

KFC's Development Strategy in China

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Abstract: An In-depth Analysis of KFC's Customized Marketing Strategy in the Chinese Market and its Significance for International Business Expansion. KFC, an eminent player in the global restaurant sector, has made a substantial and influential footprint in China's vast consumer market. The primary aim of this research is to conduct a meticulous examination of KFC's tailored marketing strategy employed within the intricate landscape of the Chinese market. This investigation delves into the intricacies of how KFC has adapted its diverse product offerings to cater specifically to local preferences, implemented culturally resonant marketing campaigns, and devised strategic distribution channels that effectively penetrate the unique characteristics of the Chinese market. By meticulously scrutinizing KFC's market positioning and strategies in China, this comprehensive analysis underscores the pivotal role of carrying out exhaustive market research and crafting contextually appropriate marketing plans. The findings offer actionable insights and serve as instructive case studies for other multinational enterprises seeking to establish a foothold or expand their presence in the highly competitive and rapidly evolving Chinese market. Thus, this study contributes to the broader discourse on international marketing strategy, highlighting the importance of localization and strategic adaptability in achieving sustainable business success across diverse markets.

Keywords: KFC, strategy, China

1. Introduction

As a world-renowned fast food chain enterprise, the development of KFC in the Chinese market has always attracted much attention. With the rapid development of China's economy and the improvement of people's living standards, the catering industry has ushered in great opportunities and challenges. According to statistics, the market size of China's catering industry has continued to grow in the past few years, while the number of fast food chain enterprises has also increased rapidly, and the competition has become more intense. Therefore, the researchers are considering KFC's marketing strategy in the Chinese market.

The purpose of this study is to deeply analyze the marketing strategy of KFC in the Chinese market and put forward corresponding suggestions for improvement. Specifically, this study aims to achieve the objectives through the following aspects:

Firstly, it analyzes the development process of KFC in the Chinese market. KFC opened its first restaurant in Beijing in 1987. By the end of December 2023, KFC had more than 10,000 restaurants in more than 2,000 cities across China [1].

Secondly, this essay examine KFC's product, advertising and channel strategies in the Chinese market. In terms of products, KFC has introduced products that meet the tastes of Chinese consumers, such as tender beef Wufang and Old Beijing Chicken Roll. In terms of advertising, KFC has used celebrity endorsements and public welfare activities, and established eco-friendly stores to meet the demand for environmental protection in China. In terms of channel strategy, KFC has a wide range of sales channels in the Chinese market, including physical stores and delivery platforms. Through the in-depth study of these strategies, this essay can understand the marketing strategy of KFC in the Chinese market and the way of market communication.

Finally, this paper will summarize the marketing strategy of KFC in the Chinese market and put forward suggestions for future development.

The implementation and results of this study can not only enrich the academic research on the Chinese international fast food chain enterprises in the Chinese market, but also provide reference and reference value for the development of other enterprises in the Chinese fast food industry.

2. The Fast Food Market in China

2.1. Overview of the Chinese Market

China has emerged as a prominent player in the fast food sector, thanks to its massive population of 1.4 billion people and its rapidly expanding economy. It has become a significant driving force behind the world economy. According to the International Monetary Fund, China has consistently held the position of being the second-largest economy in the world for several years.

2.2. Market Competition Situation

KFC's outlet count in China is projected to grow by approximately 1,000 each year between 2020 and 2022. The number of stores went from 7,166 in 2020 to 8,168 in 2021 and 8,675 in March 2022 [2].

3. Certain Strategies that Been Used in Chinese Market

3.1. Product Strategy Tailored to Certain Geographical Regions

Table 1: KFC localized feature product series [3].

Push-out time	Products	Region
2002	Old Beijing chicken	Beijing
2004	Portuguese egg tart	whole country
2008	Peace of mind fried dough sticks, tender beef five	Sichuan spicy taste
2010	Soybean milk, rice balls	whole country
2021	Good morning City Taste series	whole country
2021	Hot dry noodle	Wuhan
2021	KFC beef power	Hunan
2022	Each side is the Chinese series	whole country
2023	Fragrant glutinous rice dumpling with fresh meat	whole country

The Table 1 KFC localized feature product series displays the products that met Chinese consumers' needs. from 2002 to 2023. Research data indicates that Chinese consumers have a penchant for exploring diverse flavors and novel culinary experiences, displaying a wide-ranging appetite for gourmet cuisine. KFC has demonstrated a strong dedication to innovation and has been actively developing new products to cater to the preferences of Chinese consumers since 2002. Such as old Beijing chicken roll, secret roast chicken and other products, porridge products launched mushrooms and chicken porridge, pumpkin porridge, preserved egg lean porridge and so on [4]. According to the breakfast habits of Chinese people, KFC have launched special set meals with soy milk, fried dough sticks and rice as the theme to meet the needs of consumers in an all-round way [5].

