

# The Differences Between Globalization and Customized Marketing Strategies-Take KFC and McDonald's in China as an Example

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## ABSTRACT

This paper aims to analyze the differences between customized and globalization marketing strategies under the context of KFC (Kentucky fried chicken) and McDonald's in China. As most people know, KFC adopts customized strategy, while McDonald's adopts globalization strategy when conducting transnational business activities. In this paper, factors included were price discount, advertising, and position to analyze the differences between two food giants. The methodologies depend on the several problems by reviewing books, secondary data from various sources and journals, as well as tracking down the information the KFC (Kentucky fried chicken) and McDonald's as a global brand and chain food. The conclusion is that after continuous optimization, both brands have found the most appropriate path in the Chinese market.

**Keywords:** Marketing strategy, KFC (Kentucky fried chicken), McDonald's, globalization strategy, customized strategy

## 1. INTRODUCTION

Large Global Brands generally choose between three different marketing strategies when going from their "home" country to another country/culture. They can choose to use Global which keeps their marketing plan very similar, Customized, which changes the product completely, or Adaptation - which alters the product to meet local needs [1].

For all multinational companies(include KFC and McDonald), doing business outside of the home country is a challenge because the differences in culture can influence the conduct of business [2] Faced with this problem, KFC and McDonald had taken different strategies, KFC had adopted customized, McDonald's had adopted globalization. Therefore, this study will focus on the different strategies of KFC and McDonald's in the Chinese market from three aspects which are price discount, advertising, and position. Some people have studies the performance of KFC and McDonald's in Chinese market from a cross-cultural perspective[10]. Based on the essay, recommendations will be given to people who want to start a fast-food business in the world in this paper.

## 2. BACKGROUND OF COMPANY

### 2.1. KFC

KFC, also known as Kentucky Fried Chicken, is also an American fast food restaurant chain founded in 1930 by Colonel Harland Sanders, an entrepreneur who began selling fried chicken from his roadside restaurant in Corbin, Kentucky during the Great Depression [3]. Sanders identified the potential of the restaurant franchising concept and the first "Kentucky Fried Chicken" franchise opened in Utah in 1952. In 1987, KFC opened the first fast-food chain in China. Now, KFC outperforms all its Chinese competitors in terms of the number of stores, revenue, and market share. [4]

### 2.2. McDonald

McDonald's Corporation is an American fast-food company founded in 1940 as a restaurant operated by Richard and Maurice McDonald, in San Bernardino, California, United States. In 1955, Ray Kroc, a businessman, joined the company as a franchise agent and proceeded to purchase the chain. After a few years, he laid the foundation of McDonald's Corporation [5].

In 1990, McDonald's opens its first restaurant in Shenzhen, China. McDonald's plans to have 4,500 outlets in China by 2022[6].

**Table 1** Differences between KFC and McDonald's

	McDonald's	KFC
Opened its first store in China	In 1990	In 1987
Main product:	Hamburgers	Fried Chicken
	QSCV	CHAMPS
Business strategy	(Quality, Service, Cleanliness, Value)	(Cleanliness, Hospitality, Accuracy, Maintenance, Product Quality, Speed)
Number of stores in China	over 3,500	over 7,300

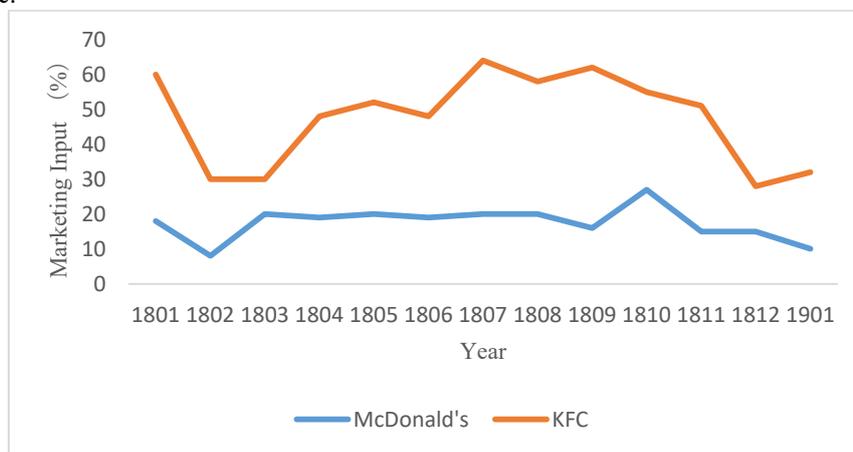
### 3. ANALYSIS OF THREE FACTORS

#### 3.1. Price discount

A price discount is a promotional pricing strategy that reduces the original price of a product or service in order to increase traffic, move inventory, and drive sales. And, the price discount is useful for merchants to attract customers[7]. Based on official information, KFC prefers to mix different kinds of products at lower prices, and sell or distribute coupons to customers. For example, KFC often combines hamburgers, fried chicken and drinks and sells them to customers at a discount. KFC sells burgers, grilled wings, egg tarts, and Coke together, which is 7.5 yuan cheaper than buying them separately [11]. McDonald's likes to use the second half price for the same product, such as ice cream products and beverage products, as long as customers buy two identical products, the second one only needs to pay half price. On a special day, if customers buy two 8 yuan pies at the same time, the second one is half price, meaning you only need to pay 14 yuan [12]. It shows us that McDonald's offers more price options to satisfy different customer's needs. As a result, McDonald's is ahead of KFC in terms of promotion, especially in terms of price. Many consumers think that McDonald's is more cost-effective.

