BACKGROUND

Understanding the influence of culture on the consumer decision process is an important part of a marketer's job. Cultural norms and values, along with consumer perceptions, family, and group influences, are all factors that can significantly impact the diffusion of new products or services. Many firms realize that they must adapt existing product or service models when introducing them into a foreign market

Procedure

Read the Global Opportunity box on page 276 of the textbook. Your assignment is to examine the two different strategic approaches adopted by the fast-food chains KFC and McDonald's when they expanded into China. Which, in your opinion, would be the more effective strategy for expanding into India, and why? Your report should include evidence (such as Indian demographic statistics, comparison with similar brand/product expansions into India, ethnographic studies, the results of direct questioning and content analysis, and so on) to support why the strategy you selected has the best chance of success.

Goal

Your goal for this assignment is to apply what you've learned about consumer behavior in this course. Use this research assignment to practice identifying and evaluating marketing concept strategies commonly found in today's marketplace.

To accomplish the requirements for this assignment, you'll need to submit at least three pages of typed material.

Writing Guidelines

1. Type your submission, double-spaced, in a standard print font, size 12. Use a standard document format with 1-inch margins. (Do not use any fancy or cursive fonts.)
2. Include the following information at the top of your paper:
   a. Name and address
   b. Student number
   c. Course title and number (Consumer Behavior: MKT 320)
   d. Research project number (08063200)
3. Read the assignment carefully and address the issue suggested.
4. Be specific. Limit your submission to the topic or issues mentioned.
5. Include a reference page that lists websites, journals, and any other references used in preparing the submission.
6. Proofread your work carefully. Check for correct spelling, grammar, punctuation, and capitalization.

Grading Criteria

Your project will be based on the following criteria:

■ Content	80%
■ Written communication	15%
■ Format	5%

Here's a brief explanation of each of these points.

Content (80%)

- The paper provides a clear discussion of the assigned topic or issue. (16 points)
- The paper addresses the subject in complete sentences. (16 points)
- The paper supports an opinion by citing specific information from references. (16 points)
- The paper stays focused on the assigned issues. (16 points)
- The paper is written in the student's own words, and it uses quotation marks to indicate direct quotations. (16 points)

Written Communication (15%)

- The paper includes an introduction, a body, and a concluding paragraph. (4 points)
- The paper uses correct grammar, spelling, punctuation, and sentence structure. (4 points)
- The paper provides clear organization by using words like *first, however, on the other hand, and so on, consequently, since, next,* and *when.* (4 points)
- The paper contains no typographical errors. (3 points)

Format (5%)

- The paper is double-spaced and typed in font size 12. (1 point)
- The paper includes the student's name and address. (1 point)
- The paper includes the student number. (1 point)
- The paper includes the course title and number (Consumer Behavior: MKT 320). (1 point)
- The paper includes the student's research assignment number (08063200). (1 point)

Submitting Your Work

Follow this procedure to submit your assignment online:

1. On your computer, save a revised and corrected version of your project.
2. Go to **http://www.pennfoster.edu** and log in.
3. Go to My Courses.
4. Click on **Take Exam** next to the lesson you're working on.
5. Enter your email address in the box provided. (This information is required for online submission.)
6. Attach your file as follows:
   a. Click on the **Browse** box.

   b. Locate the file you wish to attach.

   c. Double-click on the file.

   d. Click on **Upload File.**
7. Click on **Submit Files.**

Global Opportunity

Fast Food Rulers in China

As U.S. fast-food chains look toward foreign markets for growth, they face a typical decision-making question concerning which fast-food model to employ abroad. The issue centers around whether a chain should follow its U.S. model and offer its core products much like it does at home, or alternatively, whether it should adapt its organization and offerings to suit the local tastes of residents in the host country. The answer to the question concerning which of these two philosophies is "right" presents a dilemma to managers of fast-food organizations in their efforts to expand globally. Consider two success stories: those of KFC and McDonald's in China.

