

Kentucky fried chicken corporation

[Nutrition](#), [Fast Food](#)



Introduction-overview of the company(KFC)| Pg- 2| Short elaboration of micro and macroenvironmentand three factors that influence| Pg-3| Current sales analysis| Pg-4| Environmental factors and opportunities| Pg-5, 6| Business macro-environmental factors| Pg-7 | Conclusion| Pg-8| | | Kentucky Fried Chicken Corporation based in Louisville, Kentucky, is one of the world's most successful fast food organizations. It has operations throughout the world and has a vast history which has been put to present like no other fast food.

It has grown enormously following its fragile birth, splashing in scintillating numbers in both franchisees and company owned stores all over. The company's prime strength lies in providing high-quality chicken meals to its huge consumer base all over the world. Now every day, more than 12 million customers are served at KFC restaurants in 109 countries and territories around the world. KFC operates more than 5, 200 restaurants in the United States and more than 15, 000 units around the world. The company has strong product identification through its branding, advertising as well as packaging signifies the company in various manner.

The famous paper bucket that KFC uses for its larger sized orders of chicken, its logos and the famous picture of Harland Sanders, the initial founder, all represent KFC in the most colorful way. KFC's specialty is fried chicken served in various forms. However the recipe of 11 herbs and spices used by KFC in preparation of their chicken still remains a trade secret. KFC's primary product is pressure-fried pieces of chicken made with the original recipe. The other chicken offering, extra crispy, is made using a garlic marinade and double dipping the chicken in flour before deep frying in a standard industrial kitchen type machine.

Despite KFC's success as a company, the fast food organization had faced many problems over the years. There were mostly environmental issues that had influenced their product marketing and in time they had inherited new ways and different techniques to cater their fast food products. Animal Cruelty Since 2003, the animal rights group People for the Ethical Treatment of Animals (PETA), have been protesting KFC's treatment of the animals used for its products with the Kentucky Fried Cruelty campaign.

PETA states that they have held more than 12, 000 demonstrations at KFC outlets since 2003 because of alleged mistreatment of chickens by KFC suppliers. Alleged rainforest destruction In May 2012, Greenpeace accused KFC of sourcing paper pulp for its food packaging from Indonesian rainforest wood. Independent forensic tests showed that some packaging contained more than 50 per cent mixed tropical hardwood fibre, sourced from Asia Pulp & Paper Macro environment KFC operates in a larger macro environment of forces that creates opportunities, but also threats.

A company such as KFC usually cannot influence trends in the macro environment, as they affect people and organisations on a larger scale. However, KFC has to carefully examine macro environmental trends and must create competitive responses to such trends. There are six major macro environmental forces KFC has to take into account. Micro environment The microenvironment consists of all forces that are close to KFC, and on which KFC has an impact. They directly affect KFC's ability to serve its customers. Three major components influence KFC's microenvironment:

COMPETITORS Because the fast food market is highly competitive, KFC faces a wide number of direct and indirect competitors. KFC's main competitors
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are fast food chains such as McDonald's and Domino's, which are already well established throughout the world. McDonald's in particular is a direct competitor, as they have already successfully introduced their Salads plus line, which directly targets 'healthy food' conscious world we live in. But, there are a number of other competitors that is also focusing on 'chicken' types products.

All this competition makes it quite difficult for KFC to maintain or even broaden their customer base. However, with the introduction of a new and healthy product range, KFC can differentiate itself from most competitors and will gain a competitive advantage. CUSTOMERS KFC's customer market consists solely of the consumer market. KFC's products are bought by individuals (males, females, singles, and families). Therefore, the product range KFC offer should appeal to as many people within this consumer market as possible, to ensure that the maximum amount of products can be sold.

The characteristics of these individuals and a segmentation of them are discussed later in this report. Strengths and weakness of competitors
Strengths: 38 products, Attractive Outlets, Huge Marketing, Budget, More entertainment for kids
Weaknesses: Same type of Menu, No Home Delivery
How they compete with their competitors? It is found that KFC compete its competitors by five ways: •KFC compete its competitors through marketing strategy •They offered different packages at different events like Ramadan offer, midnight offer etc. •KFC compete their competitors by providing good services They must hired the hard selling persons to market their product in the market and motivate their employees for the sake of organizations and

employees do well and they compete there competitors KFC has quality products and through these quality products they compete their competitors Current Sales Analysis Market Share Market Share KFC has a very long history and has the most recognize able brand in chicken with over 50% of the market share. It becomes difficult for the companies like Sub way, Mc Donald's, Chicken planet, Dixie or those who may want to enter in the market of fast food restaurants.

