

KFC and McDonald's in China Localization Marketing Strategy Comparison- -Take the Qinzhou Market for Example

Linlin Jing

Philippine Christian University, Philippine

1757420615@qq.com

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Abstract: With the rapid development of economy and the continuous improvement of people's living standards, in the social environment with the accelerating pace of life, the fast food industry is gradually entering people's life and becoming an indispensable part of People's Daily life. The high speed development of the fast food industry, especially the performance of KFC and McDonald's in the Chinese market, is remarkable. This paper studies the comparison of local marketing strategies between KFC and McDonald's in China- -taking Qinzhou market as an example. Mainly through the 4P strategy, from the product, price, channel, promotion of four aspects of comparative analysis, to find out the success of its localization, and finally put forward feasible suggestions for the development of Chinese catering enterprises, to promote their better development.

1. Introduction

China's first KFC restaurant opened in 1987, and its rival McDonald's also entered China three years later, based in Shenzhen. These two brands, one south and one north, respectively entered Beijing, the political and cultural center in China, and Shenzhen, the most active economic frontier in China, starting a to the competition in China [1].With the rapid development of China's society and economy, people's life style has gradually changed, and fast food has entered more and more people's lives. KFC and McDonald's do better, which are loved by a large number of consumers. By the end of 2022, McDonald's had 40,000 stores worldwide, while KFC had only 23,000. But the situation in the Chinese market is very different, with nine at KFC in Qinzhou and only six at McDonald's. Investigating their local marketing strategies can find out the reasons for their success, and can also get useful enlightenment for domestic enterprises.

2. Related Theories

2.1 4P Theory

In 1960, American scholar McCarthy proposed the 4P marketing combination strategy, believing that a successful and complete marketing campaign means the behavior of putting appropriate products and services into a specific market with appropriate products, prices, channels and promotional means[2].

2.2 Local Marketing Theory

Marketing localization means that when an enterprise carries out marketing activities in many countries and even the world, it segments the international market according to certain standards, pays attention to the differences in market demand, and strives to formulate and implement marketing strategies and tactics to adapt to the market environment of various countries [3].

3. Overview of KFC's and McDonald's Development in Qinzhou

3.1 KFC in the Development of the Qinzhou Situation Overview

The first KFC in Qinzhou city was settled in Seg New Times Square in 2007 and opened in National Day in the same year. Located in the north of Qinzhou, KFC covers an area of 400 square meters and can accommodate nearly 200 people at the same time. As of 2023, there are nine KFC stores in Qinzhou city.

Table 1: Distribution situation of KFC stores in Qinzhou city

Qinzhou city (5)	RT-MART F1	Derui Century Plaza F1	Annual Feng Square F2	Parkson Shopping Center F1	Wuyue Plaza F1
Service area (2)	Huangwutun service area F1		Lanhai Expressway Restaurant		
Railway station (1)	Qinzhou East Station F2				
Lingshan County(1)	Vientiane city F1				

3.2 Overview of McDonald's Development in Qinzhou

One year after KFC entered the Qinzhou market, McDonald's opened its first store in 2008 on the 1st floor of Yangguang Li City, 82 Qinzhou Bay Avenue, Qinnan District, Qinzhou City, marking the start of the competition between KFC and McDonald's fast food brands in the Qinzhou market. At present, McDonald's has six stores in Qinzhou, compared with KFC, McDonald's stores in Qinzhou market less than 3.

Table 2: Distribution situation of McDonald's stores in Qinzhou city

Qinzhou city (5)	Wanguo Commercial Square F1	Thousands of shopping malls F1	Derui Century Plaza F1	Wuyue Plaza F1	Changrong World Trade Plaza F1
Pubei County (1)	The garden square F1				

4. Based on the Localization Marketing Strategy Comparison of KFC and McDonald's in Qinzhou Market under the 4P Theory

4.1 Product Localization Strategy

The key factor for the success of multinational catering enterprises in the fierce market competition is to provide products that fully meet the needs of target consumers and have a good brand image[4]. In order to gain a firm foothold in the host country market, multinational companies have spared no effort to promote the localization of their products[5].