3.2. Promotion Strategy

3.2.1.Brand Publicity

In order to draw customers and raise brand awareness in China, KFC has employed a range of marketing techniques. First off, KFC advertises heavily in China through both new and traditional media. KFC reportedly spends hundreds of millions of dollars on advertising in China each year. This includes spending on traditional media like TV commercials, newspapers, and magazines as well as social media sites like Weibo and Wechat. Due to their extensive reach, these advertising channels can directly connect with a large number of target consumers and raise brand awareness.

3.2.2.Public Welfare and Environmental Protection

Secondly, KFC also actively participates in public welfare activities to establish a good corporate image in the society and enhance brand recognition. These public welfare activities can not only help the people in need, but also win KFC the respect and goodwill of the society. October 16th is World Food Day. In 2022, KFC China launched a public welfare action, using KFC "Food Stop" as the channel, to give 20,000 spare food love gift packages to people in need in 35 cities across the country, including Shenzhen, aiming to articulate the public's appreciation of food, establish a new understanding of natural resources, and thank Chinese customers for the 35th anniversary of KFC's establishment [6].

KFC China's first "green pioneer stores" are unveiled in Beijing and Hangzhou on April 22, 2022. The "Green Pioneer Store" is intended to lay the foundation for future zero-carbon restaurants in Yum China by incorporating innovative solutions. Following the "4R" principles of Reduce, Reuse, Recycle and Replace of Yum China, KFC has integrated its energy conservation, emission reduction, plastic reduction and environmental protection measures implemented in restaurants across the country over the years, and introduced advanced low-carbon and environmental protection technologies into construction and operation based on practical experience. Compared with the average carbon emissions of KFC restaurants in 2020, the Green Pioneer store is expected to reduce emissions by about 15% per year. Not only does it introduce a variety of advanced eco-friendly systems, but even the sofas in the store are made of recycled leather from coffee grounds [7].

3.2.3.Celebrity Endorsements

In addition, KFC is also cooperating with the entertainment industry to attract young people through endorsements and sponsorship of events with popular stars. It not only signed Lu Han, Li Yuchun, Wang Yibo, Zhu Yilong, The Teens In Times group and so on. In the 2023 Hangzhou Asian Games, KFC will cooperate with athlete Guo Jingjing and spokesperson Times Youth League and Zhu

Yilong to promote its products. This appeals not only to young people's obsession with celebrities, but also to China's emphasis on sports events. Figure 1 is a promotional poster of KFC's spokesmen and the Hangzhou Asian Games issued on Chinese social media.



Figure 1: KFC's spokesmen in China join hands with the Hangzhou Asian Games to promote the brand.

3.2.4. Advertising Strategy

KFC's advertising campaign is unique, integrated into the Chinese culture. The famous phrase "Jiangshan so much Jiao" in the ancient poem "Qinyuan Spring Snow" has been transformed into "life so much jiao" by KFC into the advertising language, which well links the ancient poetry with the advertising words.

3.3. Channel Strategy

KFC not only develops offline stores, but also establishes takeout delivery channels and cooperates with third-party takeout platforms to meet consumers' demand for takeout in a fast-paced life. By establishing its own delivery team, KFC ensures the efficient operation of the delivery business and delivers hot food to customers as soon as possible. At the same time, by cooperating with delivery platforms, KFC can expand the coverage of delivery and acquire more potential customers. In the delivery channels, KFC also provides a variety of preferential activities, such as full discount, buy one, get one free, etc., to attract more consumers to choose KFC takeout. In addition, KFC is actively engaged in online sales, offering online food ordering and delivery services on its official website and mobile app. Through online sales, consumers can easily browse menus, place orders, pay, and choose home delivery or self-collection, greatly improving the convenience of purchase and user experience. In addition, KFC has opened small fast food restaurants in some commercial districts and tourist attractions to further expand its brand coverage and market share in a convenient way. According to market research data, these small fast food restaurants are usually located in places with high traffic, which can serve a large number of customers every day and effectively increase sales. Through the multi-channel operation strategy, KFC can better meet the diversified purchase needs of consumers and improve brand awareness and market competitiveness.

