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Research Article

The Kentucky Fried Chicken Integrated Marketing Communications Mix Strategy and Its Sales Revenue, Profitability, and Market Share

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ABSTRACT

The main objective of the study was to assess the level of effectiveness of KFC integrated marketing communications (IMC) mix strategy and its correlation to the marketing outcomes. The study specifically aimed to answer the following: (1) Profile of the respondents – customers and managers; (2) Assessment of the respondents on the effectiveness of IMC mix strategy of KFC in terms of the following aspects: Personal Selling, Non-Personal Selling, Direct Selling, Sales Promotion, Advertising, and Public Relations; (3) To answer whether there is a difference on the assessment of customers and managers on the effectiveness of IMC mix strategy; (4) To answer whether there is a difference on the assessment of customers and managers on the effectiveness of KFC IMC mix strategy when they are grouped by common profile; (5) To answer whether there is a difference on the assessment of customers on the effectiveness of KFC IMC mix strategy when they are grouped by profile; and (6) To answer whether there is a relationship between KFC IMC mix strategy and marketing outcomes. The design of this study is descriptive research which is aiming to record, describe, analyze, interpret and compare the facts, data and information gathered through survey about the IMC mix strategy of selected KFC stores in Metro Manila, questionnaires were distributed to the respondents. A total of five hundred fifteen (515) respondents had chosen using convenience sampling, consisting of customers and managers. Results showed the respondents' assessment on the effectiveness of IMC mix strategy of KFC, the most effective among the elements is public relations while the least is sales promotion, over-all the IMC mix strategy of KFC is effective.

Keywords: *integrated marketing communications mix, personal selling, non-personal selling, direct selling, sales promotions, advertising, public relations*

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Background

KFC is a global chicken restaurant brand with a rich, decades-long history of success and innovation. It all started with one cook, Colonel Harland Sanders, who created a finger lickin' good recipe more than 75 years ago—a list of 11 secret herbs and spices scratched out on the back of his kitchen door. Today, we still follow his formula for success, with real cooks bread-ing and freshly preparing our delicious chicken by hand in 22,000 restaurants in over 135 countries and territories around the world (Yum! Ltd., 2019)

One of the world's largest companies owns Kentucky Fried Chicken (KFC) together with Pizza Hut and Taco Bell which are all brands under Yum! Restaurant International (YRI) which is currently headed by Greg Creed, Chief Executive Officer of YUM Brands Inc. since January 1, 2015 while Tony Lowings serves as the Chief Executive Officer of KFC Global last January 2019 with headquarters in 1441 Gardiner Lane Louisville Kentucky, United States of America with over 24,104 (increased by 6.56% from 2018) stores in 144 countries and territories worldwide of which 99% are franchised with \$27,900,000,000 system sales (Yum! Ltd., 2019)

Today's competition of leading quick service restaurant is getting tougher, different factors are considered superior from one another and one of which is the usage of integrated marketing communications.

The secret recipe for success of various quick service restaurants in the preparation of their integrated marketing communications mix strategy is really a must. The researcher's 5-year background in the quick service restaurant industry gave him the edge to carefully assess the existing integrated marketing communications mix of the selected subject.

Domestically, KFC was founded in the Philippines in June 1994 by Mr. Manuel Agustines under the corporate name of Quick Service Restaurants (QSR) and at least one of the major stockholders in the country in the field of fast food chains. KFC did a great job few years back and made a fantastic re-dressing up, once a silent market challenger but now one of the market leaders.

The Colonel perfected his 11 secret herbs and spices in 1939, and his restaurant in Corbin, Kentucky which became known as the place to stop for a great, home-cooked meal. In 1952, "Now serving Kentucky Fried Chicken" was the beginning of a 60-plus year campaign to spread his brand so that everyone in the country, and later the world, could enjoy his recipe. KFC continued to grow over the years, and at the age of 74 the Colonel realized that in order to spread his recipe around the world, it was time to let others take his business to the next level. He sold his Company to a group that shared his passion for growing the business, but he remained an active spokesperson for many years after. The Colonel would be proud to know that today; KFC is the world's largest chicken restaurant company with 19,000 restaurants that are still preparing delicious chicken by hand in the kitchen, just the way he did decades ago as stated on the official website of KFC.