In the early stage of entering the Chinese market, KFC mainly relied on the traditional cooking and production methods to catch the attention of Chinese consumers. But with the growth, KFC began to realize that if only the chicken legs and burgers were offered in China, consumers would soon get bored. According to China's eating habits, KFC has developed products suitable for Chinese tastes. For example, after breakfast specially launched preserved egg porridge and safe fried dough sticks, KFC launched sweet and salty bean flowers according to the differences between the north and the south. In addition, through the analysis of Chinese eating habits, KFC knows that Chinese people like the atmosphere of lively family reunion, and seized this point to developed a family bucket suitable for the family to enjoy together. But McDonald's failed to seize the opportunity to develop products suitable for Chinese consumers, lagging behind KFC to some extent. Although it later introduced porridge, soy milk, and spicy chicken legs, it did not get a big response and gave a look like KFC.

As can be seen from Figure 1, consumers in KFC or McDonald's are 49.44%; 64.04% are dessert drinks (sweet cone, coffee, milk tea, etc.); fried chicken (chicken legs, chicken chops, chicken wings, etc.) account for 66.29%; 43.82% are whole family buckets, indicating that the food of KFC and McDonald's meets the taste of most consumers.

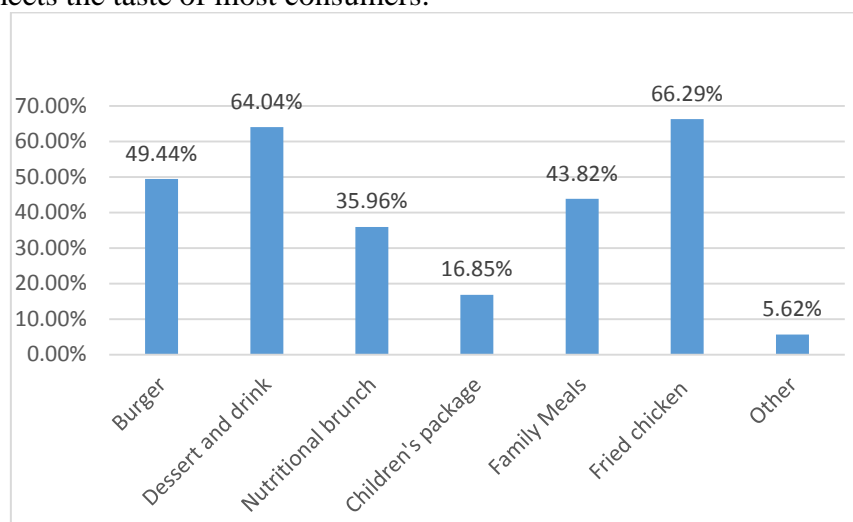


Figure 1: The type of food being consumed

Chinese characteristics and eating habits are different from those of foreign countries. After entering the Chinese market, KFC has developed products suitable for the taste of Chinese people according to the Chinese habits, to seize consumers with emotion, so that they have a sense of intimacy. Although McDonald's is later than KFC in launching localized products, it attaches great importance to product localization, which creates more opportunities for its development in China. This quality of being in Rome and doing as the Romans do is widely recognized by Chinese consumers [6].

4.2 Price Localization Strategy

In addition to considering the product cost, multinational companies also need to comprehensively consider the values, income level, price tolerance, and other factors of local market competition to develop a reasonable price strategy [7]. When consumers choose products, in addition to quality, price is also an important factor affecting their choice [8].

