Kfc malaysia essay

KFC began with Colonel Harland Sanders. He discovered his penchant for cooking when he was only 9 years old. Through the years he grew up to become a personage the world knows as Colonel Sanders, founder of KFC. He reached celebrity status in 1952, when he decided to franchise his famous Kentucky Fried Chicken recipe blends of 11 herbs and spices to the rest of America. By the early 70's, that special recipe reached Malaysia. Today, KFC Malaysia continues to serve finger lickin' good, succulent pieces of chicken. The flavourful blends of 11 herbs and spices give KFC's delicious aroma.

With the chicken's natural juices sealed-in, leaving a special mouth watering taste that cannot be replaced. KFC prides itself as a fast-food restaurant that give customers great tasting chicken with a selection of home-styled side dishes and desserts to make a wholesome, complete and satisfying meal. KFC Holdings (Malaysia) Bhd (KFCH). As well as being the franchisee of the KFC chain of restaurants in Malaysia, Singapore and Brunei, KFCH operates the home-grown Rasamas chain of restaurants, the Ayamas kiosks, and the Kedai Ayamas chain of convenience stores.

We are also active in poultry production and processing and a variety of ancillary businesses. KFCH operates •The KFC chain of restaurants in Malaysia, Singapore and Brunei (523 restaurants) •The Rasamas chain of restaurants in Malaysia (about 37 outlets) The Group also owns approximately 27 Kedai Ayamas and 4 Ayamas Depots, making us the nation's first branded chicken and chicken-based retail chain. In addition, to support our core activities, we are extensively involved in poultry production and processing, as well as a host of ancillary businesses such as vegetable farming, baking and sauce production.

After a successful restructuring exercise, KFCH has emerged as a strong player in the Malaysian corporate world with a high reputation for excellent products, efficient friendly service and financial strength. Indeed, KFCH is the only KFC restaurant operator in the world whose Western Quick Service Restaurant market share is greater than that of McDonald's. KFCH is part of QSR Brands Bhd (QSR Brands) – a leading, fully-integrated quick-service restaurant enterprise and the local franchisee and operator of the KFC and Pizza Hut restaurants.

QSR Brands is in turn a subsidiary of Kulim (Malaysia) Berhad, a conglomerate focusing mainly on palm oil operations, oleochemicals, biodiesel production and quick service restaurants. With about 26, 000 staff in Malaysia, Singapore and Brunei, KFCH is one of the biggest employers in its sector. BOARDS OF DIRECTOR Tan Sri Dato' Muhammad Ali bin Hashim Ahamad bin Mohamad Chairman Deputy Chairman

Jamaludin bin Md Ali Kua Hwee Sim Managing Director / Chief Executive Officer Independent Non Executive Director Tan Sri Dato' Dr Yahya Datuk Ismee bin Ismail Hassim bin Baba bin Awang Independent Non Executive Director The first KFC restaurant was opened in 1973 on Jalan Tunku Abdul Rahman. Today there are more than 390 KFC Restaurants nationwide and still counting.

Great tasting chicken has become synonymous with KFC; and has been enjoyed by Malaysians ever since. In fact, KFC Malaysia has developed a distinctive Malaysian personality of its own. To be the leading integrated food services group in the ASEAN region delivering consistent quality products and excellent customer-focused service. To maximise profitability, improve shareholder value and deliver sustainable growth year after year. The KFCH principles are adapted from the Yum! Dynasty Model and are known as the KFCH Dynasty Model. * The KFCH Dynasty model is made up of five key elements: To satisfy our customers every time they visit our restaurants and to do it better than our competitors * People capability comes first – satisfied customers and profitability follow * Know and drive the business, and build and align teams * Be the best at providing customers with branded restaurant choice and branded products * WORK TOGETHER: Our leadership principles KFC is the largest fast-food chain in Malaysia and Brunei, serving world famous Original Recipe fried chicken which contains secret blend of 11 herbs and spices.