Due to with over 50% of the market share in fast food industry KFC has recognition around the world and has been globally positioned for many years in and to capture the market share in adopting a chicken loving experience. Environmental factors and opportunities Political: The operations of KFC are affected by the government policies on the regulations of fast food operation. Currently government are controlling the marketing of fast food restaurant because of health concern such as cardiovascular and cholesterol issue and obesity among the young and children in the country.

Governments also control the license given for open the fast food restaurant and other business regulation need to follow such as for a franchise business. Good relationship with government in giving mutual benefits such as employment and tax is a must for the company to succeed in any foreign market. Economic: Though for last 1 year there was economic slowdown all across the globe but the sales of KFC and other fast food chains did not slow down to that extent that of other sectors in. The GDP (Purchasing Power Parity) is estimated at 2.965 trillion U. S. dollars in the year 2010.

The GDP- per Capita (PPP) was 2700 U. S. dollars as estimated in 2008. The GDP- real growth rate in 2007 was 8.7%. India has the third highest GDP in <https://assignbuster.com/kentucky-fried-chicken-corporation/>

terms of purchasing power parity just ahead Japan and behind U. S. and China. Foreign direct investment rose in the fiscal year ended March 31 2007 to about \$16 billion from just \$5. 5 billion a year earlier. Socio cultural: India is the second most populous nation in the world with an approximate population of over 1. 1billion people. This population is divided in the following age structure: 0-14 years - 31. 8%, 15-64 years - 63. % and 65years and above - 5. 1%. There has also been a continuous increase in the consumption of fast food in India. The social trend toward fast food consumption is changing and India has seen an increase of 90% fast food consumption from the year 2002-2007. This increase is far greater than the increase in the BRIC nations of Brazil (20 per cent), Russia (50 per cent) and China (almost 60 per cent). Thus this shows a positive trend for fast food industries in India. Technological: The fast food Industry is heating up with a lot of foreign players entering the market.

The technological knowhow and expertise will also enter the market with an increase in competition. With the lower rates and increasetechnologythe fast food counters are attracting youth by giving them attractive deals. For e. g. KFC and Domino's pizza. For a fast food restaurant, technology does not give a very high impact on the company and it is not a significant macro environment variables. However KFC should be looking to competitors innovation and improve itself in term of integrating technology in managing its operation.

For example in inventory system, supply chain management system to manage its supply, easy payment and ordering systems for its customers and wireless internet technology. Implementation of technology can make

the management more effective and cost saving in the long term. This will also make customer happy if cost savings results in price reduction or promotional campaign discount which will benefits them from time to time.

Environmental: As one of world largest consumer of beef, potatoes and chicken, KFC always had been critics for world environmentalist.

This is because high consumption of beef causing the green house effect by methane gasses coming from the cow's ranch. Large-scale plantation has effect the environment and lost of green forest opening for plantation activities. Vegetarian environmentalist criticizes the fast-food giant forcruelty to animalsand slaughtering. In America, once KFC want to introduce whale burger causing uproar because whales are endangered species. Before using paper packaging, KFC once had been criticized for being insensitive topollutionbecause of using ne based packaging for its food products.

Imagine millions of people purchase from fast food operator and how is the impact to world environment by throwing away those hard to recycle packaging. Our world is getting concern on environment issue and business operating here should not just care for profit, but careful usage of world resources for sustainable development and care for environment safety and health for our future generation. Critics and concern from all public or activist should bare view and support if necessary to ensure we play our socialresponsibilitybetter. Legal factors:

As a certified fast food operator, there are many regulations and procedures that KFC should follow. For example is the Halal certification that becomes a concern to Muslim consumers. KFC should protect its integrity and consumer confidence by ensuring all materials and process are as claimed or must

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followed. Other legal requirement that the business owner should follow as stipulated in laws are such as operating hours, business registration, tax requirement, labor and employment laws and quality & environment certification (such as ISO) in which the outlet has been certified.