4.2.1. Differential Pricing Strategy

Differential pricing strategy refers to the strategy of setting different prices for the same product according to different customers and market [9]. KFC also follows a localization strategy when setting prices. In view of the uneven development across China and the differences between consumers, KFC uses the differentiated pricing strategy. The rent of stores in different areas will vary. If a unified pricing strategy is adopted, it will affect the profits of those stores that are not in the busy road. At the same time, it will give people the impression that KFC is not popular in the local area, thus affecting their own brand image. Therefore, the differential pricing strategy adopted by KFC can enable those consumers in economically underdeveloped areas with low consumption level to enjoy the same quality products as other regions, which is conducive to shaping the image of KFC close to the people. In terms of pricing strategy, McDonald's has launched a similar approach to its rival KFC [10]. Its price is set within the reach of ordinary consumers. McDonald's creates added value for consumers by providing a good dining environment and 100% satisfactory service, while making the price of products accurate to the Angle, giving consumers a sense of careful calculation.

4.2.2. Portfolio Pricing Strategy

Combined pricing can better meet consumers' preferences. The KFC can meet the needs of different consumers. For example, KFC launched the Halloween 2023, which not only firmly captures the children's market, but also attracts some young people; the package can shorten the speed of meals, and thus attracts many customers. McDonald's offers a good and inexpensive package, which reduces the time to order and is popular with consumers.

4.2.3. Psychological Pricing Strategy

The price is set according to the different psychological needs of different types of consumers when buying goods [11]. By finding out the various psychological needs of different types of customers when buying goods, KFC takes this as a basis to set its commodity prices, such as 12.5 matcha yuan, 11.5 yuan, 6.5 yuan, so that consumers have a kind of cheap feeling, so as to promote the sales of products. McDonald's through the combination of online and offline coupons, offline by staff near the stores, online is on the website and the big cooperation platform website, consumers can with coupons for certain breaks, which brings consumers a kind of affordable feeling and attract consumers. The price strategies adopted by KFC and McDonald's in the Chinese market both reflect their efforts in localization. The local price strategies of the two are basically similar, and there is no big difference.

4.3 Channel Localization Strategy

Marketing channel plays an important function. Multinational companies should fully consider the differences of marketing channels in different countries and find the adaptation of marketing

channels to the local marketing channels [12].

4.3.1. Purchaser Localization

In order to save the purchase cost of raw materials to a large extent, it is a good choice to buy from the local buyers, but also to ensure the quality of raw materials. KFC focuses on creating the localization of Chinese suppliers. In the past, all the raw materials needed to be imported from abroad, but now KFC has 645 domestic raw material suppliers [13], 95% of the raw material for producing chicken is purchased from Chinese manufacturers, and the materials for packaged food are also provided in China. Of course, when the supply of raw materials is tight, in order to relieve the pressure of domestic businesses will also be properly imported from abroad. KFC has formed a mutually beneficial and win-win friendly relationship with suppliers and assisted partners to export their products abroad. In order to reduce transportation and procurement costs and avoid risks due to certain unknown factors, McDonald's has realized supplier localization in China. The most used raw material is supplied by local suppliers and packaging materials are from China. Both KFC and McDonald's have realized supplier localization in China, which provides a good foundation for their long-term development in China.

4.3.2. Localization of Marketing Channels

Multinational companies should enter the target market according to the local market characteristics and conditions and finally determine the correct marketing channels.

In China, KFC and McDonald's adopt roughly the same sales channels, both adopting the franchise model. The so-called franchise means that the franchisee grants the trademark, product, patent, proprietary technology and business model to the franchisee in the form of franchise contract, engages in business activities under the unified business model of the franchisee, and pays the corresponding fees to the franchisee [14]. With the rapid development of the network and popularity, a lot of consumer behavior is done through the network, the pace of life makes some consumers are not willing to queue to stores or no time to stores, for this situation, KFC and McDonald's opened the Internet order and telephone order function, they also conform to the development of The Times, developed a mobile phone order APP, such as KFC specially opened the house. Consumers can enjoy more discounts while ordering food through APP, so that the needs of consumers can be fully met through the combination of traditional sales channels and new media sales channels.