Apart from serving finger-licking good food, we continuously aim for high quality and are committed to ensure food safety by stringent control to maintain our standards. We cook our products well above the minimum temperature recommended by WHO. We have developed standard procedure that would minimize risk of cross contamination between raw and ready-to-eat products. We provide information on the nutritional values of KFC products to assist our customers in planning a wholesome and balanced meal.

For frying all of our products, we use non-hydrogenated palm oil that contains insignificant amount of trans fat and it is 100% cholesterol free. We have a team of food technologists constantly experimenting with new flavors and creative concepts to provide more value, choices and healthy options for our customers. Apart from introducing international products into our market, we have also developed some popular local flavors designed to enable our customers to enjoy an exciting dining experience. ____ Supplier Quality

Quality control begins from the supply of all the raw materials. We conduct an annual supplier audit, namely the STAR Audit, which is a YUM proprietary programme, similar in many ways to the ISO approach. The STAR Audit comprises two versions; the Food Safety and the Quality Systems Audits. The STAR Audit is either conducted by a third party international auditing company appointed by YUM or our very own team of professional food technologists from the KFC Quality Assurance Department. The results are reported to and reviewed by our regional franchisor for continuous improvement.

Suppliers' performances are constantly monitored through regular submission of quality reports. In addition, our food technologists also conduct quarterly QA evaluations on our in-house suppliers. We use top quality raw materials from reputable suppliers such as Nestle, UBF, Kerry Ingredients, LambWeston, Simplot, McCain and Jomalina, as well as from our in-house suppliers such as Ayamas, Region Food, KFC Bakery and KFC Commissary. Our chicken supplier Ayamas is monitored closely by Department of Veterinary Service and has obtained the VHM (Veterinary Health Mark) Logo.

It is also an ISO 9001 certified company. All Ayamas chickens are slaughtered by personnel certified by Jabatan Agama Islam Selangor to ensure Halal procedures are met. ____ Restaurant Quality The main attributes for KFC restaurant excellence are CHAMPS. C – Cleanliness H – Hospitality A – Accuracy M – Maintenance P – Product Quality S – Speed of Service We have a field service team of QA personnel (also known as CHAMPS Recognition Specialist) to conduct regular evaluations in every KFC restaurants throughout the country.

The evaluation covers all aspects of CHAMPS including the cleanliness and sanitation of the premises and equipment, personal hygiene, hospitality/friendliness in service, accuracy in the serving order, good maintenance, product quality standards and speed of service. Above all, we follow strict temperature control and shelf life to ensure the food served to our customers is fresh and safe. We have a Mystery Customer Program known as CHAMPSCHECK which evaluates customers experience in our KFC restaurants. We have appointed a reputable surveillance company to check against the CHAMPS concept.

Every restaurant is subjected to a visit by a Mystery Customer and the dine-in / take-away experience is evaluated and scored. KFC sets a minimum standard of 90% as passing score for this evaluation. Feedbacks taken from this evaluation is used and studied for continuous improvement in our restaurants. KFC HACCP Programme We have also established a Hazard Analysis Critical Control Point (HACCP) Programme for KFC restaurants. HACCP is a management system for the assurance of food safety. The process includes identifying, evaluating and controlling hazards i. e. physical, biological and chemical to ensure food safety.

It is applied from receiving of raw materials at our restaurant until serving to our customers. KFC KLCC has been audited and certified by a reputable certification body since 2005. All the established Critical Control Points (CCPs) are now included in our Daily Operations Checklist which is used by all the KFC restaurants in the country. Sanitation / Personal Hygiene Our daily operations manual clearly highlights each step of the sanitation procedure to ensure strict compliance to the KFC requirement. Each staff has to undergo the Food Handler's Course conducted internally by KFC which is recognized by the Ministry of Health.

