

# Competitive factors of yum brands (mnc) to succeed in the business

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Operating in over 110 countries with 38, 000 restaurants is now ranked #214 in the Fortune 500 list. It has opened four new restaurants each day of the year in 2010 and their start of expansion was based on co-branding.

Most of the expansion took place outside of the US as the domestic market was saturated. They mostly expanded through acquisition in different countries with their main focus being China.

Co-branding strategy is being pursued by many organizations as it leads to increased transparency between shareholder value and brand strategies. It also helps to increase cash flow through increased number of touch points between brands. Yum brands, based on the co-branding strategy have built a vibrant global business by focusing on four key growth strategies (Uggla & Filippon, 2009):

They are building leading brands in China in every significant strategy

They undertake aggressive international expansion and build strong brands everywhere

They have been able to dramatically improve the US brand positions, consistency and returns

Their growth has helped drive shareholder value and franchise value.

Another co-branding strategy has been to pair KFC with Taco Bell or Pizza Hut with Taco Bell. The co-branding approach has added 30% to its sales compared to single brand units (Enz, 2005). As the competitors such as McDonalds and Burger King were trying to reinvent their strategies, Yum Brands adopted an unusual track of combining diverse brands in a single restaurant. This led to increased sales and improved efficiency.

Apart from offering different products to a diverse segment, Yums has

responded to the obesity and health concerns also by co-branding with health organizations. As such it partnered with Susan G. Komen for the Cure, a leading US breast cancer charity, to sell pink buckets of fried chicken (Freedhoff & Hébert, 2011). Through such partnerships the Yum Brands is trying to send the message that inactivity and not consumption of its calorie-rich product is the cause of obesity.

Their biggest expansion is in China and they have adopted the localization strategy and localized the menu options (Burchett, 2011). That apart, they have also introduced fine dining in India and China which is different from the fast food sector. They have their own fast food Chinese restaurant - East Dawning - and the brand association with KFC has a strong impact on the Chinese consumers.

To gain competitive advantage, Yums pursued the hybrid strategy. As per Porter's generic strategies, their strategy could fall under the differentiation strategy as they offered higher perceived value. They did not go for cost-leadership strategy because they did not want to be perceived as low-cost brand. However, based on Bowman's Strategy Clock, this is a hybrid strategy. Their prices are at par with the competitors but they offer higher perceived value than their competitors through their multi-branding strategy. The combination of good quality and competitive prices has helped them gain market share and in 2005 they were marginally behind McDonalds with 4% of the total restaurant sales in the US against McDonalds at 6.5 percent (The Economist).

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