

Research on the Related Strategies of a Catering Enterprise based on the Analysis of PEST Multi-dimensional Marketing Means

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Abstract

2019 with the continuous growth of coronavirus diseases, China's economy continues to grow, and consumer demand continues to increase, China's catering industry still has great potential. This paper studies the business process of marketing and catering through relevant literature review. In the unique market environment of Yinchuan, this paper first studies the comparative study of the marketing strategies of Yinchuan KFC to investigate consumers' satisfaction with the marketing strategies and consumer behavior of the two catering enterprises. This paper uses the method of literature research, with the help of STP marketing strategy and 7Ps marketing strategy to explore the marketing effect. Analysis and analysis based on PEST progressive research from the perspective of political, economic, social, scientific and technological development.

Keywords

KFC; Marketing Strategy; PEST Analysis.

1. Introduction

As a service industry, the catering industry has been expanding in recent years with the development of China's economy and the improvement of people's income level. According to data provided by the National Bureau of Statistics, the turnover and operating income of the catering industry have shown an upward trend in the past decade. In 2019, the turnover of China's catering industry reached 655,738 billion yuan, and in 2020, 603,726 billion yuan[1]. In addition, the 2020 China Restaurant industry Annual Report released by the China Hotel Association shows that the catering income of Ningxia in 2020 was 17.977 billion yuan, the 29th (a total of 31) in the income ranking of China's provinces and cities, with a year-on-year growth of 8.10%, which is higher than first-tier cities in the east, such as 6.10% in Beijing and 4.30% in Shanghai.

The development of China's catering industry is stable, but it also faces many challenges. According to PEST model analysis, the main factors affecting the catering industry are reflected in the following: The first social factor is culture. Yinchuan, as one of the capital cities in western China[2], has unique national culture and eating habits, which must have an impact on the marketing strategy of the research object. It is also worth noting that COVID-19 has also had a tremendous impact on China's catering industry[3]. In order to avoid the widespread spread of the virus, the government has called on people to reduce going out and having dinner with relatives and friends, and to stop holding banquets in catering service venues. This has been a huge hit to restaurant sales. Compared with 2019, the turnover of China's catering industry in 2020 decreased[4-6]. Among the technological factors, the development of new technologies, the application of the internet and the impact of the COVID-19 epidemic have accelerated the digitization and retailing process of catering enterprises, and their takeout and food material retailing businesses have been expanded to varying degrees. The digitalization and intelligence level of the industry has been greatly improved. These developments based on new

technologies are particularly important in China given the political and economic issues associated with COVID-19. Therefore, combined with the above analysis, it is also very meaningful to grasp the key factors of the current industry development and provide feasible suggestions for the research targets to improve their marketing strategies.

2. Research and Development of Related Literature

2.1. Foreign Research Status

(a) Research on marketing theory

With the development of economy, marketing theory emerges at the historic moment. Foreign research on marketing is carried out earlier and the theoretical development is more mature. In the 1950s and 1960s, R. Cox put forward the concept of marketing in a broad sense based on his research results, which marked the maturity of marketing theory. During this period [7-8], the famous American economist Jerome McCarthy put forward the "4P" theory in 1960, namely the four dimensions of product, price, place and promotion. It has become one of the classic theories of modern marketing and has been used up to now. Other theories in the same period are 4Cs marketing theory. It was proposed by Lauterborn, an American marketing expert, in 1990. This theory is customer-centered and demand-oriented. It holds that marketing should fully understand the needs of customers, take consumers as the center, put customer satisfaction first, and implement effective marketing from the perspective of consumers.

In recent years, Don Schuhz first proposed the 4R theory based on the 4C marketing theory. According to the theory, enterprises need to deeply integrate market development and establish a new type of active and interactive relationship with customers that is different from the traditional and more efficient. (Don E Schuhz, 2003).

