Marketing planning jollibee identify a assignment

[Art & Culture]

The aggressive expansion program is In line with doubling the company's earnings In 5 years, company officials said. AFC board chairman Tony Tan Caution said the ideal business mix is 50-50 for ranching and company-owned expansion. Jiff's branches outside the Philippines are all company-owned, except those in the Middle East. In the Philippines, 45% of the stores are company-owned while 55% are franchised.

For its overseas expansion, CEO Ernest Atomization said the quick-service restaurant chain plans to expand Its global footprint by putting up stores in Malaysia, Manner, Europe and Japan " after five years because we need to focus on China and the US. " JEFF is also branching out in Canada next year while the company is still studying prospects in Indonesia, one of the fastest growing economies in Southeast Asia.

The potential markets for expansion are the following: Three Options for Expansion Papua New Guiana- Raising the Standard New Entrant into 3 store fast food chain Tingling offered to put up all capital required Hong Kong-Expanding the Base 3 Store already established, possibility of a 4th one. High volume with Filipinos but not with residents (Chinese) 4th store location high traffic but few Filipinos California-supporting the Settlers Success in Guam led them to believe US had potential Food Appealed to Filipinos and Americans Decided on Daly City-Large Filipino population

Plans to appeal to Asian Americans and then Hispanic Americans b) General information about the potential markets (geographical location, capital, population, per capita income, literacy rate, language spoken) Geographical Location Jollied started with five branches in 1978 and has grown to a strong network of a ‘ OFF 896 stores worldwide as of November 2013. It is the largest fast food chain in the country with international locations in Brunet, Hong Kong, Indonesia, Kuwait, Malaysia, Qatar, Saudi Arabia, Singapore, Vietnam, the United States, and Canada.

JEFF is planning to expand Jollied to other markets like Europe. Asia Brunet (launched 1987) Hong Kong (launched September 1996) Indonesia (to be launched 201 5) Kuwait (launched 1995) Malaysia (to be launched 201 5) Philippines (main hub) Qatar Saudi Arabia (launched 1995) Singapore (launched 2013) Vietnam (launched October 1996) North America United States (launched 1998) Canada (to be launched 2015) The first Jollied branch in Vietnam was opened on October 1996 at the Super Bowl in Ho Chi Mini City.

To date, Jollied has more than 30 stores in Vietnam, they are located in the cities of Ho Chi Mini, Hanoi, Dad Nag, Nah Trans, in the provinces f Vine Pouch, Dong Ana and all provinces in the Mekong Delta Region. In Hong Kong, there is currently one branch located in Central. At present, it is in the process of being renovated, while the opening of a second branch in the country is currently under consideration. As of end-September 2012, Jollied was operating 2, 040 stores in the Philippines for all of its brands: 765 for Jollied, 383 for Chocking, 201 for Greenwich, 209 for Red Ribbon, 457 for Mange ‘ nasal and 25 for Burger King.

PAPUA NEW GUIANA: There are five million people in Papua New Guiana with extremely emitted fast food options. Jollied can come in and set a high standard, attract many customers, and scare future investors away. However they would have to quickly add three to four stores to be competitive and cover costs. There was also question as to whether the area could handle 20 stores. Either they will get the first mover advantage or they will sustain huge loss. Since the benefits offered by the local partner are uncertain and profit potential is low, Jollied should not seek to enter New Guiana at this time.

HONG KONG: In Hong Kong, Jollied are located near a very Ansell populated area, which has a very loyal Filipino customer base. These people gave them great business on the weekends, but sales fell off during the week because the local Hong Kong people rarely frequented the Jollied establishment. Also, there were tremendous problems with the Chinese stores. All of the managers resigned and many employees quit because the Chinese like to work for Chinese. There was obvious friction between the Chinese and Filipinos.

While the fourth store in Hong Kong represents a valuable learning opportunity, it will not generate the revenues needed to build a global empire. Catering to the local Chinese palette would allow Jollied to build its competitive advantage by learning to balance success in cosmopolitan Hong Kong could give Jollied the brand exposure it needs to attract better partners. However, given the staffing issues and uncertainty involving the local Chinese customer, it would be better for Jollied to improve its current operations, rather than to commit additional resources to a new store.

