

Marketing concept and market segmentation in practice



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Introduction

In this paper it has been discussed that how an organization practices marketing concept, segmentation and positioning elements of marketing for the promotion of its brand. Our selected company is KFC. KFC is the pioneer in the market for creating distinctive and indulgent taste in fried chicken. Right from the start of its operations KFC has kept a keen focus on developing an internal and external marketing orientation. KFC has obtained their current competitive strength to establish its brand developing a history of perfection and luxury. KFC has become a global phenomenon and fried chicken lovers all over the world now recognize the unique KFC logo as synonymous with ultimate super premium fried chicken products. However to reach at the present position KFC took sincere marketing efforts from its early days to understand customers and their needs.

Marketing Concept

The philosophy of marketing management is that organizational goals and achievements depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than the competitors (P. Kottler. 2008)

KFC is following market concept as it is focusing on the customer and making improvements in the menus according to the need and wants of the customer. It has added in its menus as fish zinger, salad, Arabian rice etc according to the demands of the customer.

The marketing concept emerged in the mid-1950s. Business shifted to a customer centered in which “sense and respond” philosophy concept came
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in Instead of a product-centered, “ make-and-sell” philosophy. Actually marketing is gardening instead of hunting. The job is not to find the right customers for the products, but the right products for the customers. The marketing concept holds that the key to achieving organizational goals consists of the company being more effective than competitors in creating, delivering, and communicating superior customer value to its chosen target markets (Kotler and Keller, 2006).

Theodore Levitt of Harvard explains that marketing focuses on the needs of the buyer and provides is preoccupied with the idea of satisfying the needs of the customer by means of the product and the whole cluster of things associated with creating, delivering and finally consuming it (Levitt, 1960).

Many researchers have found that organizations who have grip on the marketing concept, achieve superior performance. Companies focus on high level innovations to meet customers’ needs and are likely to be more successful.

Criteria to analyze KFC Marketing Concept Implementation

The criteria for this purpose will be the level at which KFC is doing to meet the needs, wants and demands of the customer and how effectively it is using its resources to achieve the desired results. KFC is following market concept as it is focusing on the customer and making improvements in the menus according to the need and wants of the customer.

KFC believes in customer’s satisfaction and regularly conducts market research to gather information. KFC has introduced various methods and

procedures to get the feedback from customers to satisfy their needs. One of the methods is online feedback about the service and products quality and taste. For this purpose a feedback questionnaire has been introduced in which experience of customers is taken about KFC service, product taste and quality to know the satisfaction criteria. Based on this, new products are introduced (kfc. com). Before the introduction of the new Product test marketing is also being done, for example KFC tested its product Double Down before its introduction (tradingmarkets. com).

KFC Corporation works on a broad quality program to deliver every time high quality food and outstanding service to customers. New Hot & Fresh programs are continuously designed to improve freshness and flavor from the kitchen to the counter. To enhance further experience of customers, improvement of food flavor, plated meal packaging and updated facilities are being implemented. In each restaurant a comprehensive customer care program is being incorporated to monitor, evaluate, and optimize the customer experience (Business Wire, 2001).

According to the President and Chief Concept Officer of KFC Corporation, “They are raising the quality bar across the board and continuing to differentiate KFC from other fast food restaurants.” KFC customers are getting a better eating experience through great tasting real food, freshness, diversity and quality”(Business Wire, 2001).

KFC Response to Customer Needs and Lifestyles

KFC has worked to satisfy customer needs by developing menu items that become accustomed to a portable, on-the-go society and consumer's

changing tastes. Popular menu items like Spicy BBQ Wings, Popcorn Chicken, Extra Crispy Chicken, and Crispy Caesar Twister have all been introduced to meet the need of customers. KFC also includes country wise local accepted menus such as fish zinger and Arabian rice according to the demand of the customers.

KFC introduces side dishes on a regular basis to ensure customer flavor and quality expectations are met. KFC believes that consumers seek more food variety and flavor than what most burger chains serve every day, therefore according to the President of KFC they will continue to offer new products that broaden KFC's appeal to a wider audience.

Improved Dinning Experience

Customers always look for a dinning place with attractive atmosphere.

In addition to enhancing the quality of food and how it is served, the dining experience is elevated by an attractive decor. The innovative design for both interior and exterior of KFC restaurants attract customers. Due to this individual design restaurants receive aesthetic package to enhance drive-by appeal and differentiates KFC from other fast food restaurants.

Stress on Long Term Profitability

KFC stresses more on the long term profitability rather than short term sales, because it s continuously working to satisfy the needs of customers by doing market research, making new innovative and tasty products by testing in the market. These activities reveal that KFC policy is to make long term profits.

