

Strategic plan for panda express in south korea



**ASSIGN
BUSTER**

From our company's mission statement: Deliver exceptional Asian dining experiences by building an organization where people are inspired to better their lives. With this statement, I believe that South Korea would be the next logical place to expand into. The Korean people have Confucius, Buddhist, and Catholic beliefs and with those beliefs, our mission statement fits perfectly with their lives. Having been a resident of South Korea for over five years, I have observed the Korean people's great fascination with western culture and food.

At the malls as well as along the shopping districts, western style stores are very popular and always busy. While there are a great variety of both local as well as American fast food restaurants such as McDonalds, Burger King, Taco Bell, KFC and Pizza Hut, I have not seen one Chinese fast food restaurant. They do have Chinese food restaurants here but the style and taste of the food are much different than what is served at Panda Express or some of our competitors such as Manchu Wok.

As an American living and working in South Korea, if I want American style Chinese fast food, the only place I can get it is at a Manchu Wok at the Yongsan Army Garrison in Seoul. That is the only location in the entire country. With all of what I mentioned above in mind, South Korea presents a ripe opportunity for expansion to begin with several locations in Seoul and then expand outward from there. Seoul is the perfect place to start for a Panda Express restaurant. The city has a population of around 10 million people and it is very popular to go out to eat for both lunch and dinner.

Restaurants are packed during those times on a daily basis no matter where you are in South Korea. Shopping malls are also extremely popular in Seoul and I believe there are opportunities to open restaurants in locations in the COEX mall or I'Park mall. I'Park mall is a prime location due to the Yongsan subway line stopping right at the bottom floor of the mall and it is also located only a few minutes away from Yongsan Army Garrison so this location draws a lot of traffic from Americans as well.

Just with the business from American customers should make this location successful and when you combine the natural interest of everything western that the Korean people express, you will easily draw customers from the local population. Our company is known for being the nationwide leader in the US in Asian dining with over 1425 Panda Express locations throughout 43 states and Puerto Rico. We have signature dishes such as Mandarin Chicken and Orange Chicken.

All of this combined with fast service and a nice atmosphere in order to eat your meal in our restaurants puts us in a good position to be unique and helps us differentiate from our competition. Since Panda Express is also known to pay our employees above average compared to the competition, we should have no problem attracting quality people to represent the company at our restaurants here in South Korea. Our strong sales growth average of 5% per year over the last 13 years shows that this company is moving in the right direction.

Where there is weakness there is also opportunity. The weaknesses I see is Panda Express's dependency on the US market for growth. While there are

still plenty of opportunities to expand in the US, it would be wise to start looking to new countries and locations such as South Korea as I have previously mentioned. Panda Express can also increase its brand recognition through more creative forms of advertisement and with proper research into local tastes for advertisements; it should be easy to identify what method of advertisement that works best in the South Korean market.

While I consider 5% annual growth as a strength, it can also be improved upon by more aggressively moving into new markets. I believe that South Korea represents an excellent opportunity to increase the company's growth rate and in turn increase profits. Our primary local competitor is Lotteria which opened its first restaurant in South Korea in 1979 and is owned by the Lotte Group based out of Japan. They have a majority of the share of the fast food business with 920 outlets as of 2009. Their restaurants and food selection are very similar in styling to McDonalds.

They cater their menu towards Korean tastes by offering Bulgogi burgers as well as Shrimp burgers. McDonalds is the next largest competitor that started their first franchised owned restaurant in 1988. They currently have 243 locations and are planning on expanding by another 243 locations by 2014 through an investment of \$449 million. Part of how McDonalds differentiates itself from Lotteria is that they offer drive thru windows at a majority of their locations and well as food delivery.

They also offer 24 hour locations and have implemented food preparation systems where customers receive their orders in less than a minute. Taco Bell, Pizza Hut and KFC are owned by Yum. They currently have 142 KFC

locations, 304 Pizza Hut locations and 1 Taco Bell in South Korea. Their presence in South Korea is fairly stable while they focus more on opening restaurants in China where they have received over 20% sales growth from 2010 to 2011.

Yum has reported over the past several years of poor sales performance in the South Korean market. Yum also has a presence at a majority of the US military bases with Pizza Hut and Taco Bell pickup window restaurants located in the food courts of the base exchanges. These restaurants are closed off to the outside public and are only met for the US military members. Burger King Restaurants usually are independent franchises with some of their earliest locations in the Asian markets opening in 1982.

Information on specific amounts of restaurants that Burger King has by individual countries is limited since the company was sold to 3G Capital and took the company private. Burger King does believe that the majority of its growth will come from Asia and South America. Like Taco Bell and Pizza Hut, Burger King also has a presence at a majority of the US military bases in South Korea with the main differentiation being that they actually have independent restaurants with drive thru instead of service windows like their competitors.