

# [Case study: fast-food war in singapore](https://assignbuster.com/case-study-fast-food-war-in-singapore/)

McDonald’s Corporation is the giant fast food restaurant chain in the world. It serves around 68 million customers every day in 119 countries. The first restaurant in Singapore was opened in 1979. Nowadays, 121 McDonald’s restaurants operate across the island, serving 1. 2 million customers weekly (McDonald’s, 2013).

Primary products which mean selling world wild include cheeseburgers, hamburgers, chicken, hash brown, coke and milkshake. To keep menu diversity and response to consumer tastes changing, the company expanded menu to cover salads, wraps, smoothies, fruit and fish (McDonald’s, 2013). It also developed and released a numbers of categories that cater to local tastes. Some kinds of items are even unexpected to many of customers in the Western world. In Singapore, an item called “ McRice” can be found in menu. This new category is to cater these Asian consumers who still regard rice as staple food instead of bread (Interesting Menu Items, 2010).

Singapore is the fast food capital of Asia. Facing 24, 928 eateries that come to one outlet per 192 people, burger chains are feeling the pressure. Some following figures might show the current situation of McDonald’s in Singapore. It is believed that 6 shops were closed last year. According to Nielsen, with making up around 50 percent of all advertising spend for whole fast food in Singapore, McDonald’s topped list with S$ 6. 4 million, of which S$2. 1 million was spent on a single tactical campaign for its McDelivery service (Smith, 2008).

Q1: This case study will base on answering the five questions. For the first question, an IMC context for McDonald’s will be discussed based on customers analysis including current, potential and competitors customers. The first step is identifying current customers of MacDonald’s. Nowadays, around 1. 2 million customers visit McDonald’s every week (Smith, 2008), and according to a survey conducted by The Straits Times, there are more than 8 in 10 Singapore residents visit fast-food restaurants at least one time a week. A survey issued by Pennsylvania State University helps know what they most frequently buy and where they buy.

The most popular item sold in McDonalds is French fries, and Singapore McDonald’s is no exception. For my opinion, the reason for French fries topping the list is that as a main side dish, it easily caters to the majority consumers’ taste over the world, and also as a margin profit item, company is willing to sell French fries at a low price by upgrading to a meal or extra large. On the other hand, consumers, especially for price sensitive ones, would not deny upgrading a meal by only around S$ 1. 5. The second popular item of McDonald’s in Singapore is the signature product- Big Mac. Chicken products occupy the third volume of consumption (Kara, Kaynak and Kucukemiroglu, 1997).

In terms of eating time, the majority customers which are 50. 84 percent prefer visit McDonalds during 11. 00 a. m. to 3. 00 p. m. It implies that most consumers consider McDonalds as the option for lunch. It is also correspondent to the fast-paced lifestyle suggesting that consumer who chose fast food may under time pressure. They may not have enough time to prepare lunch for tomorrow or break time for lunch is limited. For the supper, 34. 08 percent of consumers visit them during 3. 00 p. m. to 8. 00 p. m., and 6. 7 percent of consumers have McDonald’s products as breakfast (Kara, Kaynak and Kucukemiroglu, 1997).

It is also remarkable that 65. 92 percent of consumers choose home as eating place. This is due to a single tactical campaign for its McDelevery service which cost approximately S$2. 1 million of total S$6. 4 million adverting spending. It is successful to dig out that delivery service is critical and appeals to the segmentations that prefer enjoy meal at private area. Another 27. 93 percent of customers prefer place of employment to eat McDonald’s products (Kara, Kaynak and Kucukemiroglu, 1997). Approximately 40 percent of Singapore’s residents were foreigners, and 74. 2 percent of residents were of Chinese, 13. 4 percent of Malay and 9. 2 percent of Indian descent. Correspondently, religious are also various. Therefore, general behavior of Singaporeans was affected by culture diversity a lot, even by the physical environment (Li, 2010).

Although the fast food war is getting more and more competitive, there are still some opportunities to squeeze and acquire potential customers. According to a report by the International Labor Organization, the average working time of Singaporean has reached 45. 9 hours a week, surpassing the notoriously hardworking Japanese and Taiwanese (Li, 2010). Therefore, potential consumer who pursue extremely time saving might be acquired by quicker service time and further developed delivery system. Another reason for pushing McDelivery deeply is that due to low private car own rate, which is around 1 in 10 residents owns a car, door to door delivery service should be a efficient and quick way to get McDonald’s product in their house or work place compared with using public transport. Additionally, these kind of potential consumer might be under serious stress because of long time working. As a result, a humorous adverting campaign would appeal and help them to relieve the stress when they are enjoying the meal or glancing at a humorous adverting.

Developing more flavor hamburgers, in other words, keeping menu diversity in Singapore McDonald’s will appeal to more potential customers who have different culture backgrounds or hold different religions. For example, McRice was designed to cater the oriental customers who still prefer rice as staple food.

The high mobile phone penetration rate, which is 1. 4 mobile phones per person, might become another opportunity. It provides a platform to engage with consumer and convey promotion information efficiently. By scanning QR code or following the home page of social media of McDonalds, the consumers’ response rate to communication might be promoted as well (Li, 2010).