We have implemented a handwashing procedure to ensure each staff washes his/her hands at least once every hour and whenever necessary. The procedures include wetting hands first, then rubbing the hands together, fingers between fingers, around the wrist and up to the elbow with liquid antibacterial handsoap, for 30 seconds. Then the hands are rinsed with clean water under the hands-free tap, and dried with single-use paper towels. No bare hands are allowed to touch any finished products. Instead, we constantly stress on the importance of using disposable gloves, sanitized scoops or tongs.

All our restaurant teams including managers are immunized against Typhoid upon employment. Pest Control Due to the encouraging conditions in the tropical climate, pest control is indeed a challenge. However, we relentlessly continue to maintain our standards and have engaged reputable pest control companies to assist us in this matter. The trained service teams conduct regular inspections which include night treatment after operation hours and also provide follow-up checks during operation hours whenever needed, in every restaurant. There is a detailed checklist to ensure that no steps are missed.

All pesticides are approved by Pesticide Board and have Material Safety Data Sheet on file for staff reference. Each pest control company will present periodic trend reports of pest activity to the management for corrective actions and remedy. The total cost for all the services nationwide is approximately half a million ringgit annually. AWARD AND ACHIVIEMENT AwardYearAwarding Body Best Brand Image Award2006Yum! Brands Best Overall Marketing Award2006Yum! Brands Best New Product Award2006Yum! Brands Product Excellence 2006 2006Yum! Brands Marketing Excellence 20062006Yum! Brands

Product Excellence Award2007Yum! Asia Marketing Excellence Award2007Yum! Asia Advertising Excellence Award2007Yum! International Best Development Award2007Yum! Asia Overall Marketing Award 2007Yum! Asia Tiger Award2007Yum! Asia Industrial Excellence Award for Service Sector2008Malaysia 1000 Brand Excellence in Product Branding for Fast Food Chicken Category2008BrandLaureate Products Colonel Burger Zinger Burger Snack Plate • Colonel Burger Meal• Cheezy Wedges (R) • 2 pieces Chicken • Cheezy Wedges (R) • Zinger Burger• 1 Coleslaw (R) RM 5. 0 RM 7. 25 • 1 Butter Bun • 1 Whipped Potato (R)RM 7. 95 Dinner Plate Colonel Chicken Rice Combo • 3 pieces Chicken • 2 pieces Chicken • 1 Butter Bun• 1 Chicken Meatball Soup • 1 Coleslaw (R) • 1 (R) Carbonated drink • 1

Whipped Potato (R) RM 9. 75 RM 10. 35 You are here: colonel's menu / individual & family meals •2-Piece Chicken RM 6. 05 •3-Piece Chicken RM 9. 05 •5-Piece Plate (5 pieces of chicken) RM14. 90 •Thrift Plate (9 pieces of chicken) RM26. 70 •Family Plate (12 pieces of chicken) RM35. 20 Bucket (15 pieces of chicken) RM43. 55 •Barrel (21 pieces of chicken) RM60. 40 a. m. Riser a. m. Twister a. m. Sausage Platter Nasi Lemak Enak Chicken Porridge2-Piece Special a. m Junior Breakfast Competitor's McDonalds The birth of McDonald's began with Raymond Albert Kroc. Ray Kroc was the exclusive distributor of a milk shake maker called the Multimixer. Meanwhile, two brothers, Richard and Maurice McDonald owned and ran a hamburger restaurant in San Bernadino, California, in the 1950s. Ray Kroc heard how well the McDonald brothers were doing using his Multimixers to serve their customers.

He met up with them and acquired the franchising right from them to run McDonald's restaurants. A great success story was in the making. In 1955, Ray Kroc founded the McDonald's Corporation and opened the first restaurant in Des Plaines, Illinois. In 1961, he bought out the McDonald brothers. And the rest, as they say, is history. McDonald's grew into the largest restaurant organisation in the world. Today, there are more than 30, 000 McDonald's restaurants serving 47 million customers each day in over 100 countries. Ray Kroc died in 1984 but his legacy is very much alive.

