

Kfc pestel analysis for international expansion



BACKGROUND OF COMPANY

Kentucky Fried Chicken (KFC) was founded in Corbin, Kentucky by Harland Sanders. He was born on a small farm in Henryville, Indiana, United States in 1890. He likes cooking and inventing a new recipe. He tried to mix eleven herbs and spices with wheat flour, he was success with his work and he had a secret recipe for cooking chicken. During the 1930s he tried to develop and became known. The State's governor named Harland Sanders an honorary Kentucky Colonel at the first time. Second he developed a unique, quick method of spicing and pressure because he had opened a 142-seat restaurant, a motel and a gas station. In 1950 he decided to close his restaurant because the customers decreased but he invested the first franchise in 1952 and also 105 USD with the secret recipe. He sold 5 percent per piece chicken for copyright. In 1964 an investor group bought Kentucky Fried Chicken and made a deal that Sander was Kentucky Fried Chicken ambassador for helping and giving suggestion to them.

In 1971 Kentucky Fried Chicken join with Connecticut-based especially in food and in 1986 Kentucky Fried Chicken had a big chance that Soft-Drink giant PepsiCo bought Kentucky Fried Chicken for \$840 million from RJR Nabisco. They prepared to separate KFC, Pizza Hut and Taco Bell to be a new Corporation under the name Tricon Global Restaurant and they had revenue. From that time Kentucky Fried Chicken became well known until KFC that we went to eat fried chicken nowadays.

KFC GOING INTERNATIONAL BUSINESS

Nowadays we can find Kentucky Fried Chicken everywhere and the taste of the fried chicken is special. We can taste the KFC's product in our country although they are from overseas. That is meaning that KFC going international. They are doing international business to increase their revenue. They sold their products such as the food and also they hold they service. They are going to international business to expand their market around the world. Even though their domestic market far from the original place in United States, Kentucky Fried Chicken continued their internationality well, especially in Asia.

KFC took an aggressive construction plan that called for average of non-United States unit to be built per day. With the expectation by 1995 the number of international units would exceed those in the United States. In 1996 the PepsiCo prepared itself of its restaurant by drawing together Pizza Hut, KFC, and Taco Bell. A single senior manager tried to overseen this operation and also all transaction between them.

Kentucky Fried Chicken went to international business well and they joined the group brand. They growth under Tricon/Yum Brands and they had some benefit from the hands-on management style of David Novak the head of Tricon. They called Tricon is the parent of KFC and Tricon came up with one solution that growth at the beginning of 1998. They opened multibrand stores which are combined between two or three of the Tricon chains. In 2002 they changed its name to Yum! Brands and developed 1, 375 multibrand stores. Eventually they could sales reached \$4. 8 billion in 2002

and KFC controlled around 46 percent United States fast food chicken market.

Kentucky Fried Chicken was the most recognized foreign in China in 2001 where KFC had 500 restaurants there, about 300 outlets in Thailand and in Indonesia more than 150 restaurants. They can adapt with the local tastes with their secret recipes and they successfully the navigated the political and regulatory climate. They profits increased by close to 50 percent for its combine with China in 2000 and figured by any domestic division. In 2006 they could increased their profit and had 1, 700 restaurants in China more than tripling in around five years. Kentucky Fried Chicken was opening a new Chinese outlet in every 22 hours. Their politic is very good in marketing. They hope eventually the number of KFC restaurant in China as in United States. Thus while the United States market had continued to slumber for Kentucky Fried Chicken had been run by Tricon/Yum! Overseas Kentucky Fried Chicken had a powerful force. This is the table of Yum! Brands, Inc. Presence and Competitive.

Countries

WHY KENTUCKY FRIED CHICKEN DIFFERENT WITH ACROSS COUNTRIES AND HOME COMPANY?

They have differences between across countries and home country because they Kentucky Fried Chicken had a good management and also the secret recipe has long been a source of their advertising. Kentucky Fried Chicken was the first chain to enter the fast-food industry and also Kentucky Fried Chicken is the most world's popular chicken restaurant chain. They had more

than 11, 000 outlets around the world in 85 countries. Kentucky Fried Chicken could go international with their struggles to pass the global competition. Even in fact they have 8 million customers in each day. KFC has early into the fast-food industry and they develop their strong brand name recognition and strong foothold in the industry. For example is their new logo was the only one which significantly enhance the brand's image (the founder of KFC's image).

Even though Kentucky Fried Chicken went overseas, they stayed on themselves. The traditional loyalty employees were worked in this company. The management gave comfortableness to their employee. Such as a pension, and could receive help with other non-income needs. So the employee prefers to work in the Kentucky Fried Chicken. They different with other companies that operating efficiencies are achieved through improvements in customer service, cleaner restaurant, faster and friendlier service, and continued high-quality products but KFC is different that they improve the operating efficiencies by reducing overhead and other operating costs can directly affect operating profit. At this time Kentucky Fried Chicken is better than the others.

