

Research On Marketing Strategies of Fast-Food Industry in China: Comparative Analysis of Mcdonald's And KFC

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Abstract. In today's society, people's pace of life is getting faster and faster, which has led to the popularity of fast-food. There are various types of fast-food, but the same type of fast-food has a competitive relationship, so it is necessary to find some reasonable and suitable methods to overcome difficulties. This study takes McDonald's and KFC as the research objects, and this study will analyze the marketing and management methods of McDonald's and KFC. This study uses the 4Ps model to analyze McDonald's and KFC respectively and combines the analysis of literature to conclude that McDonald's is centered on a global strategy, while KFC is centered on a local strategy. At the end of the study, suggestions for the future development of McDonald's and KFC are given. The conclusion is that under the continuous changes and optimizations of the marketing strategies of the two brands, they have achieved stable development in the Chinese market and have become two very influential brands in the Chinese fast-food catering industry.

Keywords: KFC; McDonald; Marketing strategy; Fast-food.

1. Introduction

With the development of society, the fast-food industry has gradually taken a dominant position in the Chinese consumer market. The purchase of fast-food has become increasingly common, and fast-food has brought convenience and time-saving benefits to people living in a fast-paced society. Among them, McDonald's and KFC hold a dominant position in the fast-food industry. For the analysis of the marketing strategies of the Chinese fast-food catering industry, this study takes McDonald's and KFC as comparative cases.

In the study, this study will separately analyze how McDonald's and KFC rapidly became the dominant brands in the fast-food industry in the Chinese market. By comparing the marketing strategies of McDonald's and KFC in China, the advantages and limitations of the two brands' strategies will be clarified, which can help provide better suggestions for future development and serve as a reference for other fast-food catering industries.

The research method of this paper is literature analysis. All the literature and data are sourced from secondary materials such as research reports and journals. This study uses comparative analysis to compare and analyze the two brands, McDonald's and KFC. This study adopts the 4Ps model to analyze the marketing strategies of McDonald's and KFC respectively. In business management, McDonald's takes the global strategy as the core and analyzes it through methods such as franchise operations, while KFC takes the customized strategy as the core and analyzes it based on methods such as localization. This research paper is divided into four parts. The first part introduces the research background, research topic, and research methods. The second part is a literature review, which explores the development of the fast-food industry both domestically and internationally, as well as the development of McDonald's in China and KFC in China. The third part analyzes the marketing strategies of McDonald's and KFC respectively. The fourth part provides suggestions and a summary.

2. Literature Review

2.1. The Current Development Status of the Fast-food Industry

The development of the fast-food industry abroad can be exemplified by the case of the United States. The development of the fast-food industry in the United States is of certain representativeness and leadership. By the end of 1994, among the top 100 catering businesses in the United States, the business units outside the country accounted for more than 16%. McDonald's, as the world's largest fast-food service industry, operated a total of 15,205 stores worldwide in 1994, with sales reaching 26 billion US dollars. KFC, as a division of PepsiCo, had a total of 4,258 branches in 73 countries in 1994, with overseas sales of 3.6 billion US dollars. The second largest pizza chain in the United States is Domino's Pizza, which has 840 franchise stores in 37 countries and sales of 415 million US dollars. The US catering industry generally provides the American menu abroad, but they will adjust the menu according to local cultural needs. For example, in India, due to religious culture, the US launched lamb burgers, etc.[1]. Chinese fast-food culture has a long history, but the fast-food industry started to develop relatively late. Although the domestic fast-food market accounts for 90% of the total, the domestic fast-food industry presents a situation where "the products are strong, but the brands are weak"[2].

2.2. Analysis of McDonald's Development in China

On October 8, 1990, the first McDonald's restaurant in Chinese mainland opened in Huaguang Building on Jiefang Road, Shenzhen. When it first opened, the restaurant had only over 400 employees, but the number of customers far exceeded expectations. The booming scene of this opening has laid a solid foundation for McDonald's development in the Chinese market. As of now, McDonald's has opened over 4,000 chain restaurants in more than 450 major towns in China, firmly ranking among the top fast-food chain enterprises in the country. In early January 2017, when McDonald's sold its stores in China, it stated that it would focus on third - and fourth-tier cities in the next five years, planning to add 1,500 new restaurants and convert over 1,750 directly-operated restaurants to franchise operations, in order to further expand its market in China [3].

2.3. Analysis of KFC's Development in China

In 1987, the first KFC in China opened in a bustling area of Qianmen, Beijing. Since then, KFC has embarked on its development journey in China. At that time, no one could have foreseen its future achievements in the Chinese market. By the end of December 2019, KFC had become the largest fast-food brand in China, with its presence in over 1,300 cities and towns across the country and a total of 6,534 restaurants. Such figures are truly astonishing. In 2019, KFC's annual revenue in China reached 6.04 billion US dollars, an increase of 11% compared to the previous year. In contrast, McDonald's had only 3,200 outlets in China in 2019, with a revenue of 3.41 billion US dollars. Nowadays, KFC stores are very common on the streets and in towns of China. People don't need to spend much time or effort looking for them. Usually, they can spot a KFC restaurant within a few minutes or just a few steps [4].

