

Why subway is not popular in china



1. Introduction
2. 1 Relevant background
Since the Subway restaurant chain started in 1965, it has opened more than 30, 000 stores in 87 countries during the past 40 years. In Western countries, Subway is very popular and famous for its “ stylish and nutritious” concept.

More importantly, Subway brings the idea of health into the fast food industry. Because of the nutritious sandwiches and low fat ingredients, Subway receives considerable acclaim in Europe and America. Moreover, some professional magazines pay many honours to Subway, such as America’s Top Global Franchise” in 2009 and “ Annual Franchise 500® listing” for 16 of the past 22 years.? Subway Chain Fact, 2006? However, in Chinese market, the development of Subway has not gone well. 2.

2 Rationale
The Subway restaurant chain entered into Chinese market more than 10 years ago. Although it has opened at least 100 stores in many cities in 2008, it is surprising to find that Subway is still not popular among the Chinese customers, even a number of people have never seen or heard about it. Subway as the largest submarine sandwich franchise in the world is always insisting on nutrition of fast food, which meets the need of customers who emphasize on the importance of health and attach importance to saving time. It is a phenomenon deserving of investigating carefully why Subway is not very popular in China. 1. 3 Brief Literature Review Most individuals point out that China is a special and huge market.

Meanwhile, they also agree that some marketing strategies should be changed when the global brands expand in china market. Ambler, Wizel and Xi (2009) advised that foreign companies need to adapt to “ Chinese

characteristics” or “ the special situation in China” in order to reach Chinese consumers. Therefore, this literature review mainly focuses on the importance of product, price, promotion and advertisement in China.

According to a market survey conducted by Bennett (1998), compared with developed countries, China’s consumption level is still behind the stage.

Likewise, Doctoroff (2005) indicated that the price is an important factor in the China market. He pointed out that multinational companies often failed to recognize that a majority of the population is poor in China.

Advertising is very important for a company in a new market. Dommermuth (1989) pointed out that advertising is the most visible of the explicit elements of promotion. Moreover, when company used advertising properly, it could achieve the results they seek. Correspondingly, Bennett (1998) discovered that an effective advertisement will live up to three major objectives, increasing sales, obtaining new customers, altering consumer behavior. Ambler, Witzel and Xi (2009) are also fairly sure that advertising in china is strongly correlated with sales.

1. 4 Purpose The purpose of this study is to analyze some problems of Subway on the marketing mix which may affect the development in china. Meanwhile, it aims to bring up some practical measures to Subway in order to attract more customers in china. 2. Methodology The purpose of this section is to present the method which is used in this report and justify the limitation of the methodology. This section will be divided into four parts, which are data collection method, structure and content, difficulties and limitations, and research procedures.

3.3 Data Collection Method Proctor (2003) indicated that questionnaire is a good way to record respondents' answer. In this research, questionnaire will be the method of data collection, which is easier to gain a large of information in a simple way. The questionnaire can be found in appendix. The questionnaire aims to find out the Subway's problems on the marketing mix.

Therefore, the questions of questionnaire will focus on the variety of food, price of Subway, promotion and advertisement of Subway. 3.4 Structure and Content There are in total 13 questions in the questionnaire. 2 questions are for personal data collection, and 9 questions are designed toward customers' opinion about marketing mix of Subway.

There is also 1 short-answer question which aims to encourage different ideas. Most questions are closed-ended, which could be easy to compare and summarize the quantitative data collection. 3.5 Research Procedure There were in total 30 questionnaires distributed in early March, 2010. The questionnaires were completed by random candidates of University of Portsmouth. Because of the restrictions of time and resources, students in University of Portsmouth were chosen as they could be easily reached.

Moreover, the aim of this study is about investigating the attitude of Chinese customers on Subway. Therefore, all the questionnaires were completed by Chinese candidates. In the middle of March, 2010, 30 questionnaires were collected and all of them were fit for the research. 3.6 Difficulties and Limitations During the research, the biggest difficulty is to design the questions of the questionnaires, which should fulfill the objectives of the

project. It spends me a lot of time on addressing the questions through testing with my friends.