The first case involves the Yum Corporation. In 1987, when Yum brands, the holding company of KFC and Pizza Hut, faced falling revenues in the United States, it started to investigate the possibility of expanding overseas. Location studies at that time revealed that China was a promising market due to its sheer size and large expanding population. By entering that market, Yum realized that due to distinct local taste preferences, the company needed to adapt its product offerings to local palates and lifestyles. The menus, therefore, were reconfigured to add dishes similar to the foods that millions of Chinese grab from street-stall restaurants. Food items such as a bowl of congee (a rice porridge), a dragon twister (a chicken wrap) or a spicy tofu chicken rice were added to the usual fried chicken bucket menu items. The company hired Chinese managers for advice on food tastes, built partnerships with local companies, and trained other Chinese to operate the new branches that the company continued to add almost daily. The company now commands a 40 percent market share of China's $28 billion fast-food market. Starting with just a single restaurant in 1987, Yum now operates over 3,300 KFCs in 650 Chinese cities.McDonalds, on the other hand, which is a competitor in fast-food industry in China, holds a 16 percent market share. Unlike KFC's policy of menu adaptation to suit local tastes, McDonald's opted to follow the same core strategy used in the United States by offering its familiar menu items. The restaurants' layout, décor, and atmosphere also followed the familiar format used at home. In this manner, McDonald's franchises were marketed as sophisticated venues for legions of increasingly-affluent and status-conscious Chinese, who seek to emulate the admired American way of life.

To maintain this image, McDonald's restaurants feature bright, warm colors along with soft, comfortable seating within fashionable interiors. In addition, new restaurants feature drive-thrus to appeal to China's increasingly-mobile population. Over the next few years, McDonald's plans to open a new outlet on an almost daily basis. In 2013, McDonald's reports having approximately 2,000 restaurants in China.[33]

The depiction of the two companies mentioned above reveals contrasting cases for global executives seeking to determine which business model should be followed in an emerging market. Should the home-base model be kept intact, modified, or discarded altogether? Such a decision is obviously a correlate between three main factors: the product, the host country, and the management philosophy. Learn more about KFC and McDonald's by visiting http://hbr.org/2011/11/kfcs-radical-approach-to-china/ar/pr and http://www.reuters.com/assets/print?aid=USTRE6BE0VJ20101215 *Which of these two alternative strategies would you suggest for a fast-food company pursuing global expansion in India? Similarly, which of these two strategies would you suggest for Campbell Soup in Canada? Support your answers.*

effort and reward, compared to those who extend little effort to acquire the same product.Anderson reported similar findings.[39] His conclusions supported Cardozo's contention that the mere possession of information about a product may lead to a more favorable evaluation of that product, not only because customers have greater knowledge on which to base evaluation but also because

HERE ARE SOME BRAINSTORMING NOTES

KFC and McDonalds are two fast food restaurants, based in the USA. They expanded in the US first but after 1965, they started looking for global markets. McDonalds started its global expansion in the year 1967 with Canada and then Japan and then moved further. Japan was a huge success for McDonalds . Mc'D was very aggressive about expansion in their initial days. They were following their global standards and trying to maintain the same taste.

On the other hand, KFC started with England and then tried to enter Asian markets with Japan as their first Asian expansion. But KFC didn't get warm welcome from Japanese. KFC then entered Hongkong and then Taiwan. They failed in Hongkong and in Taiwan they had to pay a huge amount of money to break their partnership with the local company. These made a bad experience of KFC with the Asian markets.

Both the Giants entered the markets with their global standard criteria and were trying to set a standard taste across all the expanding countries till then and were following their standard franchise model for expansion. But when KFC entered China in the year 1987, the picture was completely different from other markets, the Chinese economy was growing at a rate of 9% and People were admiring the western food habits. And then KFC opened the first chain of KFC in Beijing. KFC was very much overwhelmed with the customer response. But KFC was affordable for the affluents only, at that time.But KFC started developing the supply chain from the local people and tried to meet demand from the local supplies only. As there were no such highways in the western Chinese markets, so establishing their own supply chain gave an advantage to the KFC to enjoy easy and efficient expansion in the other parts of the China. They also established the head office in China, the first KFC restaurant of Being was selected for that role. Also, KFC started including local taste from the Chinese culture which gave a boom to the KFC and this crossed the revenue generation of KFC in the China far above than their parent nation the USA.

