

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND

Nowadays, the power of globalization connectivity encourages people in different parts of the world to eat the same food, wear the same style of clothes, listen to the same music, and watch the same movies. According to Mooij, global culture leads to global consumption (Mooij, 2004, p. 4). Living healthy is also one of the trends of global consumption. Traditionally, “being healthy” has been viewed as “having no diseases”. People consider having no symptoms of an illness an indicator of healthiness. However, at present, “no signs of diseases” is unlikely adequate for the people of the modern world. The contemporary healthiness is well defined as a combination of the people’s wellness, both physically and mentally.

In America, living healthy has been in trend for decades. In 1990, the American government established the “Healthy People 2000” project to encourage American people to be more conscious about their healthy life and living. This project provided information and knowledge focusing on how to improve the American people’s health. Heart disease, high blood pressure and obesity were among the illnesses the Health People 2000 project emphasized on. Reducing 36% of calories, dietary fat, saturated fats and unsaturated fat intake was recommended. Regular exercise was also suggested to help alleviate depression, anxiety and self-esteem (Healthy People 2000, 2000, pp. 19-21). Not only are Americans aware of what they eat but so are many people around the world. Low-fat food, zero calorie products, red meat, fruit and vegetables, as well as vitamins have become “in trend products” worldwide.

With all the pressures from the healthy-living trend, fast food producers have had to reconsider their brand position and brand image as “Junk Food”. McDonald’s is the first fast food company that took the step in securing their image by putting the nutrition details on their packaging. Meanwhile, at McDonald’s international franchises, the leaflets providing information about these details have been handed to customers. The well-planned implementation helps improve McDonald’s image to a certain extent, resulting in abundant compliments from NGOs.

Moreover, in 2003, McDonald's launched a campaign called "Eat smart, Be active" to encourage people to eat the right food and to exercise. Under the same umbrella of this campaign, McDonald's reduced the use of TFAs (Trans Fat Acids) or Trans fat oil for their product cooking. Even though Trans fat oil is a product from plants, it is not recommended for human consumption.

At the beginning of 2004, affected by McDonald's campaign, Kentucky Fried Chicken (KFC) offered a rotisserie-style chicken, a kind of grilled chicken, in some cities in the USA. However, due to the problem of equipment which took time in cooking, the new chicken menu failed to yield an operating profit for KFC. After 2 years of introducing this chicken selection, KFC dismissed it from the menu.

In an attempt to catch up with its competitor, in October 2006, Gregg Dedrick, the president of KFC, announced that all KFC products were Trans fat free. He also stated that the strategy of non-fried chicken is the center of this KFC reformation. In the meantime, McDonald's and other fast food companies had also planned to use non Trans fat oil in their products. Nevertheless, up to the present time, only KFC products are Trans fat free.

In 2007, KFC encountered a crisis in America: sale performance declined by 3%, plus the pressure from health-conscious trend. KFC had to reform their marketing strategy by adding a new product "Grilled Chicken" with the hope to bring back the health-concerned consumers who avoided fried food. A new hi-tech oven was installed, solving problems of long cooking-time. The roasting process was utilized to support the healthy menu, deemphasizing KFC's original cooking style of frying. In fact, KFC offered its grilled chicken to customers in only six cities in America. For international franchises, China was the first country that offered the grilled option, followed by Thailand, Hong Kong and Taiwan.

While, KFC sale performance in America has been declining, the sales in Thailand has increased. In 2007, the sales figure was 16-17% up from the previous year. In 2008, the sale should have increased up to 15%, according to Mr. Sran Sumutkochorn, Yum Restaurant International (Thailand) managing marketing.

In co-operating with Yum Brands Inc., KFC, Yum Restaurant International (Thailand) have invested Bt 350 million for their new hi-tech oven, uniform upgrade,

and shop renovations. The slogan “Spice in Your Life” was changed to “*Live the Real Tasty Life*” to freshen up their brand.

Moreover, KFC (Thailand) spent 25 million baht on a marketing campaign aimed at promoting their healthy menu to extend their target consumer of 20-29-year-old office employees. The first healthy menu launched to Thai customers was “Roasted Wing Hitz” and the second one launched in July was “KFC Roasted Burger”. With the great selection of meat and the cooking process employing the new hi-tech oven, KFC claims that its chicken menu is of an outstanding quality. In addition to the roasted chicken menu, KFC (Thailand) offers the side dish, “5 magic salad” with Japanese sesame dressing to enrich the healthy menu.

This is not the first time that Yum Restaurant International (Thailand) has entered to the burger market. However, this time they are determined to become a market leader within a year. With 350 million baht invested for their reformation, Yum Restaurant International (Thailand) can either reach their goal or fail, the same way KFC in America experienced in 2004. An investigation of whether the healthy menu can help attract more customers and earn more benefits will enhance the knowledge of the people in the marketing field.

