

Kentucky fried chicken japan ltd

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Running head: KENTUCKY FRIED CHICKEN JAPAN LTD. Kentucky Fried Chicken Japan Ltd Introduction KFC is among the world's largest fast-food chicken chain. Owing or franchising more than 12000 outlets in about 90 countries 60 % of them outside U. S. A. KFC had a number of obstacles to overcome when entering the Japanese market, Japanese do not trust this brand To build trust in the KFC brand, advertising showing scenes depicting Colonel Sander's beginnings in Kentucky that conveyed southern hospitality, old American tradition, and authentic home cooking. The campaign was hugely successful and in less than 8 years, KFC expanded its presence from KFC expanded its presence from 4000 locations to 1000 locations. In 1971, Kentucky Fried Chicken Corporation (KFC) was one of the first businesses among handful of U. S. A. based consumer products and services companies to tackle the tough Japanese market. Kentucky Fried Chicken Japan, Ltd is a Japan-based company engaged in the sale of fried chicken, processed chicken and pizzas. The company has two business segments. The Kentucky Fried Chicken segment offers food products including chicken sandwiches, drinks and other food materials. This segment is also engaged in the manufacturing and sale of packaging materials, such as cups and packages, the sale of processed chicken, as well as the advertising activities for its products. The Pizza Hut-related segment is engaged in the production and sale of pizzas and drinks, as well as advertising activities for its products. - Briefly summarize the key facts, scope and aspects of the case Corporate values, local market, and culture knowledge are the key success factors to be successful in a global economy. Within the industry KFC soon learned that effective store management was also a key factor in profitability. a) Body of

the paper a. What are the key external factors to be considered by KFC headquarters? Political environmental Economic environmental Legal environment Demographic trends Technology Competitive environment (Porter 5 competitive forces) Threat of new entrants Bargaining power of suppliers Rivalry among existing competitors Bargaining power of buyers Threat of substitute products or services b. What are KFC's key competencies and weaknesses? Any organization cannot enjoy the business without competitors. No organization can afford to ignore their competitors. It is very important for an organization to monitor the activities of their competitors, what they are doing? KFC adopted a sort of strategies that there is no competitor for spicy chicken, which is made by KFC. Competences Interactive relationship marketing Strong trademarks recipes Ranks highest among all chicken restaurants Chains for its convenience and menu variety Largest multi-branded restaurant in the world Weaknesses Lack of knowledge about their customers Lack of relationship building with employees, customers and suppliers Lack of focus on research and development KFC only focus on higher income level people c. Identify the main strategies pursued by the Japan subsidiary. Have these strategies created value? Every organization and company has certain goals to achieve to make renew and have added value services to satisfy their customers. In 1969 Weston was appointed to open KFC in Japan and their main strategies pursued by Japan subsidiary was to not to franchise until he had proven the fast food concept with company-owned stores. 'Brown's instructions were to build a store and make it work; then build another and another" Demand driven Market development Colonel Sanders became a pioneer in one of the

fastest-growing industries of the postwar era. Others quickly imitated many of the practices initiated by KFC, and within a few years, several rules of the game came to be accepted in the U. S. fast food industry. One of the first norms to be established was expansion through franchising. The high capital cost of opening new stores, together with the need to expand rapidly to stake out the territory, quickly forced company toward this option. Product development As the industry developed, the importance of the chain's overall market image also became increasingly clear. The need for a focused theme or product line was acknowledged to be critical, as was the importance of the consistency and reliability of the product throughout the chain. Successful new product innovations were difficult, and management was always conscious of the risk of confusing the chain's image if it deviated too far from its basic menu and core items. Despite the fact that no formal joint venture arrangement had been signed between Mitsubishi and KFC in the six months following his arrival in Japan, Weston had gone ahead with the test marketing of KFC products in a local department store. He made the test illegally since he needed to have a Japanese partner to do the test, he found that Japanese dislike the mashed potatoes in the KFC standard menu and that the coleslaw was too sweet for local palates. On the spot Weston decided to substitute french fries for the prescribed mashed potatoes, and reduce the coleslaw sugar content from the company set standards, with these changes the store was erected in just two weeks. Market penetration Cost driven Diversification Integration Acquisition Late 1960, the 700 KFC outlets were grossing over \$37 million a year and when the Colonel was in his mid 70s he had begun to mutter that the "damned business is beginning to rum

right over him" As franchising matured, chain managements often became interested in buying them back or opening their own stores. This not only gave them better understanding and control of operations, it also allowed franchising fees to be supplemented by profits. Outsourcing d. Is the new organizational structure and architecture supportive of the strategic direction of the Japan subsidiary? Assignment of decision Build and organization dedicated to excellence Rights Consistently deliver superior quality and value in their product and services Performance Maintain a commitment to innovation for continuous improvement and growth, striving always to be the leader in the market place changes Evaluation system Reward systems Generate consistently superior financial returns and benefits their owners and employees e. What specific recommendations would you give to KFC headquarters in terms of organizational architecture? With the rapid growth, problems soon cropped up. KFC headquarters experienced high turnover in its management ranks, with a number of senior executives leaving in quick succession to become franchisees for KFC's new ventures. f. What would you recommend to the Japan subsidiary? b) Conclusion Summarize your findings and recommendations c) References d) Appendix Note: The body of the paper should not exceed fifteen (15) pages in length, inclusive of all sections. The introduction should provide a brief but sufficient foundation for understanding the case, its key facts and pressing issues. Students should focus their efforts in the body of the paper by providing adequate analysis based on the facts of the case, as opposed to an elaborate description of such facts. Whenever issuing recommendations from a practitioner's point of view, it is always important to achieve a balance between the functional

perspective of an employee and the institutional "big picture" point of view of the CEO. Take a balanced approach and look at both sides of an argument. References Brickley, James A. (2007). Managerial Economics and Organizational Architecture (4th Edition) New York: McGraw-Hill/Irwin. Bartlett, C. and Rangan U. (2008) Kentucky Fried Chicken (Japan) Ltd. Publication date: Nov 20, 1986. Boston: Harvard Business School Publishing. Product #: 387043