But the Mc'Donalds were following their own policy and chose only the global suppliers and global supplies first to expand in the China. Later, their global suppliers established everything in the China itself but that was not effective enough to beat the competition established by KFC in the China. They always tried to impart the global taste to every market wheresoever they were expanding. Chinese people prefer chicken over beef but the Mc'D was initially focusing on expanding with their beef taste. Also, they didn't include the local taste initially which pushed them behind KFC.

KFC has expanded in more than 500 cities of China with their effective local supply chain and due to their decision of including local people mostly. It is very much necessary to understand the market in which we are expanding, what are their preferences? what is their culture? How easy or tough to change the behaviour of that community?

If the foreign player adopts the culture of the target global market and adjusts their product orservice according to the needs and behaviour, it is easy to expand.

Vegetarian family values

When the American fast-food giant first contacted him in 1994 Amit's first challenge was close to home, convincing his vegetarian family to invest in the business.

"From my family's point of view we thought through this carefully," he tells the BBC.

"What convinced us was that McDonald's was willing to localise. They promised that there would be no beef or pork on the menu.

"Nearly half of Indians are vegetarian so choosing a vegetarian to run their outlets here makes sense."

Across the world the Big Mac beefburger is the company's signature product. Amit and his partners had to come up with their own signature product for India, so the Chicken Maharajah Mac was born.

Originally Amit was the local partner in the south and west of India, running the chain as a joint venture with the global McDonald's company.

Later he bought out the McDonald's stake and now solely runs the chain in the south and west of the country.

Culture change

It hasn't been an easy journey.

"From a consumer point of view I had to start with the message that a burger is a meal," he says.

His research shows that in 2003, of 100 meals that people ate in a month, only three were eaten out.

They introduced a 20 rupees (20p) burger called Aloo Tikki Burger, a burger with a cutlet made of mashed potatoes, peas and flavoured with Indian spices.

"It's something you would find on Indian streets, it was essentially the McDonald's version of street food. The price and the taste together, the value we introduced, was a hit. It revolutionised the industry in India," he says.

Now eating out has gone up to 9-10 times per 100 meals and McDonald's in India has more than 320 million customers a year.

"Whether you love or hate McDonald's, they deliver a formula very well," says Edward Dixon, chief operating officer of Sannam S4, which provides market entry advice and support for multinationals in India, Brazil and China.

"Localised menu, delivered with precision quality at a price that works. One other trick they have used very effectively [is] an entry level ice cream which fuels the ability for consumers who might not ordinarily be able to afford to become a customer."

New markets, new customers

The kind of customers McDonald's attracts in India is very different from other countries.

There are still families with young children who frequent it. But diners also include many young people, aged between 19 and 30, with no kids.

During the week, Amit says, this crowd dominates the restaurants.

I wanted to see how true this was so I decided to have lunch in the McDonald's in Delhi's crowded Lajpat Nagar market area.

Sitting to my right, a young IT worker munches on a McSpicy Paneer while conducting a Skype meeting on his laptop.

Breaking into a new market is never easy but many have achieved massive success far from home.

The BBC's global business team meet those who have managed to break into the fast growing global markets and find out what secrets they have learnt about how to succeed in them.
How to succeed in...

On my left, a group of college students share a meal.

But what's most interesting are the two tables behind me.

One table has two elderly couples in serious discussion; the other has a coy-looking woman and man trying to have a conversation amidst the din.

With a bit of eavesdropping I find out that this is traditional matchmaking but in the modern Indian way.

The parents have introduced the potential bride and groom who are having their first official date under the watchful eyes of their mothers and fathers. The parents meanwhile are sorting out the details of the proposed marriage, all over a Maharaja Mac Meal.

So Amit's research seems to be right: unlike McDonald's around the world, there are hardly any parents with young children here.