

## 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

*(last page)* Read the Global Opportunity box on page 276 of the text-book. 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

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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

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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)



## 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. McDonald's, 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.<sup>33</sup>

*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=USTRE6BEOVJ20101215> 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.<sup>36</sup> 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