(b) Research on Catering industry's Marketing

From the perspective of catering industry, foreign scholars mainly conducted in-depth studies on a specific aspect or problem in catering industry marketing from a micro perspective (Neil Vaughan, 2001). From the perspective of catering brands, Terrence H. Witkowski (2003) believed that catering enterprises should attach great importance to the two factors of consumer satisfaction and brand recognition, and he also believed that there was a positive correlation between them. (Terrence, 2003) Danny Meyer (2008) pointed out that the service provided by catering enterprises should not only stop at dishes and dining environment, but also focus on providing consumers with high-quality dining experience and superior experience.

Other scholars have studied the factors affecting the marketing of the catering industry, mainly involving price strategy, operating characteristics, e-commerce, internet technology, social publicity image of the restaurant and so on. For example, David Hayes (1995) believes that price strategy plays an important role in catering industry. Only by determining reasonable prices can we gain advantages in the highly competitive catering market. In e-Marketing, Judy Strauss (2011) analyzed the behavioral characteristics of consumers in the e-commerce environment and proposed new ideas for catering Marketing in the context of change according to the difficulties consumers face in e-commerce.

2.2. Domestic Research Status

(a) Research on marketing theory

Domestic research on marketing strategy started late, when domestic scholars began to study marketing strategy, foreign theoretical research has been relatively mature. Therefore, domestic scholars focus more on the essence and principles of marketing and other aspects. For example, Cheng Shaoshan proposed in 2009 that modern marketing not only simply delivers products to consumers, but also emphasizes the value-added of products and the creation of

new values. At present, the industry competition is increasingly fierce, the enterprise marketing must carry on the fundamental innovation, promote the transformation of marketing orientation from competition orientation to consumer orientation, from product orientation to service orientation and so on. (CHENG, 2009)

(b) Research on Catering industry's Marketing

Most of the theoretical researches on catering industry marketing in China classify it as service marketing and analyze it. (WANG, 2017) Xu Hui (2015) pointed out in Service Marketing that enterprises should focus on the actual value provided to consumers in service quality management and improve customer satisfaction as much as possible. In addition, customer-oriented service quality management should pay attention to the perceived quality of customers. Li Zhihui (2016) believes that physical environment, environmental atmosphere and other tangible clues of service marketing are important means for catering enterprises to carry out marketing, which should be fully mastered and applied into practice.

Research on marketing strategy of specialty catering enterprises in a certain region. Meng Xuan (2019) points out in Research on Marketing of Catering Culture that catering culture is regional, national, religious and periodical, and puts forward marketing methods through new media, events and services in the marketing of catering culture. Based on the questionnaire, Zhang Hui and Sun Fengzhi (2015) investigated the status quo of small and medium-sized restaurants in Jinan, Shandong Province, predicted the development trend of the local catering industry, and provided some suggestions for the improvement of small and medium-sized restaurants. Zhang Gengcheng took Changsha Daqin Authentic Catering Management Co., Ltd. as the research object, combined with SWOT analysis and other tools to conduct a detailed analysis of its business environment, clear the company's strengths and weaknesses, opportunities and challenges, and analyzed the market positioning, and then designed five aspects of marketing strategy for it. and from the Angle of strengthening product quality management, strengthening customer perception and strengthening marketing control, the corresponding guarantee measures are put forward to provide guarantee.

3. Introduction of Relevant Theories and Concepts

Marketing strategy is related to the survival of an enterprise, so it must be based on a large number of research and clear, accurate as well as comprehensive analysis of the current situation and future trend of the company, in order to avoid decision-making mistakes and resources wasting. Based on this, this part of the paper will focus on the 7Ps, STP, SWOT, PEST and other related theories, to lay a good foundation for subsequent research.

4. Research Methodology

4.1. Summary of Case Organization

(a) Summary of KFC

KFC is a subsidiary of Yum! Brands. Since KFC entered the Chinese market in 1987, it has developed rapidly and is currently the strongest and largest fast food chain company in China. According to data statistics of Yum Brands' 2021 annual report (Figure 1), as of December 31, 2021, KFC had more than 8,100 restaurants in more than 1,600 cities in China. Meanwhile, KFC had 16 outlets in Yinchuan by the end of February 2022 (Figure 2), according to its official website.

