

High Competence Faced by KFC Malaysia

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ABSTRACT

Fried chicken is one of the most favourite food in Malaysia while other types of fast food were also acquainted to attract consumers. The company's lead in Malaysia's fast food industry is KFC Holdings (M) Berhad, a subsidiary of QSR Brand (M) Holdings Berhad, attributed to its dominant presence specialises in fried chicken. The research question can be defined as following: How KFC compete and survive among all fast food restaurant in Malaysia? This research aims to understand the high competence issues faced by KFC Malaysia and recommend strategies to solve the problems. Using primary and secondary data, collect responds from Google Form and obtain data via Internet, this study analyses competitions and challenges confronted by KFC Malaysia. In this study, KFC Malaysia faces high competition in fast food industry, poor services from staff and lack of attractive promotion issues. Launch and promote new products based on consumers' taste, ways to improve service quality of staff and promotional methods to increase sales were suggested to solve these problems. The main competitor of KFC Malaysia currently is McDonald's.

Keywords: KFC Malaysia, fast food industry, high competition, recommendations, improvements, promotions.

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1.0 INTRODUCTION

Kentucky Fried Chicken (KFC) is one of the famous fast food restaurants in Malaysia, selling chicken-related products. Besides fried chicken, KFC also provide chicken-related burger, twister, side dishes like mashed potato, wedges, coleslaw, fries, drinks and many more. KFC is originally a subsidiary of Yum! Brands, one of the largest restaurants based in Louisville Kentucky, in the United States and was founded by Colonel Harland Sanders in 1952.

Malaysian KFC traces its origin from 1st January 1973 from its first outlet in Jalan Tunku Abdul Rahman, Kuala Lumpur. KFC Holdings (M) Berhad is now a subsidiary of QSR Brand (M) Holdings Berhad while Johor Corporation is currently the major shareholder of QSR, with a 51% stake, while the EPF holds 25% and CVC Capital Partners Ltd holds 24% shares of QSR. Kentucky Fried Chicken recipe includes blends of 11 herbs and spices and become franchising 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. It's delicious aroma was attracting most Malaysian citizen and became popularly amongst them. KFC prides itself as a fast-food restaurant give customer's great tasting chicken with a selection of home-styled side dishes and dessert.

As the No. 1 fast food and leading QSR brand in Malaysia, KFC are constantly working to better serve their customers with great moments, excellent services and Finger Lickin' Good food. KFC Malaysia will come out with new product once in a while; some of their promotional products that were introduced were Ghost Pepper Zinger Burger and Parmesan Cheese Truffle Crunch. Developing a new product and

eliminate it after some times will help them to gain numerous market shares, as people will try the product before it vanishes again.

KFC guarantees full halal compliance in all of the Group's markets. Every aspect of the food manufacturing processes, including raw materials procurement, preparation, packaging, storage and utensils follow strict controls. The Group pays keen attention to any products acquired from foreign suppliers, requiring that they be halal certified within the source country and accepts only certificates recognized by the Department of Islamic Development Malaysia (JAKIM).

2.0 BACKGROUND

The main product of KFC is pressure-fried pieces of chicken with original secret recipe in different flavours. It also offers other chicken-related products such as burgers and wraps as well as side dishes such as French fries, whipped potato, coleslaw, wedges, nuggets and desserts. The latest products that introduce to the market in Malaysia by KFC are 'Ghost Pepper Zinger Burger' and 'Parmesan Truffle Crunch Chicken'. KFC is known for its slogans "It's Finger Lickin' Good!"

The target customers of KFC are those chicken lovers from different age group. KFC locates most of its outlets in the commercial areas which are highly populated to generate more revenue. The main competitors of KFC include Mc Donald and Pizza Hut. According to the statistics in 2018, KFC is the most visited fast food restaurant by Malaysian and follow up by Mc Donald and Pizza Hut. It reflects that KFC is still the leading fast food restaurant among the other competitors and expected to grow well over the forecast period.

The main political factors that majorly influence KFC are healthy and safety issues. KFC always facing criticism from the nutritionists all around the world because of the main menu of KFC is fried chickens which is unhealthy. In the past few years, KFC has been sued by the Center for Science in the Public Interest (CPSI), charged with the food contains "staggering sum" of trans fat. It is a serious ethical dilemma found in KFC. Besides, KFC also facing health and safety issues in workplace as there are two employees of KFC at foreign countries experienced serious injured while working in the past few years. KFC should provide a more holistic training to ensure healthy and safety of employees.