#### 3.2. Advertising

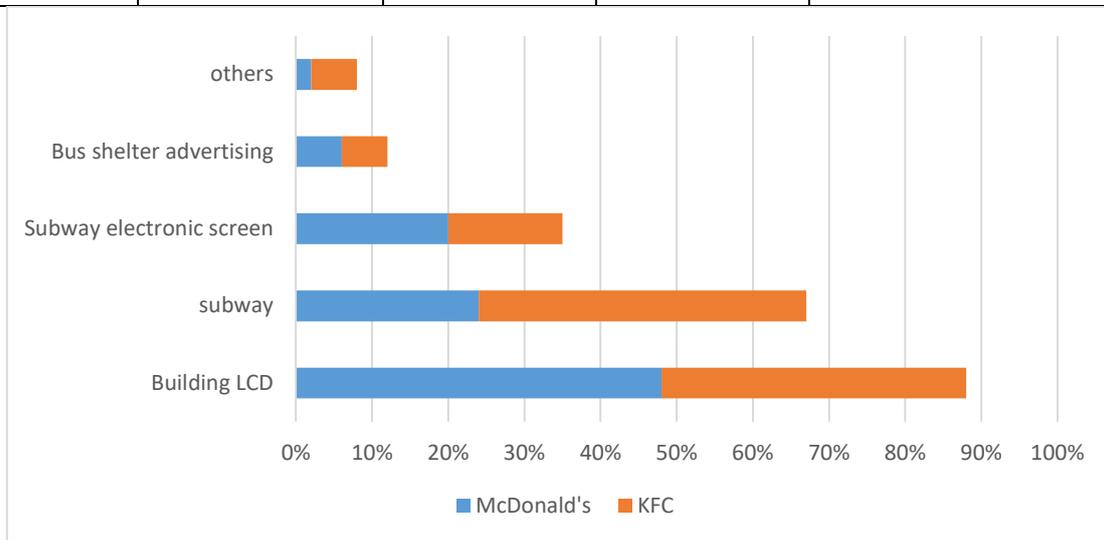
Advertising is a way of communicating with users of a product or service[8]. This is a good tool for attracting customers. From table 2, we find that KFC is more powerful in advertising. And It can be seen from Table 3 that McDonald's advertising is weaker than KFC's. From the perspective of the media release, KFC and McDonald's has the same strategy, focusing on building LCD elevator advertising and subway advertising media, mainly targeting young white-collar commuters. Table 4 shows that KFC and McDonald's have the same media strategy, mainly aimed at young white-collar commuters. In terms of advertising content, McDonald's tends to "celebrity effect", while KFC focuses on the integration of advertising with local culture. For example, McDonald's 2003 advertisement, invited the European and American top singer Justin, and also invited the Chinese popular star Wang Leehom to do the global Chinese spokesperson. From the selection of advertising spokespersons, we can understand that the "celebrity effect" is valued by McDonald's. However, KFC has realized the importance of customized strategy and captured the essence of traditional Chinese culture. For instance, KFC launched its "Every Year you have fish" TV ads during the New Year.[14]



**Figure 1** Comparison of monthly advertising between KFC and McDonald's from January 2018 to January 2019 [13]

**Table 2** KFC vs. McDonald's launch in January 2019

Ranking	KFC		McDonald's	
	Market	2019.01	Market	2019.01
1	Shanghai		Shenzhen	
2	Beijing		Guangzhou	
3	Shenzhen		Shanghai	
4	Guangzhou		Beijing	
5	Nanjing		Xiamen	
6	Chongqing		Haerbin	
7	Huangzhou		Zhengzhou	
8	Suzhou		Wuhan	
9	Chengdu		Zhuhai	
10	Tianjin		Changsha	
11	Wuhan		Qingdao	
12	Dalian		Fuzhou	
13	Changsha		Tianjin	
14	Qingdao		Dongguan	
15	Xian		Xian	
--	Others		Others	



**Figure 2** KFC VS McDonald's media strategy comparison in January 2019

**3.3. Position**

Positioning defines where your product (item or service) stands in relation to others offering similar products and services in the marketplace as well as the mind of the consumer[9] When they first came into the Chinese market, McDonald’s adopts globalization marketing strategy, directly transforming its western experience to China, such as opening store near the gas

station. This move has generated substantial profit for McDonald’s in the USA, but it didn’t work in China. Similarly, in terms of product, McDonald’s focuses on hamburgers and beef, which is very much in line with European and American eating habits, but not so popular in the Chinese market. Compare that to McDonald’s, KFC adopts a customized marketing strategy. Therefore, KFC is better adapted to the Chinese market. Based on chicken, it has launched

soups, congee and other products that are more suitable for Chinese people in different regions and dietary habits. And now also in a steady stream of new products, such as Chuanchuan. In the target population segmentation positioning, McDonald's focus on young people, and also has some strategies for young people. For example, some popular stars will be invited to promote products. KFC's positioning in the target consumer is family consumption. This seems to be against common sense, but it unexpectedly fits the concept of a big family in China, with multi-level consumer groups.

#### 4. CONCLUSION

To conclude, in the Chinese market, McDonald's will invite more celebrities to endorse its products because of its younger orientation. And according to the idea of today's young people, offer some single meals or second drinks at a half price discount. KFC is more for family consumption, so it often offers some group meals and pays more attention to the food itself. KFC and McDonald's do not have much difference in advertising and form, but they both have their own style in advertising content.

Second, after entering China, KFC and McDonald's have always been competitors with each other. However, with the continuous optimization and change of marketing strategies, their competitive relationship has gradually changed from "fierce rivalry" to "joint progress". Whether it is KFC's strategy of integrating with local culture or McDonald's insistence on individuality, they have found their own development path in China.

Last but not least, As I am the only researcher in this paper, the viewpoints in this paper may be relatively subjective. I hope that more people will join in and make the results more objective in the future. I have only discussed three factors, and more will be explored in the future for the completeness of the study.

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