Having a diversified market is somehow a challenge and an opportunity for KFC Philippines, one of the main reasons why they always formulate food offerings that have unique features and tastes. KFC Philippines' top management plans to open at least 20 stores nationwide to cater their growing customers, anywhere in the country that KFC opens store is really a great hit. Talking about loyalty of their customers is really a profound word on their success since KFC Philippines literally true to their promise of excellent customer service. KFC aims and number one focus is to offer steadfast, quality and delicious foods wherein their raw chicken products are being delivered every day in each store avoiding raw chickens under frozen state, one of the reasons why KFC's chicken products are juicy and fresh when served.

The total number of stores across the country is already huge since the franchise in the Philippines is solely owned by the Agustines Family who acquired it in June 1994, aside from other conglomerates such as Tokyo Tokyo, Mister Donut, Motolite, and among others which are all under the Foodgroup Company, formerly Quick Service Restaurant (QSR). There are actually three types of KFC Store in the country- by which two innovative types are

first among the worldwide KFC stores: Normal store, Order Fulfillment System (OFS) and New Model Store (NMS), Normal Store is the traditional or old system of taking orders of the customers no difference with the other competitors, OFS is the first innovation held by KFC Philippines, a type of store wherein this firstly used technology, falling in line customers are being order-taken by an assigned crew with the use of Personal Display Assistant (PDA), this will directly save whatever a customer orders and being assembled by the assemblers, this minimizes the time being consumed in assembling orders since upon the customer's arrival at the counter area and upon payment, his orders are already assembled and ready to be served at the dispatch area on the other side while the second innovative project of KFC Philippines is NMS, a more innovative order-taking system which aims to lessen the time of queuing and speed up the dispensing of orders, customers just have to fall in line at the counter area and after ordering and paying, he just have to transfer on the dispatch area, this system lessens the time being consumed since the products are not visible to the eyes of the customers and there is no more chance for them to request certain things, this type of KFC Store comes with different versions as it is being engineered by KFC Philippines as the time passes by.

On the part of operations, KFC Philippines is divided into 6 territories or Profit Centers (PC) namely: North Luzon-Upper, North Luzon-Lower, North Central, South Central, South Luzon, and VisMin, each one is being headed by an Operations Manager (OM). Every territory has sub-areas where each is being handled by an Area Manager (AM) or in other term of KFC is Area Coach (AC), each of them is in-charge of visiting, coaching and assuring that each stores under their jurisdiction are operating smoothly, they are the first head to handle store problem, quick decision-making, and follow-ups on store concerns, significantly they are the direct reporters to their respective Operations Managers. In the store level, each store is being handled by a Restaurant General Manager (RGM) and assisted by his Assistant Managers: Senior Assistant General Manager (SAGM), Assistant General Manager (AGM) and

Restaurant Management Trainee (RMT) with addition to the team is Shift Leader (SL) or the promoted Restaurant Team Member, most of the time, the most senior manager leads a store or what they so called "Senior Assistant General Manager – Officer-in-Charge" or SAGM-OIC. Each one has their role in the store or Key Responsible Areas or KRAs. RGM is of course the overall in-charge of the store's daily operation, the head of the store, the final decision-maker and the direct reporter to area manager, he is also in-charge of the monthly inventory and pertinent monthly reports, SAGM is in-charge of the product variance, training of new RTMs and the store labor/scheduling manager, AGM is in-charge of the sales and marketing programs of the store, RMT is in-charge of the files and document filing of the store and the manager-in-charge to monitor the utilities usage and assure that targets therein are being hit.