KFC is affected with global economic factors such as economic growth rates, inflation rates, and unemployment rates. The high percentage of unemployment in certain region will affect the sales revenue of KFC. However, this issue cannot be controlled by the company as it depends on the economic condition. Other than that, social issues that concern by KFC include cultural and demographic aspects of the external environment. KFC have to consider trend and the needs of customers, for example, change in lifestyle. Nowadays, peoples are more concern on their health and choose to consume more healthy food. In order to survive in the market, KFC should produce products that are cater to popular taste.

With the development of technology, the technology has now become the most important aspect in KFC. As we know, peoples nowadays are very reliant on their mobile phones. KFC had launched an application which can place order and pay online. New technology innovations can be introduced into KFC business model to reduce cost and increase efficiency.

3.0 METHODOLOGY

The methodology proposed in this research included both primary and secondary data. Primary data was collected through online survey in google form. It was used to collect opinions,

thoughts and feedback from all age range of peoples to aid in evaluating the performance of the company. The data collected were used to analyse the findings.

Secondary data collected through the information on the internet, company's website, news, and articles. The secondary data had provided more nuanced assessment of the primary results. These two methods used are considered cost and time efficient methods for finding results from the research.

4.0 ANALYSIS

Along with the fast-changing lifestyle, eating out habit is becoming a part of modern lifestyle which has driven customers to try new things and experiences. These changes have then led fast-food industry to grow rapidly and become one of the fastest growing business sectors in recent years. The consumption of fast food in Malaysia is increasing significantly year by year causing the demands for it to be increased due to the current global lifestyle in which people all around the world nowadays prefer to eat fast food at any time whether for breakfast, lunch, or dinner (Samah, Rashid, Rani, Rahman, Ali & Abdullah, 2015).

1. High competition in the industry

The growth of the fast food industry shows the dramatic increase of competitions and challenges in the market. Competition among existing players is becoming much stronger than before. The fast food market in Malaysia is already overcrowded by many fast food restaurant chains and KFC finds it hard to grow in the circumstances. The competitors such as McDonald's, Burger King, Pizza Hut and Domino's Pizza already proves to be a threat to KFC. Unlike McDonald's that also serve fish and beef to customers, KFC is serving chicken-related food only to customers. From chicken baskets and/or chicken nuggets to chicken hamburgers, KFC is very monotonous in their dishes although the tastes from each region are different.

2. Poor service from staff

Service quality has largely been acknowledged as an important factor that influence customer satisfaction and future purchase intention to certain product or services. The impact of service quality on business performance, customer satisfaction, customer loyalty, and business profitability cannot be denied (Parasuraman, Zeithaml & Berry, 1988).

McDonald's staff had a bigger ethnic disparity compared to KFC, and are much faster, more motivated and very efficient; the quality of service is as great as their counterpart in other countries. KFC's service however, pales in comparison – staff are slow, demotivated and inefficient. Opening more franchises is equal being busier with controlling and training employees. If one small franchise of KFC has problem, its reputation will be affected much.

3. Lack of attractive promotion

Besides that, McDonald's have more price reduction and promotion compared to KFC. For instance, the McDonald's app that can be downloaded from App Store and Google Play is filled with great offers and discounts all the time. Their staff would introduce the apps regularly to their customers. Although KFC also have their own app, their staff was not taking initiatives to promote the apps and the discounts given also less than McDonald's. In terms of KFC's existing products, they are maintaining their product pricing rather than adjust it according to market demand.

To overcome the challenges, it's time for KFC to make some changes and improvements if the company wish to stay ahead in the game.