There are two limitations in this research. Firstly, there are only 30 questionnaires distributed to respondents. Thus it cannot represent the overall of the Chinese customers of Subway. Secondly, most respondents are students so that the ages of people are also limited. It is hard to get elderly people involved in the survey.

However, this research is still useful. 3. ResultsThe purpose of this part is to present the findings which collected from the respondents. 4.

7 Respondents informationIn total 30 respondents, about two thirds of respondents are female. Moreover, a large majority of the respondents are in the age group from 21 to 25, and about 13 percent of respondents are aged between 18 and 20. However, there are only 4 percent of respondents who are in age group between 25 and 30. 4.

8 Questionnaires ResultsFigure 1Figure 2As we can be seen from the Figure 1, almost the half of the respondents indicated that they have never been to Subway in China. Moreover, in Figure 2, over half of the respondents, who have been to Subway in China, stated that it is seldom to eat in Subway in China. It is worth pointing out that there is no respondent who frequently eat in the Subway stores. These results entirely point out that Subway is not popular in China. Meanwhile, these figures seem to suggest that Subway has some problems on its marketing in China. Figure 3Figure 3 displays the respondent's attitude on the Subway's food taste.

It is easy to find out that almost 60 percent of respondents indicated the food taste of Subway just is acceptable, which is nearly 9 times as large as the percent of respondents who thought the taste is fantastic. Clearly, the findings may indicate that sandwich as a kind of unique and cool Western-style food is difficult to attract Chinese customers. It seems to suggest that Subway needs to adapt the taste to Chinese customers. These findings seem consistent with the indication of Ambler, Wizer and Xi (2009), they suggested that foreign companies need to adapt to “ special Chinese characteristics in order to reach Chinese consumers. Figure 4The opinions on price of Subway can be found in Figure 4.

The consumption level in China is still slightly behind the developed countries. The price is an important factor for Chinese customers when they choose the brand. There are 40 percent of respondents who indicated the price of Subway is a little expensive. Approximate one quarter of respondents thought the price is very expensive, which is similar with the percent of respondents thought the price is acceptable.

Obviously, compared with developed countries, the consumption in china is still lower than developed. (Bennett, 1998) It may be suggested that Subway should stress the importance of price in China. Figure 5The advertising channels of Subway are presented in Figure 5 which stated television, internet, radio and magazine were the general channel that respondents can read the advertisement of Subway. More specifically, 40 percent of respondents stated that they have seen the advertisement of Subway on the Internet, which was the first channel read the Subway’s advertisement. In

contrast, Television which was supposed to be the first channel, occupied the smallest percent of total.

More importantly, 20 percent of respondents have never seen Subway's advertisement in China, which is the second largest percent of total. It seems to indicate that Chinese customers have seldom seen the Subway's advertisement on the television. Moreover, a number of customers even have never seen the advertisement of Subway. These findings seem be entirely consistent with the research conducted by Bennett (1998) and Doctoroff (2005), both of them suggested that advertisement is strongly correlated with sales in China. Figure 6As can be seen from Figure 6, it displays the aspects which the respondents hope Subway to improve.

The variety of food and price of food equally occupied 30 percent of total, which are the largest proportions among all the figures. Slightly less than one quarter of respondents indicated that Subway should adapt the product to Chinese customers' taste. 4. Conclusion The purpose of this research is to find out the reasons why Subway is not popular in China.

As can be seen from the results section, it seems to indicate that Subway has some problems on marketing mix in Chinese market: lack of variety of food, a little high price, and lack of sufficient advertisement, which is congruent with the hypothesis. It might be suggested that Subway should make more efforts on the variety of food and adapt food taste to Chinese customers. Moreover, it seems that the price of Subway's food is fixed a little expensive. It would be better to attract more customers if the price could be adjusted. More importantly, Subway should attach more importance on the

advertisement, which could reinforce brand image and enhance brand awareness in China.

The major limitation of this study is the limited number of respondents. Since 30 respondents cannot act on behalf of all the customers in china. For further research, it can be conducted based on an extended scope in China.