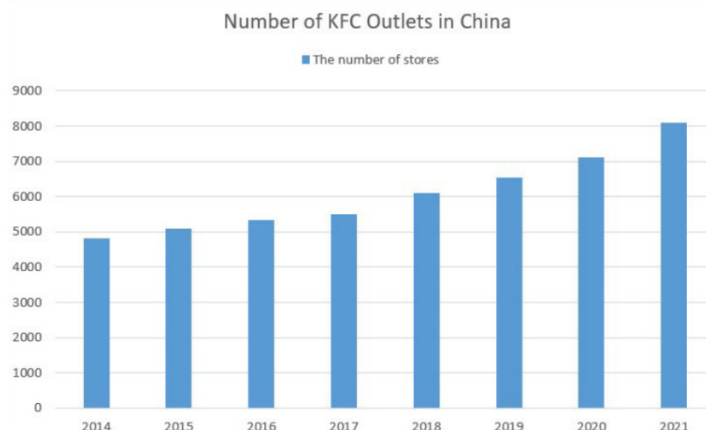


Figure 1. Number of KFC Outlets in China (Source: Starbucks’ Financial Report)

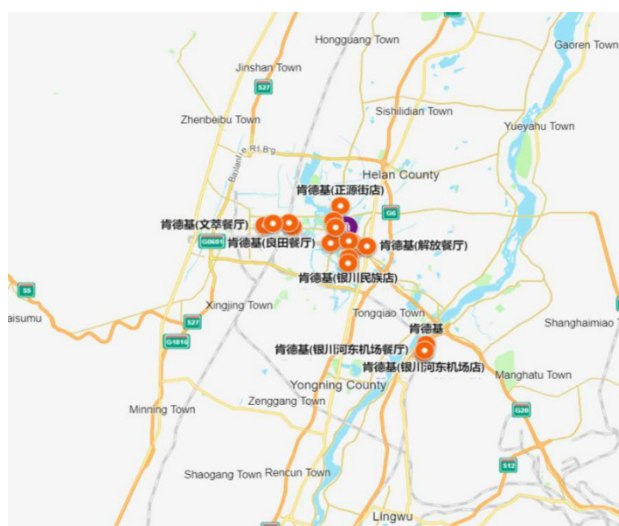


Figure 2. Distribution of KFC Stores in Yinchuan (Source: Bing Maps)

In terms of service, KFC's "CHAMPS" plan has been promoted and used globally (Table 1). For example, the restaurant staff must follow the tetralogy of steps: greet customers warmly, listen carefully to their orders, pack quickly.

Table 1. KFC's Principle of CHAMPS Service

| | |
|-----------------|-------------------------------------|
| Cleanliness | Beautiful and clean environment |
| Hospitality | Sincere and friendly reception |
| Accuracy | Accurate feeding |
| Maintenance | Excellent maintenance of facilities |
| Product Quality | High quality and stable products |
| Speed | Fast and speedy service |

4.2. Data Analysis Methods

(a) In-depth Interviews

Before the interview, I communicated with my tutor and revised the interview questions. After the modification, the author went to KFC and Starbucks stores to randomly select two

consumers for in-depth interviews. At the same time, problems and solutions that may be encountered in the interview are considered.

First, if the interviewees refuse to answer, I need to explain the purpose and try to dispel their doubts. At the same time, choose the proper interviewees to avoid rejection. Second, if the interviewees give perfunctory answers, I should end the interview as soon as possible, give up the interview and choose the next object. Thirdly, in order to avoid too noisy environment, the interview should be conducted in an indoor environment, and both sides of the interview should try to sit down. In addition, I carried a pen and paper and recorded the interview if I was allowed to. At the end of the interview, qualitative analysis will be conducted on the information obtained from the interview, and the analysis results are mainly used to help formulate the questionnaire structure and the suggestion part.

(b) Questionnaire

Based on the results of qualitative analysis of the marketing strategies of the two research objectives and in-depth interviews with typical consumers, this paper designed and published a questionnaire. The results of the issuing process and questionnaire recovery are as follows: In order to ensure the effectiveness, offline questionnaires will be distributed in stores and the way online and offline was combined. After the designing was completed, a questionnaire test was conducted for a group of five people, and the test results were in line with expectations. The revised questionnaire is delivered as planned.