CALIFORNIA: It will be a very good idea to target the Asian community living in U. S and California is the best place to start from. The intense competitive atmosphere of US fast food market will provide Jollied tremendous opportunity of global learning. Furthermore, they also discovered that there were many elements of their restaurants that appealed to Americans. Similarly, there was great support from Filipino-Americans. Likewise, Jollied was going to expand throughout California before it moved east. They were determined to gain recognition.

Another helpful aspect is the diversification of America. In any given city a person can find Chinese, Italian, Greek, Spanish, Japanese, American, German, Polish, Indian, and other ethnic assistants. Americans like to try food of different cultures and there is no reason to believe that we will not try Filipino food. There is very little reason to believe that Jollied cannot successfully enter the fast food market in the United States. But on the other hand, United States is home to some of Jolliness's most formidable competitors.

As a late-mover, it will be difficult for Jollied to obtain access to the distribution channels, suppliers, and store locations which allowed it to become a cost leader in the Philippines. Additionally, aside from its experience in Guam, Jollied does not have any real experience operating in a Western business environment. C) Specific information about each market (legal and ethical requirements, market trends, competitors, size of the market, potential sales volume) Legal and ethical requirements When markets in foreign countries offer a higher profit potential than your home market, it makes sense to expand internationally.

As you prepare your expansion and research target markets in other countries, you will often find that the legal structures and ethical frameworks differ substantially from those in the United States. You have to address the legal and ethical issues of your entering these markets to make your expansion a success. Traditional Small Scale Bribery- involves the payment of small sums of money, typically to a foreign official in exchange for him/her violating some official duty or responsibility or to speed routine government actions (grease payments, kickbacks).

Large Scale Bribery- a relatively large payment intended to allow a violation of the law or designed to influence policy directly or indirectly (egg, political contribution). Gifts/Favors/Entertainment- includes a range f items such as: lavish physical gifts, call girls, opportunities for personal travel at the company’s expense, gifts received after the completion of transaction and other extravagant expensive entertainment.

Pricing – includes unfair differential pricing, questionable invoicing – where the buyer requests a written invoice showing a price other than the actual price paid, pricing to force out local competition, dumping products at prices well below that in the home country, pricing practices that are Products/Technology – includes products and technology that are banned for use in he home country but permitted in the host country and/or appear unsuitable or inappropriate for use by the people of the host country. Tax Evasion Practices – used specifically to evade tax such as transfer pricing (I. E. Where prices paid between affiliates and/or parent company adjusted to affect profit allocation) including the use of tax havens, where any profit made is in low tax Jurisdiction, adjusted interest payments on intra-flam loans, questionable management and service fees charged between affiliates and lord the parent company. Illegal/almost Activities in the Host Country – practices such as: polluting the environment, maintaining unsafe working conditions; product/technology copying where protection of patents, trademarks or copyrights has not been enforced and short weighting overseas shipments so as to charge a country a phantom weight.

Questionable Commissions to Channel Members – unreasonably large commissions of fees paid to channel members, such as sales agents, middlemen, consultants, dealers and importers. Cultural Differences – between cultures involving potential misunderstandings related to the traditional requirements of the exchange process (e. G. Transactions) may be regarded by one culture as bribes but be acceptable business practices in another culture. These practices include: gifts, monetary payments, favors, entertainment and political contributions.

Involvement in Political Affairs- related to the combination of marketing activities and politics including the following: the exertion of political influence by multinationals, engaging in marketing activities when either home or host countries are at war or illegal technology transfers. Market trends More focus on youths Popular trendy cafe Wi-If internet access Creative location Multi branding Cleanliness environment Competitors Claimed market size Jollied was able to capture 65% of the market share in hamburger market in the Philippines.