5.0 FINDINGS AND CONCLUSION

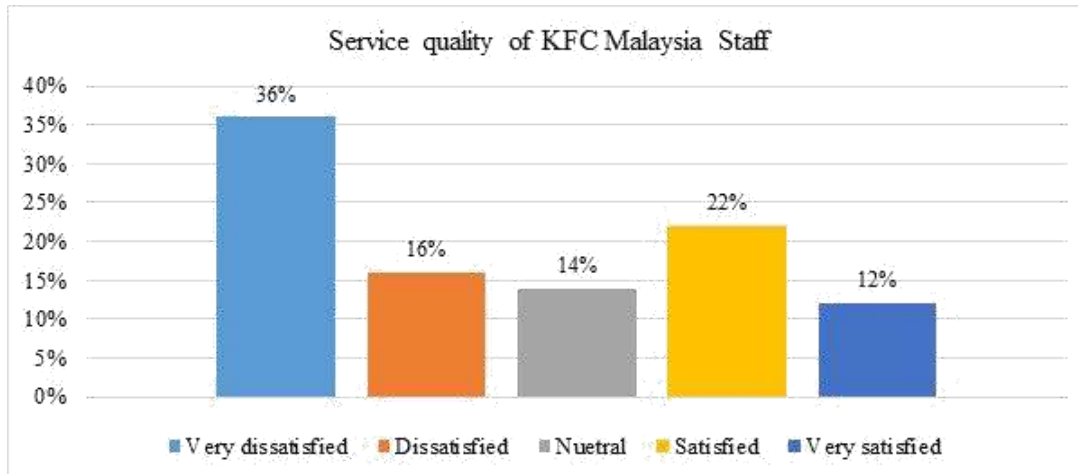
1. Launch and promote new product based on consumers' taste



KFC is very monotonous in their products, serving chicken-related food only to their customers. Nowadays peoples' taste and preference are changing inconsistently especially young teenagers. They like to try new things and follow the latest trend. Therefore, to keep pace with them, KFC should break the immutable strategies and promote new products with varieties flavours to attract peoples' eyeballs. Since KFC is specialised in chicken, new flavour of fried chickens and chicken-related products should be promoted to the consumers according to the taste of Malaysian. For example, 'Shake Shake Chicken Popcorn' with tomyam, curry, pepper and salty flavour sachets.

Besides, consumers who are having high awareness about health would prefer to consume healthier food to avoid obese, so KFC may provide healthy meals for those consumers. For instance, a high nutrient with low calories 'chicken salad bowl' may assist in revitalizing a chicken-lover's day. This will satisfy the appetite of the consumers as they can enjoy the delicious of chicken and at the same time healthy as well. This will also reduce the percentage of obese peoples in our country.

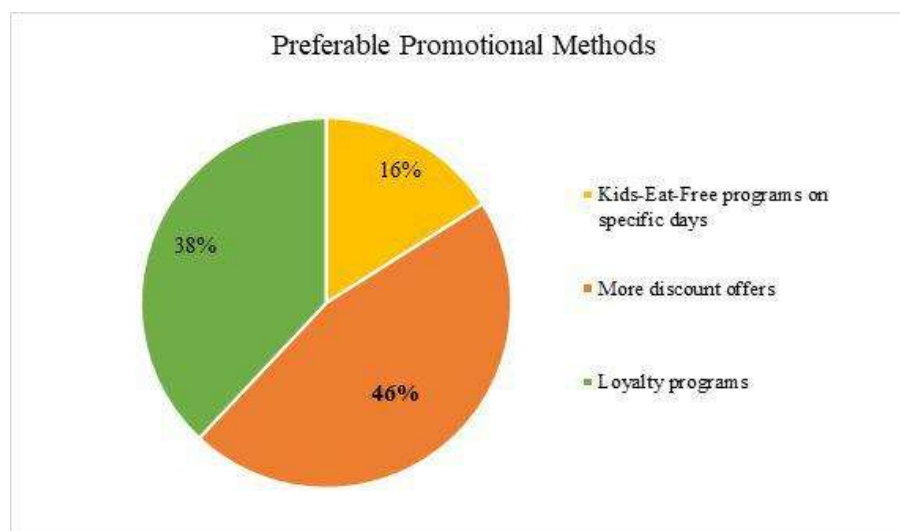
2. Improve service quality of staff



According to our research, majority respondents (36%) are dissatisfied with the service quality of KFC Malaysia staffs. One of the reasons that fast food so popular is because it saves time. However, customers inevitably have to waste a lot of time during peak hour in KFC. Customers have to wait for a long queue to take an order, this is because the cashier takes order and pick up all the foods and drinks together for each customer order. To overcome this problem, KFC may change their style of order taking and picking foods and drink. Self-service method which is let customers to choose and pick what they would like to eat and drink. This will reduce queues and makes the ordering process much more satisfying for customers.

This customization strategy is playing a vital role in increasing efficiency, ensures maximum optimization of resources at hand and cutting down unwarranted wastage. By applying this method, the food ordering process will become more efficient and effective thus increasing the satisfaction between customers and employees.