His success story continues with McDonald's families of employees, franchisees and suppliers. His commitment, dedication and achievements continue to live on at McDonald's restaurants across the world. McDonald's in Malaysia McDonald's first made its way to our shores in December 1980 when McDonald's Corporation, USA gave GOLDEN ARCHES RESTAURANTS SDN BHD the license to operate McDonald's restaurants in Malaysia. We in Malaysia got our first taste of McDonald's when McDonald's Malaysia opened its first restaurant at Jalan Bukit Bintang, Kuala Lumpur on 29 April 1982.

To date, McDonald's Malaysia has 185 restaurants located nationwide and is currently expanding at about 10-15 restaurants annually. McDonald's has created many job opportunities in Malaysia. McDonald's Malaysia employs more than 7, 000 local people with 120 support staff at its headquarters managing the day-to-day operations of the McDonald's business. There is also a regional office in Penang and Johor Bahru. Mission & Vision Mission – To be our customer's favourite place and way to eat. Vision – To provide simple easy enjoyment to every customers at every visitevery time. service, cleanliness and value every time. Product : same as KFC Present Strategic Marketing Strategy Marketing Mix •The marketing mix is generally accepted as the use and specification of the ' four Ps' describing the strategic position of a product in the marketplace. •Product •Price •Place •Promotion Segmentation •Geographic segmentation : KFC has outlets internationally and sells its products according to geographic needs of the customer. In India KFC focuses how geographically its customers demand different products. In north India Chicken is the main selling product, while in the south the Veg. tems sell more than the chicken. •Demographic Segmentation In demographic segmentation, the market is divided into groups based on an age, gender, family size, income, occupation, religion, race and nationality. KFC divides the market on demographic basis in this way: •Age is between 6-65. •Gender is both males and females. •Family size is 1-2, 3-4, 5+ •Income is Rs 10, 000 n above. •Family lifestyle is almost all. •Psychographic segmentation Dividing a market into different groups based on social class, lifestyle, or personality characteristics is called psychographic segmentation.

KFC divides market on the basis of psychographic variables like •Social class- Upper and Middle class. •Lifestyle is not specific. •Personality is ambitious and authoritarian TARGET MARKET •“ The process of evaluating each market segment’s attractiveness and selecting two or more segments” As the outlets of KFC are in posh area and prices are too high (overhead expenses-rent, air-conditioning, employees), so KFC targets upper and middle classes. Target market depends upon size and growth rate of population, Company resources and structural attractiveness of market segment. Market Positioning

KFC uses its attributes to Position its Product(Fried Chicken) •For a product to occupy a clear, distinctive and desirable place relative to “ Competing products in the minds of target consumer. ” •In KFC feedback is taken from the customer in order to know the customer demands and then improvements are made in products. KFC focuses on pure and fresh food in order to create a distinct and clear position in the minds of customers KFC has a strong brand name and they are leading the market in fried chicken. Price •Price is the any amount of money that customers have to pay while purchasing the product.

More broadly, price is the sum of all the values that consumers exchange for benefits of having or using the product or services Demographic factors

•Age: Generally there is no age limit focus by the KFC. The target and focus is on each and every individual in a society. KFC finds its largest demographic in the young of any society. •Gender: Both male and females are focused by KFC, gender does not play any role here. •Household Size: This plays a vital role in the demographic factor of the KFC. Generally they target whole families rather than single persons.

This being the reason for their Family Meals which are basically bundled items served at a nominally cheaper rate. Economic Factors •Income: Income is an important key factor for KFC. This factor decides which class is to be targeted. In the early rise of KFC they focused on the upper class but slowly are introducing economy meals that attract the lower to middle classes. •Consumption Behavior: It estimates the behavior of people, their liking and disliking towards the pricing of the products. Geographic location preference: •urban •semi urban Behavior segmentation •taste conscious quality conscious •class •combination of product and quality Pricing Strategy •Market skimming: 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. Competition •We can compare the price of their products with McDonald, Dominoes and Pizza Hut. If the competitor provides the same product at a lower price then the organization usually lowers the price of its product too.

