

Kfc, business analysis flashcard



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Dear Sir, We are students of the BUS 101 course (Introduction to Business). As a requirement of your course BUS 101, we have prepared this project report on “ KFC”. We would like to thank you for letting us work on the project, which enhanced our understanding of the subject matters through analysis and reporting. Since we worked in a group to prepare this report, it also gave us the opportunity to develop our teamwork capability. It was a real pleasure working on such topic and we hope it will be enjoyable to you as well.

Acknowledgment:

The project named “ KFC” is the group project of all members and a challenge for all to prepare an excellent report. Throughout the report every member of the group has supported each other to solve any problem that rose while developing the report. All members work hard with team spirit. This is a good team effort, since every group member has contributed themselves by heart or else this report would never be completed.

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A brief overview of KFC

KFC stands for high quality fast food in a popular array of complete meals to enrich the consumer’s everyday life. KFC strives to serve great tasting, “

finger lickin good” chicken meals that enable the whole family to share a fun. Uninhibited and thoroughly satisfying eating experience, with same convenience and affordability of ordinary Quick Service Restaurants. KFC, founded and also known as Kentucky Fried Chicken, is a chain of fast food restaurants based in Louisville, Kentucky, in the United States.

KFC has been a brand and operating segment, termed a concept of Yum! Brands since 1997 when that company was spun off from PepsiCo as Tricon Global Restaurants Inc. The company was founded as Kentucky Fried Chicken by Colonel Harland Sanders in 1952, though the idea of KFC’s fried chicken actually goes back to 1930. Although Sanders died in 1980, he remains an important part of the company’s branding and advertisements, and “ Colonel Sanders” or “ The Colonel” is a metonym for the company itself. The company adopted KFC, an abbreviated form of its name, in 1991. Newer and remodeled restaurants will adopt the new logo and name, while older stores will continue to use the 1980s signage.

The Colonel’s secret flavor recipe of 11 herbs and spices that creates the famous “ finger lickin’ good” chicken remains a trade secret. Portions of the secret spice mix are made at different locations in the United States, and the only complete, handwritten copy of the recipe is kept in a vault in corporate headquarters. KFC is franchised by Transcom Foods Limited in Bangladesh. Till now there are 7 branches of KFC in Bangladesh and 6 of them are in Dhaka, the capital city. They are located in Gulshan, Dhanmondi, Banani, Baily Road, Eskaton, Laxmibazar, and Chittagong.

Marketing promotion

Marketing:

Marketing is an important segment for any company to sell their product. For global brand like KFC the risk of making loss in the business is more. To reduce the risk marketing is a good tool but every company has to use it properly. One part of this marketing is promotion in which nowadays success or failure of a product depends on. Promotion: The marketing mix consists of everything the firm can do to influence the demand for its product. The many possibilities can be collected into four groups of variables known as “four Ps”: product, price, place and promotion. Promotion means activities that communicate the merits of the product and persuade target customer to do it. So, we can say that promotion basically a marketing tool.

Company like KFC does different types of promotional activity to attract the customers towards their products. Integrated marketing communication (IMC): Integrated marketing communication is the coordination of all promotional activities-media advertising, direct mail, personal selling, sales promotion and public relation-to produce a unified customer-focused message. So, although KFC is using different promotional activity but their message has to be one which is “finger lickin good”.

Promotional mix

Promotional mix is a combination of personal and nonpersonal selling techniques designed to achieve promotional objectives. The promotional mix that KFC use are given below

Personal selling:

In personal communication channel KFC recently start using sms service where KFC send sms towards the potential customers about the recent special promotional campaign. Sometimes they also use mail also to keep in contact with the customers. It's an effective communication channel because they allow for personal addressing and feedback. Nonpersonal selling:

Nonpersonal communication channels are media that carry message without personal contact or feedback. Here KFC use all the media like print media (newspaper, magazine, and direct mail), broadcast media (radio and television), and display media (billboards, signs and posters). Nonpersonal communication affects buyer directly.

So KFC is using almost all of the nonpersonal selling techniques. These types of nonpersonal selling also create some opinion leader who carries messages to people who are less exposed to media. So, selling of the product usually increase significantly. Promotional objectives and planning: KFC usually use product placement strategy where they have to pay placement fees to have their products showcased in various media, ranging from newspapers and magazines to television and movies. For that KFC has to pay huge amount of money for promotional activities.

Component of marketing mix

The components of marketing mix are advertising, personal selling, sales promotion, public relations, sponsorships etc. The nature of each promotional tool is different which are given below:

Advertising:

Advertising can reach masses of geographically dispersed buyers at a low cost per exposure and it enables the seller to repeat the message many times. There are many types of advertising available. The different types of advertising that KFC use are discussed below: Product advertising: KFC use product advertising where they design message to sell particular good. The new jingle of KFC is “finger lickin good” is a frequently announcement on televisions, billboards, flyers and radio. The concept shows that a normal customer deeply involves in devouring his piece of chicken usually turns on the drool in everybody’s mouth and makes them rush to the nearest KFC.

Remind-oriented advertising: Using remind advertisements KFC stimulates repeat purchases of its products. The company anthem “finger liking good” is just a wakeup call to the customer to remind them how good they felt the last time they ate KFC chicken. Informative advertising: KFC also use

informative advertising when they introduce a new product in the market. Like when they introduce their wide range of collection of crushers they use these types of advertisement to inform the customers. Types of advertising: There are different types of advertisement tools available in the market like television, newspapers, radio, magazines, direct mail, outdoor advertising, online and interactive advertising, sponsorship etc.