The legal requirement is important because the offenders will be fined or have their business prohibited from operating which can be disastrous. KFC India -BCG Matrix Boston Consultancy Group (BCG) Matrix Currently KFC have launched a new product in the market. They have also tried to come into the beverages market by launching its new brand of shakes called KRUSHERS. As it is a fairly new product it comes in the category of the Question Mark in the BCG Matrix. It has a low market share thus brings low revenue. KFC is advertising a lot to popularize this product so there is a lot of expenditure on it.

This product is individually not bringing any profits and is a cash drain for the company. Company may decide to completely remove this product from the market if it does not do well soon and start bringing in revenue. Business macro-environmental factors The company and all the other actors operate in a larger macro-environment of forces, including political, economic, cultural, technological, legal and ecological factors, which shape opportunities and pose threats to the company. Political and legal regulatory affect the strategic development of KFCCorporation, which made the US market more challenging.

Example- Forbidding the use of trans-fat cooking oil mandating calorie counts on menus, removing advertisement from kid's programme, and even prohibiting from making unconfirmed claims concerning nutritional value and <https://assignbuster.com/kentucky-fried-chicken-corporation/>

losing weight benefits. All of these may seriously impede the free flow of goods within a group and from suppliers and consumer demand. According to the Institute for the World Economy, the aggregation of financial crisis continues to result in negative result to the world economy and generate a strong downturn in the entire restaurant industry, which leads to the falling of US unit expansion from 3. % of 2006 to 2. 4% of 2007. On the other hand, fewer costs as compared with healthier food helped KFC and the entire fast food industry to grow rapidly. Moreover, KFC can increase profit margins with chicken which is lower in cost compared to other meat. With the ever-increasing impact of health consciousness, like obesity, among consumers, it's increasingly hard for KFC to keep its original product mix and alternatively prompt them to offer healthier foods (threat). In contrast, under the slump chicken consumption in Europe and Asia market owing to the outbreak of avian flu, US market still shows an image of rising.

Furthermore, hurried and changing lifestyle of people along with convenient and tasty characters of foods, which offered numerous business opportunities for KFC Corporation. The innovation in technology offers further development possibilities to fast food industry. However, owing to equipment problems, KFC lost its Rotisserie Chicken market which had achieved a huge success in non-fried chicken area. Restaurants are known to have very high levels of energy intensity due to their relatively small building size and the amount of cooking, heating, and refrigeration needed to prepare and serve food to customers.

Due to these high levels of energy use, we continue to focus our efforts on reducing our energy intensity in both new and existing restaurants. In 2006

KFC established a goal to reduce energy usage in the U. S. company-owned restaurants by 12 percent from 2005 levels by the end of 2009. They achieved a 14% reduction through the application of numerous energy conservation measures (ECMs). In addition to reducing energy consumption, these ECMs resulted in the elimination of over 117, 000 metric tons of CO2 per year from the atmosphere.

The KFC China division has also recognized the need to focus on energy conservation and has become actively involved in implementing ECMs over the past few years. Their efforts have resulted in the elimination of over 5300 metric tons of CO2 per year. Greenpeace, a conservational and environmental organization in 46 countries, has accused Cargill concerning the illegal exportation of soya to KFC for its chicken food supplied. Changing consumers' perception about KFC is arisen among analyst and specialist and forthright.

In respect to the accusations has actively retrofit existing restaurants with more efficient lighting systems. During 2009, 190 restaurants in China had their interior linear fluorescent lamps upgraded to a more efficient version resulting in a reduction of over 600 metric tons of CO2 per year. Heating, Ventilation ; Air Conditioning (HVAC): In 2006, Yum! made the commitment to standardize high efficiency air conditioning systems for all U. S. restaurants. Since then, over 1800 high-efficiency air conditioning units have been installed with slightly over 600 taking place in 2008 and 2009.

These 600 + installations have reduced our CO2 output by 10, 500 metric tons per year. In China, the engineering team developed the means to overcome water hardness issues compromising the efficiency of certain <https://assignbuster.com/kentucky-fried-chicken-corporation/>

heating devices used in our KFC kitchens. Their solution enabled the equipment to operate at peak efficiency which eliminated over 4200 metric tons of CO2 per year. In conclusion, KFC had used all its macro environment factors efficiently; it had improved its product in terms of packaging technology, its cooking methods and most important health wise keeping in mind the external affect on the environment.