In the case of KFC, Fried Chicken is its main selling point and controls a monopoly over the Indian fast food market (only with fried chicken). It prices its burgers, French fries and soft beverages with relation to its competitors.

Cost Based •KFC price their product keeping different points in view. They adopt the cost base price strategy. Pricing of the product includes the govt. tax and excise duty and then comes the final stage of determine the price of their product. The products are bit high priced according the market segment and it is also comparable to the standard of their product.

In the cost based method we include the variable and fixed cost. Place •TARGET AREAS •" Free home Delivery" strategy – They provide free home delivery to offices & homes (select countries). •Accessibility – Resulting in several outlets to cater to the needs of people in & around the city. •Hectic lifestyle – Due to the hectic lifestyle of office goings individuals the fast food concept saves time of preparing food and gives the customer a full meal quickly. •Economically convenient – The pricing appeals to the many classes of a society. 1. Location Hectic lifestyle of individuals – giving them more time at work and less stress about waiting for food. –Commercialization of urban and sub-urban markets leading to more mid-sector people that find high-end eating joints very to expensive. –Mid-sector people are always looking for change which KFC provides in their range of fast food. –Quality conscious – people in urban areas are more conscious about the quality of food than rural areas. –Urban areas are more populated therefore they help with attracting higher revenues. 2. Placement of outlets Due to KFC placing itself close to schools, colleges, cinemas and markets which are mostly populated by the young and those who are in a hurry, KFC enjoys a large number of footfalls everyday. In addition, they also have outlets close to non-vegetarians (mostly Muslim populated areas). STRATEGY •Given the competitive nature of fast food joints, KFC uses the " Push Strategy" to help them create: –Awareness –Be different –Sound attractive CHANNELS •KFC believes in first level channels in the order given below: –Manufacturers –Retailers –Consumers CHANNEL PROCESS

KFC works on the flow of good operation techniques i. e. “ Good Operating Manager> leads to “ Good Team Selection > Good Services > Good Targets > Good Revenues through the following internal strategies: •Training •Incentive based targets •Recognition for good work •Performance based bonus •Employee benefits to keep them motivated •Promotion Promotion Promotion is the method used to inform and educate the chosen target audience about the organization and its products. Using all the resources of promotion: •Advertising •Sales Promotion •Public Relations Events and Experiences •Coupons, Discounts and Bundled packages •An organization finds most of its meanings and survival through promotion. At KFC, Promotion is the main tool to bring all chicken lovers attention towards its delicious one-of-a-kind product, the Fried Chicken. Advertising The logo of the smiling Colonel is probably one of the most recognized faces in the world and instantly brings the image of fried chicken to one’s mind. •KFC and its new company jingle, “ finger lcikin good” is a frequent announcement on televisions, billboards, flyers and radio.

The concept of showing a normal customer deeply involved in devouring his piece of chicken usually turns on the drool factory in everybody’s mouth and makes them rush to the nearest KFC. In India where chicken lovers are plenty abound these ads featuring normal people connect instantly and create a rush at their outlets. Using the following methods KFC spreads its message of finger licking good chicken. •Using Reminder advertisements

KFC stimulates repeat purchases of its products. The company anthem " finger linkin good" is just a wake up call to the consumer to remind them how good they felt the last time they ate KFC chicken. Sponsorship is another tool to strengthen an organizations image. KFC is currently the sponsor of the Australian Cricket Team and the colonel logo can be seen on their uniforms throughout the matches. Sales Promotion •KFC uses the following tools to further enhance its sales. •Premiums •Exhibits •Coupons •Entertainment All KFC outlets offer its customers with various forms of incentives to buy its Chicken. Using coupons that one can acquire after spending a particular amount over a period of fixed time, customers can enjoy the benefits of free meals or free add-ons.