Kentucky Fried Chicken has a multibranding strategy to achieve their goals. KFC is a publicly traded company with responsibilities to all shareholders. There are many investor tried to invest in their company. In their home country United States there are companies which just tried not to pass the globalization.

KENTUCKY FRIED CHICKEN COMPETITIVE ADVANTAGE

All form of the competition in sport as well in the business, are won by those with the best advantages. The most popular ways to make the differences between themselves by sharing an article, Kentucky Fried Chicken shared their product in many ways. They made in the website and so many others way. They can get the competitive advantage by hold their fried chicken tasted and use the secret recipe to achieve it. They sell food in a fast, friendly environment that appeal to pride conscious health to mind the consumers. That's their mission and they used the strategy to achieve them. These are the strategy of KFC. They develop the product. For example make the better tasted or stayed on the tastes before. They increased the variety on menu to make the costumer interested and feel better if they choose Kentucky Fried Chicken as the place to have their food. Introduced the desert menu and buffet to restaurant.

Even though KFC comes from United States, they also introduce on the neighborhood program. The item targets are the African American like Greens, Macaroni and Cheese, Peach cobbler, and Red beans & rice. About the place of the restaurant they choose all the aspect public places like in mall, university, hospital, airport, stadium, amusement park, office building, and mobile units. Kentucky Fried Chicken has evolved through different organizational changes that brought because the changes of the ownership that followed from the beginning of Kentucky Fried Chicken.

Their other strategy is working with to make improving the operating efficiencies. I elimination of overhead cost and increased efficiency they

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were the center. KFC emphasized customer service, and high-quality products. KFC is including the sales company because they sell the products. As of 1995, Kentucky Fried Chicken was the sixth ranked in the United States sales fast-food chains. This is the table of the Fast-Food Chains:

In the over past seven years from 1987-1994, Kentucky Fried Chicken worldwide has grown in the around on average rate 8. 2 percent.

The world has gone to the more healthy living and this is the chance off KFC to meet the changing demands society with make a changes on their menu just like Honey BBQ Chicken, Popcorn Chicken, Rotisserie Chicken and they had begun promoting the lunch and dinner buffets. The buffets are very important in Kentucky Fried Chicken because it can persuade customer to dine-in instead of take out.

KENTUCKY FRIED CHICKEN CULTURE

Kentucky Fried Chicken has culture. In United States they can not life without work hard because the people there prefer to work to unemployed. They work fast so the order can be served in a second. Not only work fast but also they work accurate it means that they work in really work. Also in the employee had the committee and they have an organization except the KFC management. Their restaurant buildings are built according to their logo picture. Even though the restaurant in the different country the building of their restaurant almost same. KFC is really appreciating the government law. They follow all the rule and growth and be famous just like nowadays. Every one knows what KFC is. Those are their company culture because they come from the United States.

Kentucky Fried Chicken also has the corporate culture. They had a small competition or they called it just like a game between the employee just like the faster and or the fastest worker of them. Not only the games they had a special greeting to the customer. The customers feel comfortable and they prefer Kentucky Fried Chicken. They apply the royalty system to take a summary of expected and be received from the sale of the units of franchises. The royalties after the re-franchising is complete will not include in the budget in the proposed program.

We sure that their corporate culture gain their business to be success with their own culture the customer feel different with other corporation. Doesn't matter if the restaurant is overseas they use the same culture. But they adapt with the culture of the country where they stayed. By the corporate culture they can make they strategic management. The first is Market Development, that Kentucky Fried Chicken introduces their present and new products and services into the new geographic areas. Product Development, in this step they bring back the rotisserie chicken. And the last part is Concentric Diversification; in this they can add more customer and they service variety to them.

KENTUCKY FRIED CHICKEN P. E. S. T. E. L. ANALYSIS

Kentucky Fried Chicken had PESTEL (Political, Economical, Social, Technological, Environmental, and Legal) analysis that can change their International Business strategy.

POLITICAL

Kentucky Fried Chicken provides the fast-food service. To achieve their goals they make a political system that can guide them or they called as a guide service. This political system could change their business strategy and make the progress to their company. For example, they have employee that run the activity in the restaurant. They make a contract with the employee and make a pension fee. They also provide the alternative in buying KFC. KFC Hospice Dinners that delivering a caring out reach to the terminally ill. The Hospice delivers meals to the terminally ill nationwide. These meals are delivered directly to the patient in their own house. We always called that a delivery orders. The customers feel better when they enjoyed this system. KFC Cafeterias which offering dishes competitors. And KFC Grocery Products which The Cornel is always home.