According to survey conducted by Philippine Statistics Authority (2015) entitled 2015 Annual Survey of Philippines Business and Industry (ASPBI), total of 27,028 establishments were engaged in accommodation and food service activities, noting that these establishments belong to formal sector of the economy. Fast food chains (quick service restaurants) garnered the highest number with 6,652 establishments or 25.6% of the totality. The same report showed that fast food chains (quick service restaurants) garnered PhP 144.8 billion or 30.7% of the total income generated for the period. (as cited in Business World by Ferrolino, 2018)

According to Euromonitor's Web site (2014), the local market is still led by Jollibee Food Corp., with sales amounting to \$1.67 billion, followed by McDonald's Corp. with a total sales amounting to \$533 million or 5.5% and comes next Yum! Brands, Inc. with \$200.8 million or 2.1% of sales, Yum! Brands, Inc. handles KFC franchise (as cited in Business World by Ferrolino, 2018).

Given the above overview of the topic, you are somehow aware of what is life being with KFC, from the core products up to the latest and innovative ones, to the national, area and store management up to the trainings of RTMs and many more.

Methods

Research Design

The design of this study is descriptive research which aimed to record, describe, analyze, interpret and compare the facts, data and

information gathered through survey about the integrated marketing communications mix strategy of Kentucky Fried Chicken (KFC) Philippines from its selected stores in Manila. The quantitative research method was utilized.



Figure 1. Elements of Marketing Mix and Promotion Mix

Sampling Technique

The sampling technique utilized in this research was convenience sampling, which is a non-probability sampling and samples are drawn from groups to which the researcher and surveyors have had easy access. The researcher chosen high foot traffic areas wherein samples were present and can easily be managed and obtained.

Research Instrument

The researcher developed two sets of questionnaires as the research instrument of the study, one is for customers which is composed of two parts: Profile of the Respondents, Assessment of the Integrated Marketing Communications Mix Strategy of KFC. The other one is for managers which is composed of three parts: Profile of the Respondents, Assessment of the Integrated Marketing Communications Mix Strategy of KFC, and the Agreement on the Correlation to Sales Revenue, Profitability, and Market Share.

Data Gathering Procedure

The questionnaires were disseminated face-to-face to randomly-selected customers from nine (9) selected KFC stores in Manila namely: KFC Intramuros, KFC SM Manila 1, KFC

SM Manila 2, KFC United Nations, KFC UN Square, KFC Taft PGH, KFC Robinson's Ermita, KFC Lasalle, and KFC Harrison Plaza. The retrieval process relied on their sent answers; this also assured the confidentiality. The survey proper was conducted on the last week of September and 1st week of October, 2019 and obtained 516 responses in total wherein 472 were customers and 43 were managers.

Results and Discussion

For customers' category, the respondents were aged 18-23 years old at 77.5%; 56.1% were female; 91.5% were single; 62.5% were at Bachelor Level; 61.2% earns P10,000 or below monthly; 61.7% availed dine-in; most were purchasing once a month with 22.9%; majority of the respondents were 10 years and above customers at 39.6%. For managers' category, respondents were 30-35 years old or equivalent to 39.5%; mostly were female or 46.5%; majority were single or equivalent to 69.8%; majority was at master's level or 83.7%; majority's average monthly income (in PhP.) was at 20-001-30,000 or 81.4%.

In terms of personal selling, the researcher found out that "confirmation of orders" was "effective" with 4.05. In terms of non-personal selling, "flyers" was "somehow effective" with

3.22. In terms of direct selling, “KFC hotline (887-8888) accessibility” was “effective” with 3.87. In terms of sales promotion, “international fried chicken day (free delivery)” was “somehow effective” with 3.30. In terms of advertising, “use of celebrity endorsers (Kath-Niel)” was “effective” with 4.00.

Lastly, in terms of public relations, “appointment of Filipino colonel (ABS-CBN)” was “effective” with 3.85.