Segmentation

Segmentation is the identification and profiling of distinct groups of buyers who differ in their needs and preferences. Companies' task is to identify the segments and then decide which one to target. By segmentation company can most probably better design, price, disclose and deliver the product or service to satisfy the target market. The company also can fine-tune the marketing program and activities to better reflect competitors' marketing (Kotler and Keller, 2006).

Segmenting market is to bring customer satisfaction more cost effectively than competitors. Certain variables are involved in market segmentation; they are age, distance and purchase sizes etc. KFC's has different market segment as compared to street food store selling cooked rice. There is difference in terms of the needs of customers. KFC's customers give importance to Clean, and comfort, such as the middle income and high income groups. These groups can afford higher pricing. They demand quality and taste, therefore KFC can charge higher price as compared to a cooked food store to this segment.

Criteria for Segmentation

For effective segmentation following criteria is used by the firm (Kotler and Keller, 2006):

1. **Measurable:** It is the level to which the size and purchasing power of resulting segments is measured

2. Substantial: It is to know, whether chosen segment is large enough to necessitate consideration and whether it is profitable or not.
3. Accessible: This criterion determines that how consumers in the segment are reached by suitable marketing communications?
4. Differentiable: This criterion is set to know how the segments are different from each other and how they respond differently to various marketing mix elements and programs?
5. Actionable: This criterion shows that how an effective marketing program can be formulated to get results from the selected segment.

Market Segmentation by KFC

In the light of the above mentioned segmentation criterion, KFC selects the segments on geographic, demographic, psychographic, and behavioral basis. KFC initially focused on single segment through Niche Marketing with the offers of Combo Deals, but now the company is focusing on other classes and has increased the target market.

Geographic Segmentation

It is division of the market into different geographical units, for example states, nations, regions, cities, countries, or neighborhood. KFC deals internationally and has number of outlets in various countries. KFC sells its products according to the geographic needs of the customers, worldwide and it is measureable. For example in Australia its geographic segmentation is wide. It has 590 outlets in Australia (numberof. net). Geographically KFC is present in so many cities such as it is present in Melbourne, Sydney,

Brisbane, Perth, Richmond, and in other cities of Australia. Density wise mainly its presence is in urban and sub urban areas there is no climate specificity. KFC has reached this segment as it is present in so many countries and in many cities of Australia.

Demographic Segmentation

Demographic segmentation relates to dividing the market into groups based on income, age, education, gender, family size, religion, occupation, race and nationality. KFC divides the market on demographic basis in the following manner:

Age 6-65

Gender Both Males and Females

Family Size 1-2, 3-4, 5+

Income \$150 and above

Occupation Not Specific

Education: Not Specific

Religion: Not Specific

Generation: Not Specific

Nationality: Not Specific

Family lifecycle: Almost All

Segmentation based on ethnic groups plays important role, for example in Australia KFC has segmented its market on ethnic group basis and have introduced Halal Food for the Muslim community. In Bankstown and nearby Punchbowl, which have very high Arabic-speaking Muslim populations KFC has offered Halal Foods accredited by the Islamic Council of New South Wales (Contemporary Management Research, 2006). In this way KFC sales has increased by covering the Muslim population segment.

Under demographic segmentation, KFC focus on the income bracket of consumers. Its products are mostly aimed at the well off with higher disposable income to spend on premium fast foods. Although KFC do not segregate taste by gender they do tend to highlight the image of fried chicken by featuring couples in all their international adverts. KFC tend to link their products directly either sex in fulfilling the inner desires. KFC has also segmented the children group by introducing the Zinger Junior.

Psychographic Segmentation

Psychographic Segmentation means to divide a market into various groups based on lifestyle, personality, or social class characteristics. KFC has divided market on the basis of psychographic variables as follows:

Division by Social Class: Middle class, Upper class and

Lower class

Life Style: Luxury and Indulgence

Personality: Gregarious, Authoritarians and

Ambitious people

Perhaps the most important type of segmentation bases is the psychographic segmentation. To be attracted to eating super quality and tasted fried chicken products, people need to be part of a particular lifestyle segment. They should be among those who enjoy the luxury and indulgence connected with the brand. KFC has been portrayed to be a sign of individual taste and for this reason; the brand creates an image to be the number one fried chicken in the minds of consumers.