4. Conclusion

4.1. Summary of KFC's Marketing Strategy in China

KFC has come a long way today, largely because of localization. Localization is the process by which international corporations conduct business as local enterprises in the fields of production, marketing, human resources, and other operation and management, integrate their operations into the host nation's economy, and lessen their national identity. Maintaining a culturally compatible mindset is essential to successfully implementing localization strategies in order to fully integrate into the local customs and culture [8].

KFC's marketing strategy in China has achieved remarkable results after years of development and practice in market competition. First of all, in terms of product strategy, KFC has achieved great success by making localized adjustments according to the needs of the Chinese market and launching products that meet the tastes of Chinese consumers, such as Chinese breakfast sets. According to the data, KFC has met the needs of consumers through product localization adjustment in the Chinese market, and its annual sales have been growing, and its annual profit has reached USD 1.1 billion in 2023 [9]. Secondly, in terms of promotion strategy, KFC actively carried out various marketing activities, such as co-star endorsement, which enhanced brand awareness and sales. This has further boosted popularity over the past few years. Finally, in terms of channel strategy, KFC continues to improve the offline store layout, and actively expand online channels to provide takeout and e-commerce services to meet the diversified food purchase needs of consumers. According to the data in the performance report, the number of offline stores of KFC continues to grow, and through the development of online takeout and e-commerce platforms, the order volume shows a rapid growth, which greatly increases the sales. To sum up, the successful experience of KFC's marketing strategy in China mainly lies in the practice and innovation of product localization adjustment, effective promotion strategy and multi-channel layout.

To begin with, KFC's standing has gotten worse recently. Sudan red was discovered in KFC food in the UK in 2005. As soon as this incident gained international attention, KFC pulled products from its shelves in a number of different nations. There were instances of "medicine chicken" and "quick birth chicken" in 2012. The total number of ice colonies served by KFC, Kungfu, and McDonald's surpassed the limit in 2013, according to a report from CCTV, with KFC exceeding the limit by a factor of thirteen. 2014 saw KFC's supplier, Shanghai Hushi Food Co., reslicing and repackaging expired meat. KFC's reputation for having the highest standards for quality, hygiene, and nutrition has completely collapsed as a result of several food safety-related incidents. Public relations efforts were made to defuse the situation despite the crisis, but every blow to KFC's reputation was severe [10].

4.2. Suggestions for Future Development

Based on the analysis of KFC's marketing strategy in China, the following suggestions are put forward for its future development:

First of all, KFC should continue to pay attention to the changes in the Chinese market and consumer demand, timely adjust the product strategy, and launch new products that are more suitable for the market demand. According to the latest market research data, Chinese consumers have a growing demand for healthy, diverse and convenient diets. KFC can strengthen its cooperation with healthy food ingredient suppliers and introduce more healthy meal options with low sugar, low fat and high fiber to meet the needs of an increasingly health-conscious consumer group.

Secondly, KFC can increase its promotion efforts, cooperate with more local brands and carry out joint marketing activities to further expand its brand influence. The Chinese market is highly competitive, and with the strong influence and market penetration of local brands, the needs of local consumers can be better met. For example, it cooperates with well-known Chinese cultural IP to launch limited edition peripheral merchandise to attract fans and collectors.

In addition, KFC should continue to strengthen the layout and operation management of offline stores to improve service quality and customer experience. Actively expand the number of stores in second and third tier cities, and pay attention to the location strategy, select high-traffic and high-entertainment commercial areas to open stores. Through the introduction of advanced automation equipment and technology, improve service efficiency, shorten customer waiting time. At the same time, it trains employees and focuses on service attitude and teamwork to provide quality customer experience. At the same time, KFC should also increase investment in the development of online channels to seize the opportunities of e-commerce and takeout market. According to the data, with the formation of Chinese consumers' online consumption habits, e-commerce has become an important way for KFC to expand its market share.

Finally, KFC should also continue to innovate, increase research and development efforts, and launch more products that meet the requirements of healthy diet and environmental protection, so as to meet the growing consumer demand and maintain its competitive advantage in the Chinese market. According to the latest data, Chinese consumers are increasingly concerned about environmental protection and sustainable development, and can actively respond to consumer demand by launching innovative products that use renewable packaging materials, have less soot and are highly nutritious. At the same time, the innovation capability of the R&D team will be strengthened to explore new menu combinations and cooking processes so as to continuously attract and meet the taste preferences of consumers.

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