3. Marketing Analysis of McDonald's

Regarding the pricing strategy section, in order to attract a wider range of consumers, McDonald's launched the "1+1 Free Matching Love Gift Package" campaign. Consumers can obtain it for only 13.9 RMB [5]. price combination offers better value for money and will attract more price-sensitive consumers, such as students and office workers.

Secondly, regarding the product strategy aspect, even though McDonald's has been expanding, it has always been committed to reducing regional differences in product quality standards, striving to create a similar product consumption experience for consumers worldwide [3]. However, McDonald's has its unique OSCV standards. In terms of product quality, McDonald's, in order for consumers to

be able to taste the same flavor of hamburgers, they standardize the food materials into a single standard.

Thirdly, regarding the place, in 2013, McDonald's collaborated with WeChat and launched the WeChat payment function. In 2015, McDonald's announced a partnership with Ant Financial Services, a subsidiary of Alibaba. As of now, the Alipay payment function has been basically covered in all McDonald's stores in China [3]. The online payment method initiated by McDonald's has brought great convenience to customers. This has shortened the waiting time for ordering and also improved the efficiency of McDonald's services.

Finally, regarding the promotion aspect, the advertising content of McDonald's targets children [5]. In McDonald's stores, there is a children's play area to provide space for children to play. McDonald's offers children's menus and these menus include some small toys. Therefore, children can not only enjoy delicious food at McDonald's but also have an entertainment experience, which further enhances McDonald's appeal to children and also drives parents to consume at McDonald's.

4. Marketing Analysis of KFC

First of all, in terms of price, KFC regularly holds promotional activities. For instance, on Thursdays there is a "Crazy Thursday" event. During this event, the prices of the products are much lower than usual. For example, 20 golden chicken nuggets cost only 20 RMB, eight egg tarts cost 29.9 RMB, and two cups of cola cost 9.9 RMB. These promotions are more in line with and attractive to local consumers.

Second, in terms of products, KFC has incorporated the breakfast eating habits of Chinese consumers in its product innovation and has launched new products that suit the tastes of Chinese consumers. For instance, the "Old Beijing Chicken Roll" was introduced in 2003, the "Peaceful Fried Dough" breakfast in 2008, the bacon and mushroom chicken rice in 2010, and the rice ball series in 2017 [4]. The launch of these new products reflects the diversified characteristics of KFC's products and also demonstrates the localization of KFC's products.

Next, regarding the channel's aspect, KFC adopted the franchise strategy, ranging from starting from scratch to not starting from scratch [4]. This strategy lowered the entry threshold for franchises, could attract more investors, and thus accelerated the expansion of the market. Moreover, this strategy could flexibly adjust to the consumption habits of different cities, achieving better localization.

Finally, regarding the promotion aspect, KFC participates in social welfare activities, such as the "Sunrise Fund" of China KFC, which provides financial assistance to outstanding students from poor families; it also conducts the "Donate One Yuan, Show Love" campaign, helping many impoverished students in remote mountainous areas [4]. Through these charitable actions, the positive influence conveyed by KFC evokes emotional resonance among consumers, thereby enhancing the brand's image and strengthening consumers' loyalty and identification.

5. Suggestions for the Future Development of Fast-food Catering Brands

5.1. Pattern Optimization and Local Innovation

McDonald's can optimize its franchise model. McDonald's can further adopt KFC's "zero-start-up cost franchise" model, allowing franchisees to take over already profitable stores. This approach can not only reduce risks but also attract more investors. Additionally, McDonald's can place greater emphasis on localization and introduce new products that suit local consumers' tastes. It can also launch limited-edition products that reflect regional culture, thereby enhancing its competitiveness in the local market.

5.2. Diversified Package

KFC can offer more diverse package combinations and formulate more attractive pricing strategies for different consumer groups. For instance, they can introduce discounted packages

suitable for students and affordable packages for office workers, designing packages that match their consumption habits and nutritional needs. KFC can also use the APP to push some coupons and attempt to establish a "personalized package customization" service, allowing consumers to freely combine main dishes, snacks, and beverages. This will further enhance consumers' recognition and loyalty to the brand.

5.3. Strategy of Sustainable Development

In terms of sustainable development, both can introduce some environmental protection measures, such as using green packaging materials like biodegradable ones, and convey environmental protection messages through product packaging to enhance consumers' recognition. They can also collaborate with some charitable organizations to donate unsold food materials, thereby better reducing waste. This not only attracts consumers with environmental awareness but also helps better realize the brand value.

6. Conclusion

In conclusion, both KFC and McDonald's hold significant positions in the fast-food industry. This study adopted the 4Ps research model and analyzed the business concepts of KFC and McDonald's respectively. KFC focuses on local development, for instance, launching new products based on local consumers' dietary habits. McDonald's, on the other hand, emphasizes global development, with its standardized food products ensuring uniformity across the globe. However, this study still has certain limitations. Firstly, this study lacks primary data, which may affect the depth of the conclusions. Secondly, the scope of this study mainly focuses on the domestic market and cannot fully cover the differences of these two brands in different countries' markets globally. In response to these deficiencies, future research hopes to conduct studies from the following aspects: Firstly, referring to more real questionnaire data from consumers to enhance the authenticity of the research. Secondly, expanding the research scope to compare the different strategies of KFC and McDonald's in the fast-food industry development in multiple countries.

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