge through this report about the importance of interrelationship within the employees and with the guests. Why me? I took this topic because I had a great interest

on the fast food outlet. The way the fast food have concurred the slow food within no time. There is a booming way for the fast foods in future in the developed and the developing countries. Slow foods are preferred normally at the weekends but the fast foods are on daily basis. Now a day's all the fast food outlets are emphasizing more on the health issues. And I am sure that in future all the fast foods will be much healthier. In India there are lots and lots of varieties of fast foods available which are very much liked by the Indian population. I personally feel that KFC is lacking in its service to its customers i. e. they are a bit slow in their service as compared to the other competitors around. They have just 2-3 counters for taking orders in certain franchises, which increases the queue. As I have been to KFC many a time I know the problems from a customer point of view. KFC also lacks in spacing and improper interior arrangement. A restaurant needs to be spacious and well decors. I took KFC in particular because it is extremely well recognized chicken restaurant all over the world and even in India it has struggled a lot a lot to come up and spread its brand name. Being a food fanatic and always interested in trying out cuisines from all over the world, I find the concept of KFC very uniquely designed with a hidden recipe. This motivated me to know more about KFC and implement my hospitality and managerial skills together in this report. Reference