Additionally they provide meal vouchers and exciting offers in their print ads, which the customer must cut and bring along. BCG Matrix of KFC The need for strategy, in order to expand its existing product in very promising markets for KFC is very essential. KFC, along with McDonalds, and other major fast food chains have dominated the American continent as well as else where. Since the 1950's when the founder of KFC had a dream, of building an empire in the fast food market, the company has undergone lots of changes.

The company has changed ownership; it has taken over from Pepsi and passed over to Tricon, which owns Pizza hut, Taco bell and others. Nowadays, KFC, still dominates the chicken fast food industry while has stores in more than 100 countries operating vast profits. (De Witt ' et al. 2004a) Although, due to increased conditions of life, and differentiation of the life style of the population around the world, there is still a lots of room for expansion, especially in countries with large population, and high development rate.

KFC using the BCG matrix and SWOT analysis to analyze what is the current position of the company and identify that the company has the potentials to growth in fast food market. In the late 1960s the Boston Consulting Group, a leading management consulting company, designed a four-cell matrix known as BCG Growth/Share Matrix. This tool was developed to aid companies in the measurement of all their company businesses according to relative market share and market growth. The BCG Matrix made a significant contribution to strategic management and continues to be an mportant strategic tool used by companies today. The matrix provides a composite picture of the strategic position of each separate business within a company so that the management can determine the strengths and the needs of all sectors of the firm. The development of the matrix requires the assessment of a business portfolio, which include an organization’s autonomous divisions (activities, or profit centers). The BCG or growth- share matrix imposes a two- dimensional analysis on management of Strategic Business Units: a comparative analysis of business strength and an assessment of the environment.

The business strength measure is the business; s Relative Market share. The environmental measure is the Market Growth Rate. BCG Matrix: The market growth rate measures industry attractiveness. Because for the case of YUM Brand, all SBUs (KFC, Taco Bell, Pizza Hut, Long John Silver’s, A) are located in the same fast- food industry, the referent standard is the industry growth rate measured against the SBUs’ growth rate. The underlying theory for examining market growth rate is the industry life cycle. The BCG assumes that growth rates (life cycle stages) affect a firm’s finances. Asia? Europe USA Americas

Placing products in the BCG matrix results in 4 categories in a portfolio of a company: 1. Stars (= high growth, high market share) •Use large amounts of cash and are leaders in the business so they should also generate large amounts of cash. •Frequently roughly in balance on net cash flow. However if needed any attempt should be made to hold share, because the rewards will be a cash cow if market share is kept. So, KFC Malaysia is under Star position. 2. Cash Cows (= low growth, high market share) •Profits and cash generation should be high, and because of the low growth, investments needed should be low.

Keep profits high. 3. Dogs (= low growth, low market share) •Avoid and minimize the number of dogs in a company. •Beware of expensive ‘ turn around plans’. 4. Question Marks (= high growth, low market share) •Have the worst cash characteristics of all, because high demands and low returns due to low market share •If nothing is done to change the market share, question marks will simply absorb great amounts of cash and later, as the growth stops, a dog. The Characteristics of each SBU Type SBU StrategySBU profits Required Investment Net Cash Flow STARHold/ IncreaseHighHigh-or+ Cash CowHoldHighLowHigh+

Question Mark Increase/Divest0 or -Very High or DisinvestHigh-or+ DOGHarvest or DivestLow or-Disinvest+ The analysis requires that both measures be calculated for each SBU. The business strength dimension, relative market share, is included to measure competitive advantage. The KFC is falling on cash cow where a low growth and high market share is. So, the profit and cash generation is high and because of low growth, investments needed should be low. The funds received from cash cows are often used to help other businesses within the company, to allow the company to purchase other businesses, or to return dividends to stockholders.