3. Enhance promotional tools



KFC have less promotion offers compared to its biggest rival in Malaysia, McDonald's. KFC can introduce Kids-Eat-Free programs on specific day to encourage parents bring their children to enjoy their family times together in KFC. Besides, KFC should provide more discount offers as most preferred by majority respondents (46%) to increase sales and compete with its rival. Unlike McDonald's app, KFC mobile application is less attractive with less exclusive order for customers. KFC may redesign its application by giving free gifts when downloading and giving free rewards and special promotion when using the application.

Furthermore, special discounted price can be offered in the midnight from 12am to 5am to hook up customers who like to stay up late to KFC. Last but not least, loyalty programs may be created to reward customers who frequently visit to KFC to ensure their continuous purchasing behaviour. Feedbacks and suggestions can be collected from loyal customers to make proactive improvement and increase customers satisfaction towards KFC. KFC should make some changes in boosting up its growth to ensure that KFC is always "So Good".

6.0 RECOMMENDATION

To tackle the problems faced by KFC, they should have practice and develop the solution towards their business operation:

To consolidate the status in fast food industry, KFC should develop new menus periodically according to the majority customers' tastes and the current trend. Consumers nowadays paying more attention towards their health at the same time they cope with their works and studies. They only spend less time to finish their meals and then they will return for their jobs. What they need is a healthy and balance meal that fulfil their needs. Here KFC should promote the nutrient balance 'Chicken Salad Bowl' which may seize the chicken lovers' attention. Besides, KFC can may develop new menu according to the current flavour trend like tomyam, BBQ, curry and salty flavour with reasonable price.

Customer's satisfaction is the success key for a fast food industry but KFC's services are not good enough to satisfy the customers. Inefficient of food preparation and stuff's working attitudes often being criticized by the customers although the food quality is undoubtedly. To improve in this issue, KFC should have a good resources allocation. Instead of one stuff do all the order taking and food preparation, KFC should allocate stuffs to share the burden as it may fasten the process and shorten the queuing time of customers. Besides, to improve stuff's attitude, KFC should give penalty and compensation according their performances. A warning is effective to avoid the same problem to be happened again and a compensation is a motivation for them to work and perform better in the future.

To attract more customers, promotion is the most effectively tool which may attract customers' attention. KFC has the regular discount for certain period like lunch time 12.00pm to 3.00pm and dinner time from 6.00pm to 9.00pm. That is the only promotion KFC may have and no more. Although KFC has its own Apps but it has less offers compared to its rival, McDonald's. KFC may focus their offer on regular best seller products like 2-pcs Chicken plate, Snack Plate and 3-pc Chicken plate. KFC should launch more offers on the Apps so that consumers will use the Apps regularly and keep informed of the new menu and offers. Besides, many customers may prefer loyalty programs like a membership card. KFC may develop this so that customers will keep visiting to collect points and rewards for the time coming.

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8.0 APPENDIX

Google Form

Nusantara Project 2019 (Team 29) - KFC Malaysia

* Required



How often do you visit fast food restaurant each month? *

- ☐ Rarely, 0 - 1 times
- ☐ Sometimes, 2 - 4 times
- ☐ Fairly occasionally, 5 - 9 times
- ☐ Very occasionally, above 10 times

Which fast food restaurant do you visit most frequently each month? *

- ☐ KFC
- ☐ McDonald's
- ☐ Burger King
- ☐ Domino's Pizza
- ☐ Pizza Hut
- ☐ Other

How often do you visit KFC each month? *

- ☐ Rarely, 0 - 1 times
- ☐ Sometimes, 2 - 4 times
- ☐ Fairly occasionally, 5 - 9 times
- ☐ Very occasionally, above 10 times

Please rate the following service of KFC Malaysia, as 5 is most satisfied and 1 is least satisfied. *

	1	2	3	4	5
Accessibility	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Service quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Food quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Menu variety	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Value for the money	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Do you agree that KFC need to enhance their promotion method? *

- ☐ Agree
- ☐ Neutral
- ☐ Disagree

If possible, which promotional method would you prefer? *

- ☐ Kids-Eat-Free programs on specific days
- ☐ Offer coupon and discount regularly
- ☐ Loyalty programs

Considering your complete experience at KFC Malaysia, how likely would you be to recommend KFC Malaysia to a friend or a colleague? *

	1	2	3	4	5	
Very unlikely	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very likely

SUBMIT