Both KFC and McDonald's have carried out all the principles of starting from reality, taken the actual situation of the Chinese market as instructions, paid attention to the satisfaction of consumer needs, and adopted localization strategies in the selection of buyers and sales channels.

4.4 Promotion and localization strategy

Promotion in the marketing of many elements of the most flexible, the most innovative, the most creative [15].

4.4.1. Advertising Localization Strategy

KFC and McDonald's in Qinzhou is mainly to place billboards in front of the store or paste posters in the window. As can be seen from Figure 2, 70.48% of consumers in Qinzhou know about KFC McDonald's through TV advertisements; 63.81% of consumers know about it through the Internet; 61.9% through leaflets; 41.9% through posters. It shows that KFC and McDonald's

advertisements can be seen by Qinzhou consumers to a large extent, and the most common are TV advertisements, the Internet and leaflets.

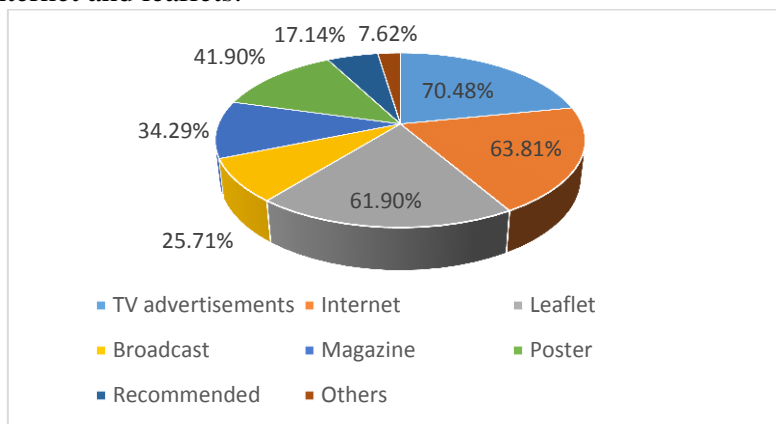


Figure 2: Qinzhou city consumers understand the KFC and McDonald's way

Since KFC and McDonald's are fast food chains, the ads used in China and those hired are shared across the country, and consumers in all regional cities see the same ads.

According to the customs and festival customs of different regions, KFC has used a flexible advertising localization strategy to attract a large number of consumers. For example, KFC's "Crazy Thursday" slogan is widely popular among young consumers. In the Mid-Autumn Festival of 2023, KFC cooperated with Shanghai Art Film Studio "Monkey Fishing moon", a popular IP, greatly catering to the aesthetic and interest of young people, and also integrated the current popular sports elements. During the Asian Games, KFC launched new products "Burning Love wing fort, burning love overlord wing" and so on. The localization of KFC and McDonald's is also reflected in the hiring of local artists as advertising spokesmen.

As can be seen from Figure 3, the advertising spokesmen of consumers in Qinzhou are mainly Lu Han, Xue Zhiqian and TFBoys, 54.29%, 57.14% and 43.81% respectively. It shows that KFC's advertising is strong and wide. Qinzhou consumers pay attention to KFC, so KFC has achieved good advertising effect.