Due to the epidemic situation, some questionnaires were released online using "Questionnaire Star". 85 Starbucks questionnaires were published online and 26 offline, of which 12 were invalid, with a recovery rate of 89.19%. 70 KFC questionnaires were published online and 33 offline, of which 11 were invalid, with a recovery rate of 89.32%. The design ideas and contents of the questionnaire are as follows (the ideas of the two questionnaires are the same): Consumption frequency and consumption amount; The factors of most concern when consuming; Reasons for choosing KFC or Starbucks; Consumer's product preference; Consumption channel preference; Evaluate the marketing strategy of KFC or Starbucks and suggestions for improvement based on the subdivision of 7Ps marketing strategy.

The questionnaire contains five types of questions, including open ended questions, multiple choices, ranking scale, interval scale and ratio scale. In the preliminary questionnaire design, two typical consumers of Starbucks and two KFC were interviewed to understand their views on marketing strategy, and they were invited to help design the main questions of the questionnaire. In the questionnaire recovery stage, Microsoft Excel software is used for analysis of sample demographic characteristics, consumption preference, consumption motivation and evaluation of marketing strategy, to provide data support for the subsequent suggestions.

5. Marketing Environment Analysis- PEST Analysis

5.1. Political

From the perspective of the overall environment, China began to implement the reform and opening-up policy in 1978. China's economic development accelerated, and policies and laws began to allow foreign enterprises and capital to enter China. After China joined the World Trade Organization in 2001, the government further promoted the standardized operation of the catering industry and maintained market order, which greatly promoted the development of the catering industry. The favorable policy and legal environment as well as the long-term stability of the political environment have attracted a large number of foreign investors to invest in China and provided favorable and stable marketing opportunities for multinational enterprises such as KFC and Starbucks.

In terms of the policy environment of Yinchuan, Ningxia Hui Autonomous Region provides tax incentives for overseas enterprises in the Regulations on investment Attraction Policies issued in 2021, so as to promote high-quality and efficient investment attraction. In the same year, Yinchuan Municipal Finance Bureau forwarded the notice on the Implementation of Equal Treatment of Foreign-funded enterprises in the Government Procurement Activities of the Autonomous Region's Finance Department. It pointed out that all units should focus on whether domestic and foreign-funded enterprises are treated differently or discriminated in terms of procurement, supplier qualification and evaluation standards. It can be seen from this that Yinchuan's policy provides a stable environment for KFC and Starbucks in the local market.

However, the Regulations of Ningxia Hui Autonomous Region on the Management of Halal Food imposes various restrictions on enterprises applying for halal food license. This means that KFC and Starbucks are limited in ingredients, procurement, cooking and other aspects of their products.

5.2. Economic

At the economic level, China's economy has maintained steady growth on the whole. Although the outbreak of COVID-19 in 2020 had a huge impact on the economy of China and even the world (Figure 3), the consumption level of Chinese residents in 2020 decreased compared with that in 2019. But overall, China's economic development is relatively stable, which provides a good development market for KFC and Starbucks.

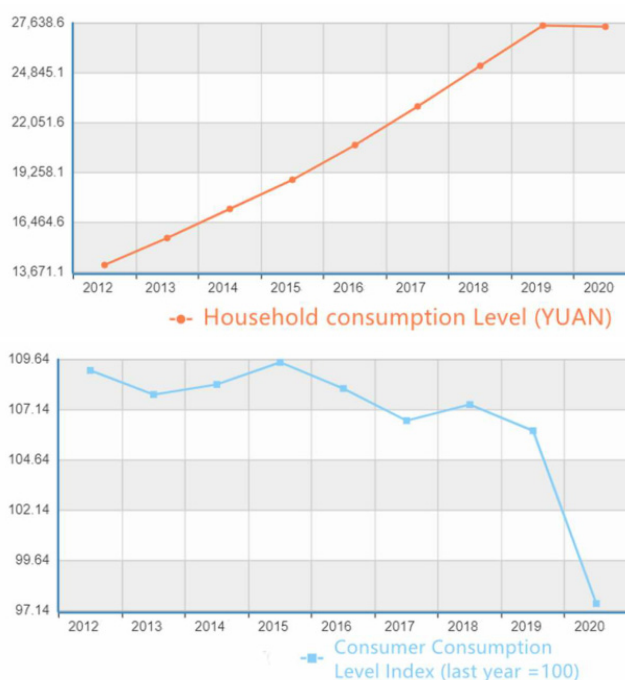


Figure 3. Household consumption level and Consumption level index in China (Source: National Bureau of Statistics)