The JEFF reported PH 82 billion by the end of 2011 Based on the annual report of JEFF, Jollied earned PH 50 billion revenue on 2011 Total sales of

JEFF claiming 65% market share is PH 82 billion. The total market share is PH 126 billion Potential sales volume Local fast food giant Jollied Foods Corp.. Grew its 2013 net profit by 24. 5 percent year- on-year to PA. 64 billion as sales from its restaurant network here and abroad expanded by a double-digit pace. In the fourth quarter alone, Jiff's net profit rose by 20. Percent year-on-year to Pl . 52 billion. System-wide retail sales-?? a measure of consumer sales from company-owned and franchised stores-?? grew by 13. 9 percent in the fourth quarter and by 12. 8 percent for the full year, to POP. 87 billion and IPPP. 1 billion, respectively. The full-year retail sales growth marked the highest rate of rise in organic sales in six years and allowed JEFF to breach the IIOP-billion mark for the first time, JEFF chief operating officer and incoming chief executive officer Ernest Atomization said in a statement.

Apart from growing its sales volume and distribution network, JEFF also unlocked higher margins by improving the operating efficiency of its growing store chain. Net income margin for 2013 increased to 5. 8 percent from 5. 2 percent the previous year. JEFF opened a total of 98 stores in the fourth quarter-?? the highest number opened in a single quarter in the company's 35- year history. It ended 2013 with an international store network of 2, 764, of which 2, 181 are in the Philippines. " Our progress in building the business has been taking place across our brands in different countries.

In the years ahead, we look forward to rather strengthening our brands and accelerating our profitable growth by keeping our intense focus on the fundamentals of our business for the benefit of our consumers: Superior product quality and taste, value, service, restaurant experience and store locations made possible by an even stronger JEFF organization," Atomization said. For 2014, Jollied has earmarked PA. 3 billion in capital spending. It will be used to open new stores and renovate old ones. The budget is higher than the PA. Billion capital outlays in 2013, when the company opened 235 new stores. In the percent, while business grew by 19. Percent in China, 17. 2 percent in the United States, and 35. 3 percent in Southeast Asia and the Middle East. In Southeast Asia, growth was led by Vietnam, where business rose by 40. 2 percent. Same store sales across its global network for the fourth quarter grew by 8-9 percent year-on-year on higher customer traffic and purchases per store. With higher net profit last year, Jiff's return on equity improved too 15-year high of 21. 3 percent from the 18. 3 percent seen in 2012.

Aside from the flagship Jollied brand, JEFF operates Chocking, Greenwich, Red Ribbon, Mange ' nasal and Burger King. In China, it operates the Younger King, Hong Chuan Yuan and San Pin Wang chains. It likewise has a 50- percent stake in the Joint venture operating Highlands Coffee (in Vietnam and the Philippines), PH (in Vietnam, Indonesia, Philippines, Hong Kong, Macaw and Cambodia) and 12 Saba (China). D) An assessment of external factors for each market (PEST analysis) The general environment consisting of 6 segments and the analysis of its effects on Jollied is as shown below.

Demographic In the local Philippines context, the million consumers walking into Jolliness's stores daily represent strong demand for its products. The uniqueness of the geographical landscape of Philippines has also made it a challenge for fast-food companies. Globally, there are many Filipinos workers situated in the overseas market, especially in the United States where there are estimated to be around 2 million Filipino immigrants. Besides the US, many Filipinos are also situated in parts of Asia such as Hong Kong, Brunet and Indonesia.

Not limiting to Filipinos, their stores have also attracted other Asians to eat at their restaurants. Economic The growing economic capabilities of developing countries have attracted major layers in the fast food industry to establish their stores there. Likewise for Jollied, the growing market possibilities in Indonesia for Chinese food enabled Jollied to venture into the market by introduction of Chocking Brand. The potential China market for fast food also led Jollied to acquire 85 percent ownership in Young he King Chain.

Coloratura The social and cultural of each country differs from one another. For example, a Chinese might prefer to have noodles instead of rice in Japan. In our case of Jollied, the “ longhand-scrap” concept adopted by them may be hugely popular to Filipinos nonusers, but this concept may not do so well in global markets. Foreign consumers might not like the traditional taste of Jolliness’s food, as compared to bigger global players such as McDonald. Global The ever changing global landscape is one of the critical factors Jollied has to consider.

As illustrated in the case study, Philippines have seen major global players entering the fast-food market having a take on this pie. Although Jollied have always been the dominant in this segment, competing in foreign markets seems to be in a different story. Not only they have to penetrate the foreign market with their proven ND successful local recipe, they would also have to compete against already established players such as McDonald, Wendy and KEF. E) Estimate the costs, risks, financial viability for each market.