The advertising tools that KFC usually focus are discussed below:

Television:

Television media is called easiest way to reach a large number of customers. KFC frequently use this media to get to the target customers. Although this is the expensive medium but it doesn’t affect KFC because of high volume of

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sales. Newspaper: In Bangladesh KFC usually focus on the newspaper to give their advertisement. One reason may be people of Bangladesh still read newspaper a lot. When KFC open a new outlet or coming up a new product or promotion we can easily find their advertisement in the important segment of the newspaper. Radio: KFC also give their advertisement in the radio as it is a medium of wide range.

Now a day's satellite radio offers new opportunities. So KFC don't miss the opportunity of giving advertisement in radio because a huge number of people now listen to the radio station when they are in the car. Magazines: We can easily find a KFC advertisement in the magazines. The advantage of magazine is it can customize message for different areas of the country. KFC usually focus on the magazine which comes in a special festival like EID. Outdoor advertisement: When we moving through the road we can see the advertising of the KFC in the billboard of the Dhaka city. KFC mainly focus the prestigious area to give their advertisement and also in front of the traffic signal so that people can take a good look at the advertisement when they are sitting in the boring traffic signal.

Sponsorship:

KFC also provide funds for a sporting or cultural event in exchange for a direct association with the event. This gives a good exposure to the people who come to the event. Sometimes KFC also bring souvenir for the participants of the event. Online advertising: KFC now also give their advertisement in the popular online and social networking sites. Like if you are a regular user of face book you must have seen the advertisement of the

KFC. Sales promotion: All KFC outlets offer its customers with various forms of incentives to buy its customers. Like KFC's recent sales promotion is if you spend more than TK. 500 at a time then you will get a coupon. By using that coupon one can get a special meal at the month of Ramadan.

It is usually a treat for the loyal customers of the KFC. KFC also give free samples of their product when they introduce a product. Like when they introduce Crashers in the market they give a free glass of crashers for every customer in their gulshan outlet on that particular night. Public relations: Another major mass promotional tool is public relations which build good relationships with the company's various publics by obtaining favorable publicity, build a good corporate image, and handling or heading off unfavorable rumors, stories and events. It can be done in two ways – one is paid way which is a public relations and other one is publicity which is an unpaid way. Public relations: KFC arrange conference where they invite news reporters to give new information to them. Like when they come up with a new product in their food line they invite reporters and say the good things about the product. In these types of event KFC also treat the reporters also so that they can explain the taste in the news report.

Publicity:

Here any company does a work such a way that it becomes news. It's an unpaid way of doing publicity. Like KFC celebrate their opening day every year where they invite some of the known face of the media. KFC do it so that news reporter come to their outlet and do a report on the event. It also

grape the attention of the normal people as they can also meet the celebrity and join the party.

Promotional strategy

Pulling strategy:

In terms of the promotional strategy KFC usually use the pulling strategy where they promote their product such a way so that consumer demands for it, primary through advertising and sales promotion. Although there are extreme competition exists in the market but KFC can focus on the pulling strategy because of their brand name and the superior quality of their product.

Pricing objectives:

There are many types of pricing objectives are available like profitability objectives, volume objectives, price to meet competition and prestige objectives. Among these the pricing strategy that KFC is using are discussing below: Prestige objectives: KFC usually follow the prestige objectives when they price their products. Here prestige pricing encompasses the effect of price on prestige. As KFC is renowned global brand they can charge a little bit extra based on their brand image. Now they charge the highest price in the fried chicken industry and other company actually follows them. On the other hand from the customer's point of view they don't hesitate to taste fried chicken by spending some extra money.

Alternative pricing objectives

The alternative pricing objective that KFC are given below:

Skimming Pricing: KFC globally enters the market using market skimming. Their products are priced high and target the middle to upper class people. Gradually they trickle down the prices focusing on the middle to lower class people to penetrate both sides of the market. Here company doesn't decide the price on the basis of cost rather than the value which they have in the mind of the customers. So, value is the deciding factor in skimming pricing rather the cost of the production.

Consumer perception of pricing

Consumer's perception of quality closely tied to price. Because of good perception about the KFC product they can charge a little bit higher than the market. Price-Quality relationship: KFC usually charge higher price for their all products which is a combination of prestige and higher quality. Their global recognition gives KFC the prestige and their secret receipt of 11 herbs ensures the quality. So KFC never thinks twice when it's come to the product pricing. Odd pricing: KFC also use the method of odd pricing where they set prices in uneven amounts or amounts that sound less than they really are. Like The price of their bucket was Tk. 1099 which gives an idea towards the consumers mind that it's less than TK. 1100.

Conclusion

Discussing promotional strategy of a global brand like KFC is not easy. These types of company use different promotional tools depending on the culture and demand of different country. Like, promotional activities of KFC

Bangladesh and KFC India aren't same although they are neighbor country. These helps the company like KFC more flexibility to attach with a specific country and to sell more of their products. Although promotional activity of KFC in Bangladesh is very limited compare to other countries but they have to come up with aggressive promotional tools as they are planning to cover more areas of Bangladesh in recent future.