Behavioral Segmentation

Behavioral Segmentation is dividing a market into groups based on the attitude, consumer knowledge, and use or response to a product. In this aspect KFC segmented the market on the basis of taste, quality, and price. Following are the different possible segments in this regard. KFC divides the market on the basis of behavioral variables as follows:

1. Taste conscious
2. Quality conscious
3. Class conscious
4. Combination of price and quality

TWO distinct segments

Using the above mentioned segmentation means, KFC has narrowed down its business to cater to specifically two main target markets,

*well off, taste and quality seeking adults who are normally brand conscious, innovators & trend followers

*Health conscious, young adults who are interested in fast foods but prefer natural ingredients and low fat substitutes.

With the identification of two target segments but profitable segments KFC is practicing a niche market strategy. They have been reasonably successful in identifying and catering to this segment and this can be determined by their growth from USA to its global presence all over the world. To identify which segments are profitable to market not enough. Companies need to design a marketing mix to cater to each of these segments. The next section discusses KFC's current marketing mix for the mentioned segments.

MARKETING MIX used by KFC for Well of, taste and quality seeking adults and Health conscious Young adults:

PRODUCT - All products are made with exotic ingredients to make the fine taste. KFC provides variety of products for this segment. The products for this segment include high quality rich in calories such as Fried chicken, sandwiches, and Burgers with high price including big deals and size. For health conscious young adults, KFC has introduced Tran's fat free fried chicken and burgers with same traditional taste (servinghistory. com). These products are low in caloric value such as Tender roast chicken Breast without skin, Hot and Spicy whole chicken Wings Etc (livestrong. com), therefore these suits to the health conscious segment.

Price

An important part of the marketing mix is price which customers have to pay to purchase the KFC products. KFC have set different prices for different products for both the segments. KFC has adopted cost base pricing strategy.

Since the segment belongs to high and middle income group, therefore prices are set on a higher side.

Place

Place is another marketing mix used by KFC. It has developed restaurants in the posh and prominent places in all countries. KFC has adopted direct channels to make the product available to target consumers. Both the selected segments customers can get their desired items from the nearby KFC restaurants. KFC also provides free home delivery to its customers from the restaurants.

Promotion

Promotion relates to the activities by the companies through which they communicate the products and influence target consumers to buy it. To attract both the segments, KFC sponsors various games and uses the slogan, MAXIMUM ENJOYMENT IN MINIMUM TIME. To attract the segment KFC has developed advertising slogan which is, " Nobody does chicken like KFC".

Billboards, Newspapers Ads, Posters, Internet Banners, TV Ads, Transit Ads, and Leaflets are used to advertise the KFC products to further catch the attention of the stated segments.

The difference between the marketing mixes for both the segments is that Products are different for both the segments. For well of, taste and quality seekers Big deals and more caloric products are available whereas for health conscious consumers low fat products are prepared. Price structure is also different for both the segments. Regarding promotion both segment

products are highlighted separately. For example KFC projected its Trans fat free frying with zero calories in the TV spots (findarticles. com).

Positioning

Positioning is the place, a product occupies in the minds of consumers' relative to competing products. (Philip Kotler, 2008)

The major success factor of KFC is the way it positioned itself in the minds of the consumer. It took a strategic marketing attitude to achieve this positioning. KFC makes differentiation with competitors like MacDonald, King Burger and Subway by using the finest products and developing of a premium brand. The next section will look into how KFC position itself.

KFC uses its attributes to Position its Product. To occupy a clear, distinctive and desirable place relative to competing products KFC, works on target consumer. In order to know the customer demands and improvements required, KFC takes feedback from the customers. KFC poisons against competitors by focusing on pure and fresh food to create a distinct and clear position in the minds of KFC customers. Since KFC has a strong brand name and are the leaders in fried chicken market, therefore it takes the help of this strength to position the products.

The KFC strategy is that it positions itself in local markets as a pleasant, bright, air conditioned restaurants with casual atmosphere. KFC targets families and young consumers which means positioning the products to “three generation” from middle and upper middle income segments.

Against competitors KFC positions itself with high quality, hygienic and affordable fast food products in an assortment of complete meals. It differentiates itself by highlighting that the chicken is prepared through unique secrets recipes in variety of traditions to suit diverse taste and eating occasions. It is also highlighted that meals are made more appetizing by supplementing with fresh, tasty side dishes and rich home style dessert.

KFC has differentiated its products on various grounds such as on the basis of Food, fun & Festivity, providing several alternatives of its special recipe in the form of chicken meals. It also offers a variety of deals to differentiate its products from its competitors. Further from the products it offers, KFC differentiates itself on the basis of the experience it provides: the right place, the right chicken, and the right celebration! Consequently the emphasis on 'we do chicken right' KFC also differentiates its service in the form of the take away, dine-in experience, and KFC on Wheels (scribd. com). In this way KFC has positioned and differentiated itself from the competitor like Macdonald, King Burger, and Subway.