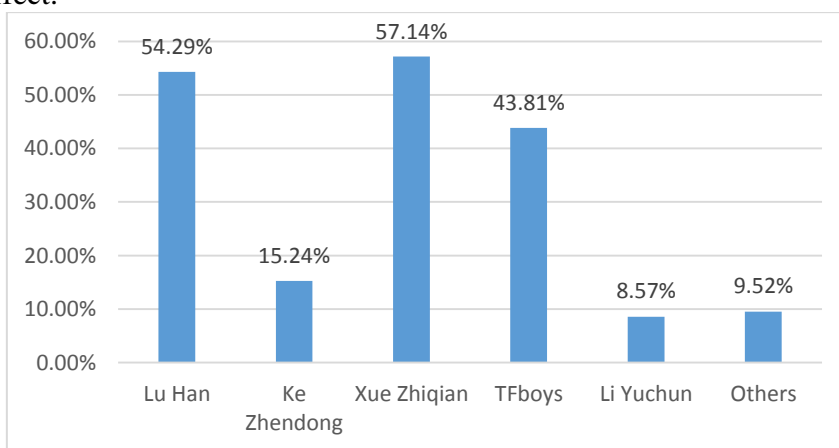


Figure 3: Qinzhou city consumers to KFC spokesperson awareness degree

McDonald's is not "keen" on using advertising spokesmen in the Chinese market, but it has gained from product marketing and promotion by using Lu Han, and to strengthen its relationship with different consumer groups, McDonald's hired Wu as its advertising spokesperson, and used his

influence among young people to attract the attention of many young people.

As can be seen from Figure 4, Yang Yang, who is the most familiar with consumers in Qinzhou city, accounts for 73.33%. Although McDonald's does not use as many advertising spokesmen as KFC, it has also achieved good advertising effect.

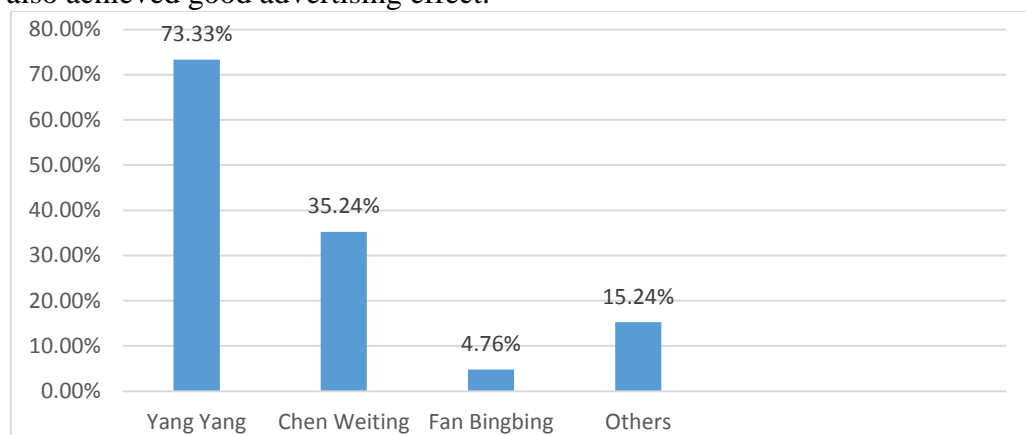


Figure 4: Qinzhou city consumers to McDonald's spokesperson awareness degree

In general, KFC's advertising is good at integrating Chinese elements, with a strong Chinese color, and psychologically close the distance with consumers in Qinzhou city to facilitate sales. McDonald's, advertising is full of human touch, so it is easier to resonate with Qinzhou consumers. In terms of advertising spokesperson, KFC is more good at using star artists to attract the attention of Qinzhou consumers, on the choice of spokesperson, KFC as the main star, luxurious, huge, while McDonald's tend to attention to young consumers, the choice of advertising spokesperson for in young people have positive energy image and prominent personality character, so also obtained the good effect.

4.4.2. Employee Service Localization Strategy

Human resource localization is the key to the localization strategy [16]. In order to save costs, better manage employees, and shorten the distance with consumers for better communication, 99% of KFC and McDonald's employees have been localized, and more than 50% of restaurant managers and intermediate managers have been promoted from restaurant staff. Both KFC and McDonald's attach great importance to the training of employees. Through the training, employees can improve their working skills, improve their own quality, and better serve the company. The localization of employees can eliminate the xenophobia of consumers and make them have a recognition of the enterprise.