So the KFC should hold on what it has doing now. Three Paths to Success (star-cash cow-question mark) ? Continuously generate cash cows and use the cash throw-up by the cash cows to invest in the question marks that are not self-sustaining ? Stars need a lot of reinvestments and as the market matures, stars will degenerate into cash cows and the process will be repeated. ? As for dogs, segment the markets and nurse the dogs to health or manage for cash Three Paths to Failure (star-question mark-dog, cash cow-dog) ? Over invest in cash cows and under invest in question marks ?

Trade further opportunities for present cash flow ? Under invest in the stars ? Allow competitors to gain share in a high growth market ? Over milked the cash cows SWOT Analysis Strength -International Brand with good reputation. – A common but extraordinary place: all people and culture can eat. Weakness – Few outlets are located too close. For example, the two KFC outlets Taman Equine, Seri Kembangan, Selangor. One outlet is located inside the Jusco Shopping Centre, another one located beside the Petronas station. – The distance between both outlets are so close, less than 200 meter away.

Whether both outlets are branch or franchise, such practise will definitely increase the unsecure feeling among current and future franchisee of KFC. – One McDonald’s restaurant is located near the Jusco shopping centre. But there is no McDonald’s restaurant inside Jusco shopping centre. Opportunity - Internet Online printout KFC coupon helps KFC promote her new products a lot. It is amazing. Use the power of internet to get close to the customers. Threats -“ Healthy living with less or no meat” might become future trend. - More and more vegetarian restaurants can be seen around major cities in Malaysia. More muslim product restaurant such as Radix FC. Value delivery process anning (1988) states the existence of at least two views of the value delivery process [Exhibit 1 (a) and (b)]. The traditional view is that the firm makes something and then sells it to the customers. The process of value delivery comprises of two steps i. e. making the product and selling the same. The marketing activity consists of pricing, selling, product promotion, distribution and after sales services. The customer figures at the receiving end of the process of value delivery. However the present situation provides the customers with abundant choices.

The mass markets are actually fragmenting into numerous micro markets and the customers demand the products customised to their needs at the lowest possible price. A firm going by this somewhat parochial view of value delivery is likey to be outsmarted by a competitor who is more customer oriented. The modem view of value delivery process starts from the customer wherein the companies have to create value first before they undertake operations to deliver the same. The process of value delivery is divided into three components namely choosing the value, providing the value and then communicating the value.

Choosing the value is a set of activities undertaken before the product (offering) is developed. It starts from customer segmentation for a focussed selection of the markets and then developing value positioning. The component of providing the value undertakes product development on the basis of chosen value. This includes operations of manufacturing, sourcing and distribution of the value offering (product). Pricing preceedes operations to act as benchmark or the control limit of product cost for the operations. The price must fall within the range that provides maximum perceived customer value.

The operations cost and profits lie within this benchmark. The activities of sales promotion and advertisement communicate the value to the customers. In the present situation where the customers look for information before purchase and the spatial convenience of the information is as important as the spatial convenience of the product. Value chain analysis Exhibit 4 : The generic value chain Source : Michael E. Porter (1990). The Competitive Advantage of Nations. The Macmillan Press Ltd. London, Value chain analysis is a tool for identifying potential comparative advantages.

The value chain provides the firm with a comprehensive framework for systematically searching for ways to provide superior value to the customers. Every firm is a collection of activities that are performed to design, produce, market, and deliver and support its products. The value chain can be desegregated into nine primary and support activities. Such a division can help a firm to understand existing and potential sources of advantage as also low value or redundant activities or processes. The nine activities consist of five primary activities and four support activities. i) The primary activities: They represent the sequence of bringing materials into business, operating on them, sending them out, marketing them and servicing them. The primary activities comprise of the following: * Inbound logistics (sourcing and purchase) * Operations (Manufacturing and allied activities) * Outbound logistics (Distribution and transportation for product delivery) * Marketing and sales (Communicating and persuading customers) * Services (After sales services) (ii) The support activities: The secondary activities comprise of the following: Firm's infrastructure (covering the overhead of general management, planning, finance, accounting, legal and government affairs borne by all primary and support activities) * Human resource management (provides and manages human resources across the organisation) * Technology development (development means to make the existing operations more efficient and also contributes to newer means to deliver customer value) * Procurement (involves procuring resources other than raw material and utilities to carry out primary and secondary activities)