The threats were brought not only from competitor, but also form McDonald itself. Singapore is called “ Garden City”, because it is famous for its clean and nice environment. On the contrary, McDonald is blamed for its pollution contribution. It occupies much resource and generates huge amounts of waste. McDonald’s wrapping paper, clam box for burgers and even animal rights policies have become a controversy issue and a threat. Another threat should be cholesterol crisis, unlike the one of its competitor Subway, McDonald’s has never been a healthier option, what worse is science has made association between the high fat diets provided by McDonalds and heart disease. Therefore, their products are always under serious distrust.

Q2: McDonald’s promotions and campaigns have taken a mass-market generally, in other words, they target full age market ranging from a parent with children, children, a business customer, teenager and housewives through different campaigns. According to Belk (Kara, Kaynak and Kucukemiroglu, 1997), the following twelve attributes towards fast food attitude would help us to identify the target markets for McDonald’s.:

1. 2. Variety of menu 3. Price 4. Friendliness of personnel 5. Calorie content 6. Service speed 7. Cleanliness 8. Delivery service 9. Business hours 10. Seating facilities 11. Convenience 12. Novelties for children. 13. Taste

McDonald’s best suited target market for Singapore is business customers. As mentioned before, the average working hours of Singapore residents is the longest in the world, and it is also easily to associate that lots of Singaporeans are under high working pressure. If without time limitation during working days, there are more than 24, 000 eateries could become the better options for business customers. Therefore, the most important attribution for business customers who is time-pressed is service speed, delivery service and convenience. In addition, some business customers even work till midnight, therefore business hours might become the fourth position. The bullseye should at round 35 years old

The best suited target market for Pizza Hut is mature adults who peruse good quality of life and tasty food but still somewhat under the time pressure. What can be imaged is that they might be stable and get some little achievement in their job career. Pizza Hut is trying to remove its fast-food image toward a more casual dining outlet. Therefore, the critical attribution for it is taste. That is Pizza Hut doing now. The campaign called “ Taste and tell pasta challenge” conveys the message that its high quality food is comparable to these sit-down restaurants (Kenneth and Donald, 2012). The bullseye should at 38 years old

Similar with McDonald’s, KFC also has mass appeal, however the best suited target market is young adults who have less consciousness on calorie content. The most two important attributions for KFC are taste and service speed, as KFC focuses on taste which is reflected in its slogan “ The Colonel’s Secret Recipe ” In return, deep fry food takes the high risk of more calorie intake, obesity and heart disease. The bullseye should be at 28 years old.

Q3: McDonald’s positions itself as the pioneer and leader in the field of fast food industry. In order to keep the position in their customers mind, they use some effective approaches and strategies. The product attributes approach which means the characteristic of its product leave a unique impression on consumer or target market so that they can clearly tell them from other products. Consistent product taste and a standard procedure might be the product attributes for McDonald’s. Therefore, target market- business consumers-have already known the strict standard procedure for making hamburgers. A standard procedure is easily associated with quick service, cleanliness, and also implies the low cost, as the produce line has been promoted for several years and become efficient enough. Consistent product taste also implies the good quality control for customers as well. A campaign called “ Open Kitchen Tour Day” launched by McDonald’s in Singapore was design for enhancing its product attribute among customers’ mind.

For Pizza Hut, the product attributes should be the “ high quality” among fast food. Actually, they position themselves that get rid of fast-food image and offer high quality foods which are similar to sit-down restaurants. The merits of this strategy is that they get sidestep to capture the target market who are pursue high quality food and enjoy a good environment for dining area, but still want to get a quick service to save time (Kenneth and Donald, 2012). This strategy avoids a direct competition with McDonald’s. To some extent, the segmentation they target was ignored by McDonalds.

The product positioning strategy for KFC is the taste for chicken product. The slogan that “ No body’s cooking like KFC today and we are the chicken experts” reflects the product attribute which is focus on taste and is quite different from McDonald’s and Pizza Hut. The target market, who is keen on the chicken food and its flavor, should be the teenager or young adult. They do not care too much about the way they cook even deep fried. Therefore, the recipe of chicken food and its good flavor is the key positioning strategy for KFC, and they do not need to change it. The segmentation for KFC pays less attention on healthy choice. On the contrary, changing the position strategy do not appeal to health nut, even loose the royal customer further.

Q4: The promotional strategy for KFC includes adverting, sales promotions, personal selling. For example, in terms of sales promotions, Singapore KFC embedded discount coupons in newspaper. They also use public relation as a promotional strategy to show their corporate social responsibility. In detail, KFC supported the Singapore Association for Deaf in 2004 as an ambassador to raise the awareness of deafness. Attending this kind of PR event could also commit their responsibility for community and setoffs the negative influence from junk food (Cherisse, 2008).

For Pizza Hut, the promotional strategy should emphasis on the high quality food and the elegant dining area. Such as “ Taste and Tell Pasta Challenge” campaign that journalists and consumers were invited to have a test and evaluate the pasta, was an effective way to convey the information of high-quality food (Kenneth and Donald, 2012).

Q5: QR code has been widely used in consumer advertising campaigns, because it provides effortless and quick access to brand’s home page online Subway might take the advantages of high mobile phone penetration rate in Singapore to convey the fresh product information by using QR code strategy (Li, 2008). It is also correspond to the fast-paced lifestyle of Singaporeans as consumer can easily to scan a QR code which contains Subway production information on magazine or outdoor adverting. By showing a result of scanning QR code, consumers get a special treat from retail, as a return, company engage with consumers and develop word- of –mouth, even enlarge the consumer base. In my opinion, QR code would work best and effectively against McDonald’s.