

# Analysis of kentucky fried chicken marketing essay



**ASSIGN  
BUSTER**

Harland Sanders started his business in a small front room of a gas station in Corbin, Kentucky. The motel/restaurant name is The Sanders Court & Café.

A fire destroys The Sanders Court & Cafe But it was rebuilt and then reoperation again.

The pressure cooker is introduced. So Colonel Sanders able to fried chicken more faster.

Original Secret Recipe of Kentucky Chicken was born.

1952

The Colonel begins to expand his chicken business by traveling from town to town.

The Colonel awards Pete Harman of Salt Lake City with the first KFC franchise. A handshake agreement stipulates a payment of a nickel to Sanders for each chicken sold.

1955

Sanders sell the service station that he receives his first social security check for \$105. After paid all the debts owed, he is virtually broke, bankrupt. He decides to sell his Secret Recipe to restaurants.

1957

Kentucky Fried Chicken first sold their chicken in buckets.

1960

There have total 190 KFC franchisees and 400 franchise units in the U. S. and Canada.

1964

Kentucky Fried Chicken has more than 600 franchised outlets in the United States, Canada. The first overseas outlet located in England. Sanders sell his interest in the U. S. company for \$2 million to a group of investors headed by John Y. Brown Jr., so KFC now cooperation.

1966

The Kentucky Fried Chicken Corporation goes public.

1969

The Kentucky Fried Chicken Corporation is listed on the New York Stock Exchange.

1971

More than 3, 500 franchised and company-owned restaurants exist in worldwide when Heublein Inc. acquires KFC Corporation.

1976

An independent survey ranks the Colonel as the world's second most recognizable celebrity.

12/16/1980

Colonel Harland Sanders died. Flags on all Kentucky state buildings fly at half-staff for four days.

1982

Kentucky Fried Chicken becomes a subsidiary of R. J. Reynolds Industries, Inc. (now RJR Nabisco, Inc.) when Heublein, Inc. is acquired by Reynolds.

2002

Tricon Global Restaurants, Inc., the world's largest restaurant company, changes its corporate name to YUM! Brands, Inc.

2006

More than a billion of the Colonel's "finger lickin' good" chicken dinners are served annually in more than 80 countries and territories around the world.

2007

KFC introduces a new recipe that keeps the Colonel's 11 herbs and spices and finger-lickin' flavour, but contains Zero Grams of Trans Fat per serving thanks to new cooking oil.

2008

KFC change it icon. KFC replaces Sanders classic white, double-breasted suit with a red apron.

2009

Kentucky Grilled Chicken has less calories, fat and sodium than KFC Original Recipe.

## **INTRODUCTION OF KFC (Kentucky Fried Chicken)**

KFC is one cooperation company that we also know as Kentucky Fried Chicken and it is one of the very famous chains of fast food restaurant. In Malaysia, Singapore and Brunei, it exceeds 540 outlets. The founded of Kentucky Fried Chicken was by Colonel Harland Sanders and currently KFC is one of the largest businesses of food service in world. KFC is a part of Yum! Brands, Inc., the world's largest restaurant company in terms of system restaurants, with more than 36, 000 locations around the world. The company is ranked #239 on the Fortune 500 List, with revenues in excess of \$11 billion in 2008. KFC was acquired by PepsiCo in 1986, it had grown to approximately 6, 600 units in 55 countries and territories. In 1997, pepsi Co spun off their restaurant business such as KFC, pizza hut and Taco Bell into a new company which called as Tricon Global Restaurants, Inc. The Colonel has spread his business food industry currently to over eighty countries in world. The business of KFC primary most is the food made by chicken like the chicken nuggets, fried chicken, chicken burger and so on. Nowadays, people all rush for their life and work, so fast food restaurant is their choice to fulfill their demand to full the stomach. So, there has been the battle as called as competition between fast food restaurant such as KFC, Mc Donald, and Marry Brown are the famous fast food selling in Malaysia. The competition happened because they have the same goal and characteristic. They are provide the quality goods(food), serve customer quickly but efficient and effective. The packaging of the food also attractive and the

surrounding of environment also clean and comfort for customer to having meal. Besides that, KFC also provide a line of dishes and desserts such as ice-cream, salad and potato wedges and so on.

## **MARKETING MIX (FOUR Ps)**

### **PRODUCT PRODUCE BY KFC**

The good (food) has been provide or produced by KFC are shopping goods which under consumer goods category, that marketed is to fulfill consumer wants and needs. The special and the various product of KFC is serving or made by chicken. The famous of the KFC is fried chicken with its own secret recipe; the chicken can fried with original recipe and other flavor. Beside chicken, KFC also provide other product example potato wedges, burger, carbonate water, and other foods. The quality of their product also will be to maintain and improve to make it better and satisfy nowadays consumer taste.

### **PRODUCT DIFFERENTIATION OF KFC**

KFC also produce other product other than chicken, and they will improving the existing product, example KFC improve their exist product, Kentucky Fried Chicken into varies type of favorite example spicy favor chicken, curry favor chicken and black pepper favor chicken, and KFC also developing new product other than Kentucky Fried chicken like mashed potato, burger and so on, it called as product differentiation, mean that they creation a new product differ from existing products to attract more consumer.