These activities occur throughout all these primary activities. The firm's task is to examine its costs and performance in each value activity and to look for improvements. It should consider its competitors' costs and performances as benchmarks. Reccomendations Short-term: Based on the analysis, we can conclude that they should start by solving their internal issues such as management and restaurant menu before thinking about expanding. They should work on the management issues to create a good atmosphere where employees are happy to work in.

I certainly do not believe that by treating employees poorly, a company can be successful. They also need to make sure that their restaurants offer a diversified menu, provide their customers with quality food, excellent service and restaurant cleanliness. KFC should always listen to their customers and try to follow the new trends on the market in order to fully satisfy their customers. Otherwise, competitors will satisfy them and will eventually outperform you as Boston did with its grilled chicken.

Even though, KFC seems to have an emotional attachment to their original recipe that made their success, they definitely need to move on and develop new products that customers want in order to increase their financial performance and value. We have seen that Boston and Popeye’s are stealing customers away from KFC because they understood what customers wanted and started offering healthier items. KFC should certainly do the same and enhance their menu. Concerning their expansion strategy, KFC should start by closing a few non-profitable stores in the US that are currently drowning money from KFC.

This will allow KFC to get the cash necessary to invest in new markets, which offer more growth potential. We have seen that the US market is not as attractive as it used to be, it has become saturated and certainly does not appear to have a bright future ahead. There is also the competition in the US that makes it really hard to compete in, whereas in other foreign markets that are quasi untouched as I will discuss more in detail later. KFC has to select countries based on their attractiveness and make sure that they can provide above-average returns, which will be discussed more in detail in the intermediate term.

But first, they need to have a clear vision, solve the internal issues and get some cash in order to make sure that they are strong as a company and ready to compete internationally before going ahead with their expansion project. u Create a great working atmosphere u Develop a healthier menu u Get some cash from selling unprofitable restaurants u Evaluate countries based on attractiveness International Investments Concerning investing internationally, extremely attractive countries that can provide above-average returns are regions that have chicken as traditional dish such as third world like Vietnam and Cambodia.

Those regions should certainly be prioritized while developing an international expansion. While they start attacking those new markets, they should keep in mind to focus locally even though they go international in order to overcome certain barriers such as language, law and a good understanding of needs. Targeting new countries usually work better if you adapt to the local market. Long Term They need to stay close to their mission (provide customers with quality food, excellent service and restaurant cleanliness) and make sure to know how to achieve their long-term objectives.

They also have to keep innovating and coming up with new items regularly. Remember that even though, they come up with similar products, customers are most likely going to try them. They also have to follow the trend and go hand in hand with customers to satisfy their changing needs, as we have previously discussed with the current healthier food trend. They also want to keep an excellent image by treating employees fairly and keeping a good control over franchises to make sure they follow the company's procedures.

Concerning the Malaysia market, they should always keep an eye at competitors and see if possible mergers or acquisitions could be made. McDonald's has been faster than KFC when they acquired Boston, which could have really helped KFC regain its loss market share and reduce competition. They also have to keep working on their low-cost/differentiation strategy by better taking advantage of their competitive forces such as economies of scales, bargaining power, image/brand worldwide recognition.

They also need to keep an eye and be aware of new technology in order to improve their productivity and be able to compete more efficiently because even though they may have a competitive advantage now, they can be sure that they will eventually be challenged. u Stick to their mission; quality food- excellent service- restaurant cleanliness u Keep control over franchises u Come up with new items regularly u Keep an eye on possible mergers & acquisitions u Be aware of new technology to stay efficient and competitive