Papua New Guiana: Raising the Standard In early 1996, at the recommendation of poultry business approached Tony Kitchener about a Jollied franchise. He described a country of five million people served by only one poorly managed, 3-store fast-food chain, that had recently broken ties with its Australian chicken restaurant franchise. “ Port Moresby does not have a single decent place to eat, “ he told Kitchener. He believed Jollied could raise the quality of service and food enough to take much of the Australian chain’s market share while discouraging further entrants.

Although the original plan had been to open Just one store in the foreseeable future-?? in the capital, Port Moresby-?? Tingling was certain that the franchisee could only cover the costs of developing the market if he put in at least three or four stores soon after. But he was uncertain whether Papua New Guiana could support the 20 stores that he saw as the target critical mass for new markets. (For comparison, in the Philippines, approximately 1, 200 fast food outlets competed for the business of 75 million people.

GNP per capita in both countries was almost at IIS$2, 500.) Hong Kong: Expanding the Base Also on Tension’s plate was a proposal to expand to a fourth store in Hong Kong. The franchise, owned by Jollied in partnership with local businessmen and managed by Tommy King, Tact’s brother-in-law, opened its first store in September 1996 to instant, overwhelming success. Located near a major transit hub in the Central district, it became a gathering place for Filipino expatriates, primarily mommies workers.

However, appealing to the locals had proven more difficult. While volume was high on weekends, when the Filipinos came to Central to socialize, it fell off during the week, when business was primarily from local office workers. Although two more stores in Central had attracted many Filipinos, they both relied extensively on Chinese customers and generated sales of only about one-third of the first outlet. One problem was that, despite strenuous efforts, Jollied had been unable to hire many local Chinese as crew members.

According to one manager, Chinese customers ho did not speak English well were worried that they would be embarrassed if they were not understood by the predominantly Philippine and Naples counter staff. Another problem was that in a city dominated by McDonald’s, Jolliness’s brand recognition among locals was weak. Working with Henry Shih, the sub-franchisee who owned the second store, Jollied staffs were trying to help launch a thematic advertising campaign, but due to the Hong Kong operation’s small size, the franchise could not inject sufficient funds.

California: Supporting the Settlers Soon after signing is contract, Tingling had learned of year-old plan to open one Jollied store per quarter in California starting in the first quarter of 1998. Supporting Tact’s long-held belief that Jollied could win enormous prestige and publicity by gaining foothold in the birthplace of fast food, Kitchener had drawn up plans with a group of Manila-based businessmen as 40% partners in the venture. Once the company stores were established, they hoped to franchise in California and beyond in 1999.

Much of the confidence for this bold expansion plan came from Jolliness's success in Guam, a territory of the US. Although they initially targeted the 25% of the population of Filipino extraction, management discovered that their menu appealed to other groups of Americans based there. They also found they could adapt the labor- intensive Philippine operating methods by developing different equipment and cooking processes more in keeping with a high labor cost environment. In the words United States.

After succeeding there, we felt we were ready for the mainland. " The plan called for the first store to be located in Daly City, a community with a large Filipino population but relatively low concentration of fast-food competitors in the San Francisco area. (With more than a million immigrants from the Philippines living in California, most relatively affluent, this state had one of the highest concentrations of Filipino expatriates in the world.) The menu would be transplanted from the Philippines without changes.

After initially targeting Filipinos, the plan was to branch out geographically to the San Francisco and San Diego regions, and demographically to appeal to other Asian-American and, eventually, Hispanic-American consumers. The hope was that Jollied would then expand to all consumers throughout the U. S. Like the expansion strategies in PANG and Hong Kong, this project had momentum behind it, including visible support from Filipino-Americans, strong interest of local investors, and, not least, Tact's great interest in succeeding in McDonald's back-yard.) Rank the opportunities in terms of their viability and likely contribution to the business According to the corporate website, Jollied International currently has over 50 locations in Brunet, Hong Kong, Vietnam, Saudi Arabia, Qatar, and U. S. There are now a total of 26 Jollied stores in the U. S. Including 9 stores in Northern California, 15 tore's in Southern California, one store in Alas Vegas, and one store in New York. According to Jolliness's website, the company has modified its global strategy and stopped international franchising temporary.