

McDonald's and kfc: recipes for success in china

[Business](#), [Company](#)



McDonald's and KFC: Recipes for Success in China 1. Assess KFC's strategy in China? What should KFC do next? KFC's strategy in China firstly aimed to be the first leader in foreign quick -service restaurant. KFC differentiated itself from other local Chinese fast food restaurants by not only providing normal standard KFC foods but also offering customers with high quality service with different concept and ambiance. Moreover, KFC adapted itself in the foods variety to match with customer needs. Its menu localization brings the concept of " American brand with Chinese characteristics.

People are significant resource for KFC. Thus, KFC started talent development since the first day it started by offering training and providing career growth within the company. This talent development program, later on, greatly supported the expansion of KFC in China successfully. During crisis, KFC created opportunities for itself by expanding aggressively in China. Nevertheless, KFC developed its own logistics system with STAR system. The own logistics system helps KFC to lower the costs, control the quality and deliver products and services to customers faster.

With all these strategic plans, KFC succeeds in China greatly. To compete with other foreign fast foods which are coming to China in the near future, KFC should consider backward integration. KFC may set up its own farm to raise its own chickens and other major ingredients in order to control the quality and safety of the materials. This farm will be the only supplier for all the franchised KFC stores in China in order to control the quality and standards of foods. KFC should also set up training center.

All the employees should be trained here and hence, to control the quality of the services in different stores. Nevertheless, in order to gain customers

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trust and loyalty, KFC should also focus on CSR (Corporate Social Responsibility) to show its concern of bringing the best quality foods to customers while protecting environment and society. KFC should maintain its core competency of its products while keep developing its food innovations to reach its changing customers preferences and cultures. 2. Assess McDonald's strategy in China?

What should McDonald's do next? McDonald strategy in China was to maintain the first world standards as a global brand. It focused to keep its quality of food consistency and food preparation process. It first kept the food menu instead of adaptations to local preference. With this strategy, McDonald did not gain great success at the beginning as KFC did. However, it gradually learned to adapt to local preferences by offering different menu to match with customer needs. It also expands in China through joint venture or sole proprietor instead of franchising.

It also took a strategic move to link with China's SinoPec and build drive-through outlets. It offers convenience to customers by offering 24-hour service. Though, it didn't use aggressive expansion, gradual expansion of McDonald helps it learn and develop itself steadily in the long term. In order to compete with other fast foods business in China, McDonald should keep its core competence of high quality standards. However, it should also start its R& D center in China in order to understand Chinese market and hence, to offer the right products to match with customer needs.

This may be done through more variety of foods. To maintain high quality of products, McDonald had fewer suppliers who could meet its standard. This might bring higher costs to McDonald. In order to compete in the long run, <https://assignbuster.com/mcdonalds-and-kfc-recipes-for-success-in-china/>

McDonald should find lower-cost source of materials. Similarly to KFC, it should consider backward integration to have its own farm to be its source of major raw materials and ingredients. This will not only result in lower costs but also in higher quality of the raw materials.

Moreover, with the concept of 24-hour service, McDonald should consider to have more variety of foods such as night meal which may include warm milk or smaller-size burger, more variety of salads instead of only heavy big meal. It should also try to differentiate itself from other restaurants by offering different services such as delivery service, fast-process-time-guarantee service (this is to ensure its fast service), and nice ambiance (as it also opens at night, instead of providing normal counter seats, McDonald may offer the sofa seats so that customers can come and relax, work or have a small meeting here).

With this concept, customers may not only perceive McDonald as a fast food restaurant but more like a cafe or nice informal meeting point with their friends and colleagues during both rush hour and non-rush hour. This may help McDonald to capture more customer groups and hence generate more revenues.