1.2 STATEMENT OF THE PROBLEM

1.2.1 What are the consumers’ attitudes toward KFC’s Healthy Menu?

1.2.2 What are the respondents’ opinions toward the Marketing-Mix Strategy (4Ps: product, price, place, promotion)?

1.2.3 Which element of the Marketing- Mix Strategy can influence the respondents the most?

1.3 OBJECTIVE OF THE STUDY

1.3.1 Main Objective

1.To study the attitudes of consumers toward a new KFC’s Healthy Menu.

1.3.2 Sub Objectives

1.To explore the level of respondents’ attitudes toward Marketing-Mix Strategy (4Ps: product, price, place, promotion) regarding KFC’s Healthy Menu.

2.To investigate the most effective Marketing-Mix Strategy (4Ps: product, price, place, promotion) regarding KFC's Healthy Menu.

1.4 DEFINITIONS OF TERMS

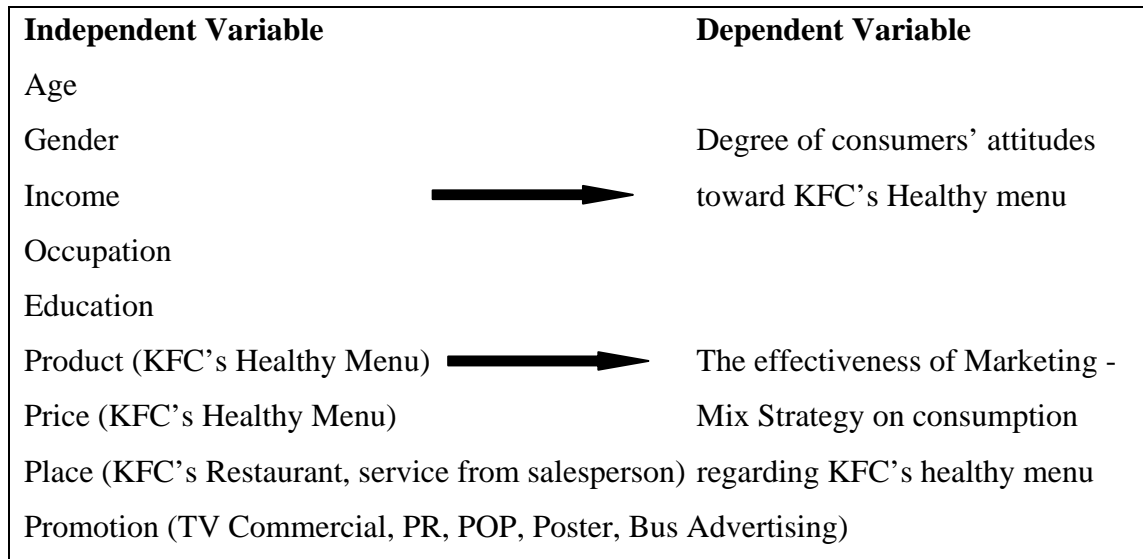
1.4.1 KFC Healthy menu refers to the new menu from KFC targeted to health-conscious consumers.

1.4.2 Consumer target refers to consumers who are 20-45 -year- old female and male employees working in the Pratumnwan, Silom and Sathorn area.

1.4.3 Attitudes of consumers refer to the positive or negative reaction of the target consumers toward the KFC's new Healthy Menu.

1.4.4 Marketing-Mix Strategy refers to the marketing tools that marketing teams create to attract the target consumers. There are four broad groups in the Marketing-Mix Strategy called "The four Ps": Product, Price, Place and Promotion.

1.5 CONCEPTUAL FRAMEWORK



1.6 SIGNIFICANCE OF THE STUDY

To maintain its revenue in the business of its kind, customers' attitudes toward the product is an incontrovertible task KFC needs to focus on. The benefits of this investigation are as follows:

1.6.1 The customers' attitudes toward KFC is investigated.

1.6.2 Necessary improvements in KFC's marketing and advertising strategy can be pointed out.

1.6.3 An appropriate operation plan can be introduced to KFC for future implementation.

1.7 ORGANIZATION OF THE STUDY

This research is divided into 5 chapters, as follows:

Chapter 1: Introduction- background, statement of the problem, objective of the study, definitions of terms, conceptual framework and organization of the study are described in this part.

Chapter 2: Review of the literature-relevant concepts relating to the study which are Attitude theories, Marketing-Mix Strategy and relevant research are included.

Chapter 3: Methodology concerns subjects, materials, procedures and data analysis used in the study.

Chapter 4: Results of the study- the results gathered from questionnaire analysis are shown.

Chapter 5: Conclusion, discussion and recommendations- the summary of the study and conclusions of the findings are discussed. Moreover, recommendations for further study are provided as well.