Region's economic development level, the study of Yinchuan's population and on-the-job worker average wage (Figure 4) state of steady increase, reflecting the Yinchuan has promoted the economic development level and the improvement of people's living standard, means the region also has a huge market potential, provide marketing opportunities for KFC and Starbucks.

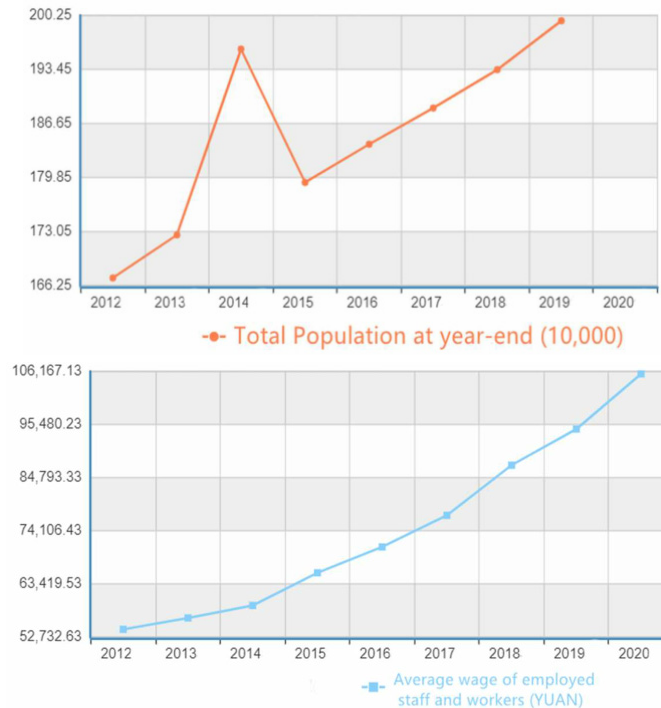


Figure 4. Yinchuan year-end population and average wage of employees
(Source: National Bureau of Statistics)

Thus, Yinchuan good economic development, market development potential is huge. Steady economic growth has provided favorable conditions for the development of KFC and Starbucks. However, Starbucks and KFC still need to take into account the negative impact of COVID-19 on consumption, and comprehensively consider factors such as channels, marketing efforts and consumers' spending power and willingness.

5.3. Technical

Since the reform and opening up, modern science and technology has gradually integrated into the catering industry, and realized the combination of management, logistics and marketing technology. The application of Internet technology has changed consumers' consumption habits. On the one hand, many catering enterprises promote their own products and services through network marketing, and on the other hand, open online shopping and distribution services to attract potential consumer groups. On the other hand, the application of Internet technology has improved the speed of logistics, and consumption is no longer limited by geographical location to a large extent. The promotion of this technology reduces costs for enterprises and is beneficial to enterprises to increase profits.

In addition, as previously analyzed, the combination of COVID-19 and technological developments has resulted in the mushrooming of various delivery platforms, making the catering industry more competitive to some extent. But overall, technology works better for KFC and Starbucks.

6. Conclusion

Under the influence, the catering industry has been greatly impacted. With the continuous growth of China's economy and the continuous increase of consumer demand, China's catering industry still has great potential. Through the relevant research on KFC's marketing strategy and consumer behavior, this paper compares and discusses all kinds of marketing strategies and methods through the basic literature research, and then summarizes and analyzes the final

influence means and strategies based on questionnaire survey and PEST analysis, and makes a multi-dimensional analysis from the perspective of political, economic, scientific and technological development.

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