## **PRODUCT LIFE CYCLE AND PRODUCT LIFE CYCLE EXTENDING**

The product life cycle which the natural process of product begins, start to grow, mature and decline and die. The food of KFC fried chicken about to reach decline stage but still not decline because it has many competitor although substitute product competitor, brand competitor, and international competitor. The product also can stand for long because of the power consumers to support it. Besides that, KFC also use many way to extending the product life such as the reintroduction, create the new and many favorite and feature for their product. Example, the fried chicken with original recipe flavor, but KFC also intro some other flavor like spicy and black pepper chicken to extend it product and to improve efficiency. Packaging of KFC is the red and white paper bucket it uses for larger sized order of chicken and has come to signify the company was originally created by Wendy's restaurants, and founder is Dave Thomas. The paper packaging use because of that it can help to keep the chicken crispy by excess from moisture. The packaging also for add convenience to consumers and assist to attracting and promoting the product to consumers. The packaging also helps to provide information about their company brand, the product ingredients and so on to consumers.

### **Target Market and Market segmentation variables**

#### **Target Market**

KFC targeted city people rather than people out of city because people in city more concern about the quality of food. Besides that, city area is more popular than non-city areas because the population is much greater than

non-city areas. In case, KFC is consider as very expensive good to purchase for low income people which their income is not as much stable as city people. The other reasons that city people is targeted because the distribution of product to the customer is much more easy to solve, because the transportation is more convenience them because city road are more flat compare to non-city area. After that, city people minds are more flexible and always looking for change so they suit to be the demand of market. KFC also set young people as target because nowadays young people very willing to enjoy the food rather than old generation. Thus, many KFC locations are near school, college and work place.

## **Geographic Variables**

This variable is talk about the segmentation divides markets into certain areas. It is meet the need with the product of specific market. KFC outlets and shop all almost are in posh or cities area, so the cost for it is will be high. The costs are such as rental fee, electricity and water fee and also salaries pay to employees. Therefore the cost will cause them make no high gross profit because the cost very high if they sell their product in higher price. But they targeted the middle and higher income family and people, so they will push up the price to make more profit, because the middle and high income individual is able to pay.

## **Demographic segmentation**

They use the statistical analysis to subdivide the population according to characteristic such as age, gender, race, occupation and religion. KFC divide the market on demographic basis in several ways like age of population, they targeted the age group between 6-65, gender they targeted is both  
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male and female, family size they targeted all kind of family size, include single, but they more prefer to sell their product to big family rather than small size family because more product going to sell. The income status they target for all and income is about RM800 above. That is no age limit for the consumer of KFC, it is focus to all individual in society. But the largest customers will be target to young people or the office workers who rush for their times. The gender focus by KFC is both male and female and they target whole family rather than single person to having meal in their restaurant.

### **Psychographic variables**

It is dividing market into different group based on social activitie , lifestyle or personality characteristic. It is divided market in basic ways of psychographic variables like upper and middle class, personality is not specific and lifestyle is ambitious and authoritarian.

### **Economic factor**

The income receive by the household is the important key to KFC to targeted which classes of consumers will be targeted. In the early stage, they will more focus on the upper classes but slowly they also will turn into focus the middle. It will be estimated to the product like and dislike by consumers toward the pricing.

### **Behavioral variables**

It is a segmentation divides markets according to customers, the buyers are classified into group and they are divided it by the ways in which product is used, the benefit expected, reason for purchase and brand loyalty.

## **Price**

Price is the amount need to pay when purchased a product and it also is a total value that consumer use for exchange the product. The price will be set for every product like the value of set of dinner meal or the price of set of fried chicken.

## **Price Strategies**

The price strategies used by KFC was price skimming. Price skimming means put their product's prices above the market price. The main objective of doing this is to maximize profit rather than market share and to cover the cost of production. This strategy is target middle to upper class people.

## **Promotion**

Every company will promote their product in order to let people know the existence of their product and everything good about the product.

Nevertheless, KFC is also doing the same thing. Promotion is the method used by organization to let certain class of people know more about their new product. The type of promotion used by KFC were advertising, sales promotion, public relations, events and experiences and even coupons, discount and bundled packages and sponsorship.

## **Advertising**

KFC will advertise their new product in radio, television, billboards, flyers, and sponsorship, voucher and contest. KFC regularly advertised Colonel Sanders licking his fingers and talking to the viewer about his secret recipe in 1960. Although Sanders death in 1980, KFC still continue and used him in branding and advertising. Reminder advertising is also used by KFC. In any

way related to KFC we often can see a phrase, that is “finger licking good.” This phrase function’s is to wake up KFC lover and remind them their feeling and taste at their eating last time. Thus, this can attract them to come consume in KFC again. In India where chicken lovers are plenty around 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.