ECONOMICAL

If we talked about the economy aspect, we talked about the fund or money. Kentucky Fried Chicken provides the lower price. They have a food packet; just like we buy the packet we can get the discount or something that support us to buy there again. In this economic analysis we find the benefit of economical that changes the strategy of international business of Kentucky Fried Chicken. They can grow up with the lower price and the satisfying service.

SOCIAL

Kentucky Fried Chicken is one of the International Company which has begun their company early and nowadays they are one of the biggest companies in the world. Why the KFC can be the biggest company. Kentucky Fried Chicken
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built they social connection with others organization or the company around the world. Beside that in their restaurant, they also provide the food that the tasted is related with the tasted in the country they took the place to build the restaurant. In addition about the employee, they are worked the people from the country which are have a good performance and have a talent in cooking for the chef. KFC also supported the many of events, they help the committee by sponsored the event. Sometimes they give the donation to the poor people. With this social activity they company will be known.

TECHNOLOGICAL

In this analysis, Kentucky Fried Chicken can go out of their home country. They use the modernization technology to advertise their product. They make a website of KFC so easily we just search in internet what do we want about KFC and so many information about KFC. There are also many transactions that do by internet and the KFC just delivered the order to the customer address. In our country they have the phone number that can contact if we want to order some food. Sometimes the customer lazy to go out to buy some food, this is the reason they make an order delivered.

ENVIRONMENTAL

Environment is the one of the important analysis that must be had by the company. Without environment they can't run their transaction because the environments are their customer and they get profit from the product that has been bought. Many people like Kentucky Fried Chicken Company because they are not like the industrial company. KFC Company does not disturb the public activity by make a noisy. They just invite the environment to come to the restaurant to enjoy their food.

LEGAL

Kentucky Fried Chicken is the legal company. They growth under the Yum! Brands. They gather with Pizza Hut and Mc. Donald's that they are the food company. This legal analysis guides them to go overseas because the companies which want to going international business are the legal company. They also can hold their recipe because it has been legality so no one can steal it. In other hands, the employee also protect from the stealing cooking recipes. Kentucky Fried Chicken Company can growth bigger and bigger. They are legal so every activity is done in legal system.

THREE MAJOR ELEMENTS PESTEL OF KENTUCKY FRIED CHICKEN

POLITICAL

Kentucky Fried Chicken has the political analysis. Their politic analysis is their directive to run the restaurant. They use politic to solve the problem. Because of the current devaluation, their profits are greatly reduced. For example in Mexico which has a largely unskilled labor pool that provides little stability. In this case they got so many challenges to be solved. Political analysis is worked here. They made strategic alternatives to solve the problem. The strategic alternatives for KFC are follows:

Re-franchise all company owned the Mexican units franchises.

Completely divest KFC of Mexican operations.

Leave Mexico as is and grow other foreign markets.

The strategic that mention below are the political of Kentucky Fried Chicken to solve the problem in Mexico. Even though they try to the best sometimes they measure has the advantages and disadvantages. We can not imagine if Kentucky Fried Chicken Company does not have a political analysis. The company has been closed for a long time. But know we can see that Kentucky Fried Chicken can show their best by use the political system. In the marketing division they prepared all the best that they can. The company doesn't want the customer feel bad. They appreciate all the input from the customer so they know which one is better to be expanded.

SOCIAL

Kentucky Fried Chicken social analysis is one of the analyses that support the KFC progress. They have social activities in their environment such as help the people, giving the donation, etc. They built the social in their activity in their management system. For example the employee, they have the small competition to build their togetherness in doing their job. That was the social activity in the intern of company.

Now we talk about the international business activities they have connection to the company around the world. Not only with the company they also have the connection with the international organization. Therefore they can going to international business through many challenge to achieve it.

TECHNOLOGICAL

Without technology there are no companies can achieve their mission. They public the update information about the company. Technology that they use in largely is using internet because internet is the most popular to search the

information in all aspect that what we need. They made a website so we can browse easily. And also for delivering order they need a technology. The first is to advertise their product; second they use the machine to cook, using the vehicle to go to the customer place. Kentucky Fried Chicken is one of the best companies. They become popular not also from the food but some of them from the technological aspect. Sometimes from the television, banner or everything that the KFC's advertisement was publish by using the technological analysis.

In additional, Kentucky Fried Chicken can compute all the probability even in loss or profit. The technological is important to prove this statement. They have their own software system to make their activity can run well.

Nowadays every activity is using the technological system. In cashier, kitchen, marketing, service, so many other activities.

CONCLUSION

If we research all the explanation about Kentucky Fried Chicken Company we can conclude that they are the big company which has been known around the world. They have a good management, secret recipe, international business strategy that supports KFC to be adhered in the customer's mind. They gather all the aspect to make them perfect. They have PESTEL analysis. These are the things that guide the company to be better and hope they can make the perfect company or at least can reach the brighter future.