4.4.3. Public Relations Localization

Good public relations is the intangible asset of an enterprise [17]. Another focus of the localization of public relations among multinational companies is to give back to the society and build a good image of being an excellent Chinese company [18]. In order to gain a better foothold in the Chinese market and establish a good brand image, KFC and McDonald's care about people in need with the purpose of "rewarding the society". KFC donated to the Hope Project in China, set up a fund and held a basketball game every year. Through these public welfare activities, KFC has established a deep relationship with Chinese consumers and cultivated customer loyalty. McDonald's also carries out public welfare activities in various forms in China. The "Ronald McDonald Home of China Charity Fund" provides care for children with congenital heart disease

and opens a healthy and happy childhood for them. McDonald's also set up the "McMai Volunteer Group" in December 2010 to regularly visit hospitalized children in the children's hospital and give them more care and encouragement. Through this series of activities, McDonald's has set up a caring and responsible image in the hearts of Chinese consumers, which has greatly improved consumers' recognition and trust of McDonald's [19], and won a good reputation for the enterprise. Enterprise actively fulfill the social responsibility is in order to establish a good image in the consumer heart, and promote product sales, let more consumers to the enterprise and gradually loyal to the enterprise, so as to better market and rival competition, and it is because I know the importance of social responsibility for the enterprise development, so KFC and McDonald's do their best to participate in or carry out public welfare activities.

5. Conclusion

5.1. Ensure Product Quality, Adhere to Continuous Innovation

The environment of KFC and McDonald's restaurants is clean, clean and bright, and there are a complete set of rules and regulations for food quality. The consumers in different regions adopt corresponding marketing strategies to provide customers with 100% satisfactory service. Therefore, Chinese catering enterprises should formulate clear standards in food quality, produce in accordance with the standards, eliminate all hidden dangers from the source, and achieve product standardization. To achieve service standardization, to provide satisfactory service for customers, but also to keep the restaurant environment clean and clean. Adhere to the business philosophy of continuous innovation [20], It is the main reason for the enduring ability of an enterprise. Chinese catering enterprises should understand the needs of consumers on the premise of sufficient market research, and constantly give consumers a sense of freshness.

5.2. Segment of Customer Groups and Implement Differentiated Marketing

KFC and McDonald's, as chain fast food chain enterprises, target groups as young consumer groups with fast pace of modern life and work. The fast speed of food production speed can fully meet the needs of the target groups, and both of them have a clear market positioning. By drawing lessons from KFC and McDonald's strategy, first Chinese catering enterprises should have clear target groups, on the basis of the original customer to maintain good attention to open the road of marketing from young consumer groups, young group life fast pace, for product production process is short, fast time, their dining speed is faster than other groups, so the Chinese catering enterprises to develop suitable for their products and provide thoughtful service, at the same time to determine the position in the market, for the enterprise products distinctive, give a deep impression, make the product in the target group is different from the competitors. There are differences in eating habits among consumers in different regions, enterprises only fully consider this point, adopt targeted marketing strategies, produce products suitable for customer tastes in different regions, Only by meeting the needs of consumers, can we occupy a favorable position in the fierce market competition and win the opportunity of continuous development.

5.3. Pay Attention to Personnel Training and Assume Social Responsibility

Talent is the key weapon to fight against multinational companies [21]. Nowadays, the competition of enterprises is the competition of talents in the final analysis, so Chinese catering enterprises should establish a scientific mechanism of talent selection and use, use modern advanced talent evaluation means, find suitable talents for different positions, arrange employee

rotation can not only train employees but also cultivate compound talents, and kill two birds with one stone. It is also necessary to arrange regular training for employees to constantly improve and enrich their professional quality, so that employees can have a sense of belonging to the enterprise and improve their loyalty. Enterprises to fulfill their social responsibility to obtain unexpected effect, Chinese catering enterprises should allow within the scope of the appropriate social responsibility, such as in the earthquake, fire and other major natural disasters, active charitable donations, build hospital school can get social respect and support, win the trust of consumers, get the support of the government, enhance enterprise visibility improve the brand reputation, but also to attract talents for the enterprise.

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If any, should be placed before the references section without numbering.

Data Availability

Data sharing is not applicable to this article as no new data were created or analysed in this study.

Conflict of Interest

The author states that this article has no conflict of interest.

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