## **Sales Promotion**

KFC also offer voucher which voucher holder will receive a certain amount percentage of discount in certain products. Example, KFC Jom Jimat Afternoon Cravers have a 10% off on 3 layer tea or Fizzberry Freeze. In certain time, our house will receive some catalog which is from KFC. The catalog always listed the price of new product, the information of that product, venue available, and something else.

## **Sponsorship**

Sponsorship is another tool to strengthen image and well known of organization. KFC had become the sponsor of the Australian Cricket Team and the colonel logo can be seen on their uniforms throughout the matches. Once people see the logo, they will think about KFC. In case,

## **Contest**

KFC is currently organizing the Colonel’s “Doublicious Double” Contest. All participant need to do is creating a likeness to Colonel’s Sanders. Thus, KFC is slowly promote their product because once they creating Colonel’s Sanders, they will automatically think about fried chicken of KFC.

## **Price Competition**

The competition of KFC obviously is various fast food restaurants like MacDonald. KFC and MacDonald offers almost the same types of fast food like fried chicken, burger, soft drink, French fries and else. Normally competitor will reduce their price when other competitor did the same thing. The main product of KFC is fried chicken. Because KFC got its own secret receipt in frying the chicken, thus it can put higher price to the chicken. The price of other product is more or less same as McDonald.

## **Cost base pricing**

KFC places their product price in different view. They adopt the cost base price strategy. The price of their product already included government taxes, service taxes, and exercise duties. So, they product will be set higher price which suit the target market and the standard of their product and to cover their cost such as variable cost.

## **Place**

KFC create its own business place in order to make transaction among customers. Besides that, KFC also provide “ free home delivery” which deliver their product-chicken, French fries, burger and else to office or home. This is an effective way to transfer the product to the customer. Customer will feel very convenience in this hectic lifestyle which customer can save times and easy to get the food. Besides that, KFC also offer different price to different classes in order to attract all classes of people. This is actually create economic convenient for the customers. KFC is actually fall in the first channel which is direct channel from producer straight to customers. KFC act

as a producer and it sell their product at the same time when the product is produced.

## **Performance Appraisal**

KFC use performance appraisal to determine their worker in their performance, this can make the human resources manager to choose the best employees to make their company able to use the lowest cost for recruit employees but their performance are effective.

Every outlet of KFC will choose a shift supervisor or executive according to their working experience, the particular person will responsible to guide the other worker in the same outlet, and the supervisor choose by them are responsible to do the performance appraisal for other worker on their performance, example they need to appraisal on the workers punctuality, responsibility, skill and other else.

KFC is a very systematic cooperation so they also allow the worker to make comment on the supervisor based on evidence, if more than 2 peoples complain for the supervisor; the management will do a research on the particular outlet to ask opinion from all workers to decide either to continue use the supervisor or change other people to replace him

## **Compensation and Benefits to employees**

KFC use salaries and wages as their compensation to return to their employees contribute and willingness to perform various jobs and task within the organization.

Basically, they pay their full time employees in form of salaries, the salaries pay inform of cash cheque; sometime they also pay in term of cash, the salaries paid for discharging the responsibilities of a job.

Wages also a compensation to return for the employees in term of money, for KFC, they normally pay their part-time employees wages which according to their working hours, for the lasted standard wages pay rate, one hour will pay for RM5 for part time worker.

Incentive programs also provide by KFC to their employee to motivate their employees to perform better in their job. The activities they always provide to their employees are trips, they can motivate their worker though a trip to somewhere else and always from the working area, and this also can make them build a good relationship between management and subordinate. KFC also will provide performance-related bonuses to all management level employees if the profit of their company is increase compare to past year, this is a kind of profit-sharing plan under company-wide incentives provide to their employees by KFC.

According to the regulation of Malaysia, a cooperative must provide insurance for compensating their workers injured on the jobs, so KFC also provide their worker an insurance of accident injure. Beside that KFC also provide free drink of carbonate water and food to their worker for all outlets. All the KFC employees can having a delicious KFC meal and enjoy a discount by using Employee discount booklet. Excellent career advancement opportunities also provide to motivate their worker to work harder.

## **Trade Union**

KFC allow their worker to join trade union. Industrial trade union is a group of worker come from many different careers, they united as one to achieve shared job-related goal, they always hope and aspect for something that very different with their employer, they hope for higher salaries and wages, more benefits, shorter working hours, better job security and safety and comfortable working place, so what they will do is having a collective bargaining with management level to achieve their aspect job-related goal support with legal issues. That is not necessary for KFC workers and other high level workers to join this union, is based on their will. KFC worker normally join the union is under white-collar unions.

So far in Malaysia there was not any argument between trade union and with KFC. But in China, that was happened an incident that is that KFC want to pull down the salary of the Chinese employee. A collective bargaining happened to solve such conflict. The article bellow is the newspaper for that time.

(source from <http://english.sina.com/business/2010/0602/322723.html>)

From the article above, we know that KFC is tried to do something to prevent some bad happen example strike.

<http://www.kfc.com/doubliciousdouble/>