According to the comparison between the assessment of customers and managers, there was a difference in their assessment on the effectiveness of KFC integrated marketing communications mix in terms of personal selling, non-personal selling, direct selling, sales promotion, advertising, and public relations

According to common profile of the respondents, when they were grouped by age, there was a difference in their assessment on the effectiveness of KFC integrated marketing communications mix in terms of personal selling, non-personal selling, direct selling, sales promotion, advertising, and public relations. When grouped by gender, there was a significant difference in their assessment in terms of sales promotion, and advertising. When they are grouped by civil status, there was a significant difference in their assessment in terms of personal selling, non-personal selling, direct selling, sales promotion, and advertising. When they are grouped by highest educational attainment, there was a significant difference in their assessment in terms of personal selling, sales promotion, and advertising. When they are grouped by average monthly income (in PhP), there was a significant difference in their assessment in terms of personal selling, non-personal selling, direct selling, sales promotion, advertising, and public relations.

According to the profile of the respondents-customers when they are grouped by type of service availed, there was a significant difference in their assessment in terms of direct selling and sales promotion. When they are grouped by frequency of purchase, there was a significant difference in their assessment in terms of personal selling, non-personal selling, sales promotion, advertising, and public relations. When they are grouped by number of years as a customer, there was a significant

difference in their assessment in terms of advertising.

According to relationship or correlation between the KFC integrated marketing communications mix and its marketing and financial outcomes, there is a significant relationship only on sales promotion.

Conclusion

Majority of the customer-respondents, the respondents were aged 18-23 years old, female, single, Bachelor Level, earns P10,000 or below monthly, availed dine-in, purchasing once a month, 10 years and above customers; whereas, the manager-respondents were 30-35 years old, female, single, at master’s level, average monthly income (in PhP.) was at 20-001-30,000.

The most effective among the elements of integrated marketing communications strategy of KFC were advertising and public relations.

According to the comparison between the assessment of customers and managers, there was a difference in their assessment on the effectiveness of KFC integrated marketing communications mix in terms of personal selling, non-personal selling, direct selling, sales promotion, advertising, and public relations

There was a far difference in the respondents’ assessment of the effectiveness of KFC integrated marketing communications mix strategy when grouped by age and average monthly income (in PhP); while, there was a not so far difference in the respondents’ assessment of the effectiveness of KFC integrated marketing communications mix strategy when grouped by gender, civil status, highest educational attainment.

There was a not so far difference in the respondents-customers’ assessment of the effectiveness of KFC integrated marketing communications mix strategy when type of service availed, frequency of purchase, and number of years as a customer.

In terms of the assessment of managers and their agreement on the marketing and financial outcomes, only “Sales Revenue” has a significant relationship to Sales Promotion as one of the aspects of the integrated marketing communications mix strategy.

Provide trainings/workshops related to improving the interpersonal skills of team members, specifically on how to properly communicate verbally and non-verbally through the conduct of bi-monthly team meetings, workshops related to the improvement of communications skills, and Partner with other KFC stores in the conduct of inter-store activities.

Explore digitalization through re-formatting the design of their digital materials, putting of QR code or any kind of interactive features on the printed materials, make the printed materials more useable by turning it into a coupon/voucher (detachable) to encourage purchase.

Invest on upgrading systems or facilities in getting orders from the customers through development of a system wherein customers can order in advance and maximize partnership with other delivery platforms (Grab Food, Food Panda, Angkas etc.).

Provide stable Wi-Fi internet connection in majority of stores, if not all and look for internet providers which could help in the provision of Wi-Fi connections, maximize sales potential such as limiting the duration of how customers can access the internet, develop interactive system where customers can enjoy their stay inside the store.

Broaden the exposure to the public by maximizing advertisement presence in top mass transportation avenues through partnering with various public utility vehicle operators thru wrap-up advertisement, and partnering with Beep in customizing KFC beep cards, while the same can be honored in majority, if not all, KFC stores in the metropolis.

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