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FINNISH MARKET ENTRY PLANNING OF FRANCHISING
KUNGFU CATERING

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The purpose of this thesis was to carry out a market entry planning by franchising Kungfu catering in Finland. Kungfu catering was a typical Chinese fast food restaurant, of which there was a gap in Finnish fast food market. McDonald's and Hesburger were successful examples of franchise business, experiences of those 2 restaurants were used for reference to create a suitable franchise strategy for Kungfu Finland. Finnish market entry planning of Kungfu Finland has been explained from several angles to support author's successful idea.

Primary data and secondary data have been collected by using questionnaire, interview, observation and document review methods. Document review from books, online document, ebrary, etc. was used to build up theoretical background and information of McDonald's. Document review was to collect academic support about Finnish market, Finnish fast food market development, international marketing research, marketing objective, franchise strategy, marketing mix. What's more, marketing objective, franchise strategy, segmentation, targeting, positioning, and marketing mix of McDonald's were gathered through document review as well. On the other hand, manager of Hesburger Rauma and regional manager of Kungfu Zhuhai have been interviewed with structured questionnaire, together with author's observation, a mass of information of those 2 restaurants were obtained.

The objective of this thesis was reached with theoretical application, useful data support and thorough understanding of author. The franchising Chinese Kungfu catering concept was created with interpretation of international market entry planning.

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1 INTRODUCTION

1.1 Background

Finnish market is still a fresh market for Chinese investors. As Chinese economic development, the trend that builds up business relationship between Scandinavian countries with China is in the process. On the other hand, as a result of membership of the EU, foreign participation in Finnish economy has increased rapidly.

As Chinese food is well-known all over the world, it would be a profitable business to franchise a Chinese restaurant abroad. What's more, Chinese fast food catering is not as common as normal Chinese restaurant yet in foreign market. Chinese fast food restaurant benefits customers with fast offer and good taste of Chinese food.

The franchising market is one of the increasing market and has been proved globally. Franchising is a faster way to open a new market than internal development with less risks and costs in process development. Introducing Kungfu Chinese fast food restaurant to Finland through franchising reduces the risks and costs, which due to culture shock and distance between franchiser and franchisee.

In the thesis, a Finnish market entry planning concentrates on franchise strategy is defined for Kungfu catering after analysis of the Finnish fast food environment and other relevant factors. Theories of international marketing environment, marketing research, marketing mix and franchising marketing strategy are applied in the thesis. The result of comparison between Kungfu catering and 2 other famous fast food chain restaurants: McDonald's and Hesburger are shown in the thesis as well.

1.2 Introduction of case company

Kungfu (真功夫) catering Ltd. is founded in 1994, whose chain stores take over the lead all over China; as well as the most influential Chinese fast food brand. In the beginning, Kungfu was devoted to rice fast food restaurant. Kungfu possesses 3 logistics centers in South China, East China and North China with the total area reaching 42704 square meters, which undertake purchasing, processing and distribution for restaurants nearby. With precise work in “standardization”, Kungfu has expanded from Dongguan to all over China and successfully spread the regional development mode which is also the first Chinese fast food enterprise with national wide chain development.

In 1997, Kungfu catering has improved their R&D (Research& Development) and developed “Computer Program Control Steam Cabinet” which tackled the difficulty of “standardization” of Chinese food. The new technology has explored the new solution for development of Chinese fast food, also achieved the dream of ‘industrialized production’, “no chef” and “same quality for every share of food” for the Chinese food industry. In 2008, Kungfu passed the ISO22000 standard certification.

Kungfu has set up 3 standard operation systems for Chinese fast food: standard logistic production, standard cooking equipments, standardized restaurant operation, which has completely integrated into international standards in terms of quality, service and sanitation. In 2006, Kungfu passed the HACCP food safety management system and ISO9001 quality management system certification.

Kungfu also offers a large number of employment opportunities due to its fast development. Kungfu has more than 10,000 staffs. Since Kungfu has founded, it has invested in staff training, common staffs shall accept more than 260h training, primary management staffs should accept more than 200h training, middle and senior management staffs have the right to take more than 144h training.

Kungfu insists on orientation of nutrient and delicious rice fast food, which has earned high favor from guests who like Chinese food. As the increase of restaurants, Kungfu is expecting to provide quality fast food and service for urban white collar that care for health and pursue life quality. (Kungfu official website 2011)

2 THE FINNISH MARKET

2.1 Introduction

Finnish economy is not very different from the other western economies, even it is more extreme. It is well-known as a mature market as it had been transformed from a rural society to an urban industrialized country quickly. Incentives have been introduced to attract foreign investment and to encourage business and financial houses. Import volumes in Finland remains high because of large demands, main imports are raw materials and components, consumer goods, investment goods, crude oil and fuels. (Walden Publishing Ltd. 2000, 21)

Environments of countries such as social environment, political policies and economic development are constantly changing and influencing each other, especially within a certain geographical location for instance EU. As a result of membership of the EU, foreign participation in the Finnish economy has increased rapidly.

Finnish government welcomes foreign investment. Laws restricting foreign ownership were abolished in 1993, which ensures actual equal treatment of foreign investment in Finland. Common External Tariff is needed on goods entering from non-EU, which is not required for EU goods. (Walden Publishing Ltd. 2000, 32)

2.1.1 General information

The following is the general information of Finland from The World Factbook (April 1, 2010) which is an important reference for those investors or people who want to know more about Finland.

- Urbanization: 63% of total population (2008)
- Capital: Helsinki
- Population: 5.250.275 (July 2008 EST.)
- Age structure:
 - 0-14 years: 16.4% (male 438,425/female 422,777)
 - 15-64 years: 66.8% (male 1,773,495/female 1,732,792)
 - 65 years and over: 16.8% (male 357,811/female 524,975) (2009 EST.)
- Ethnic groups: Finn 93.4%, Swede 5.6%, Russian 0.5%, Estonian 0.3%, Roma (Gypsy) 0.1%, Sami 0.1% (2006)
- Language: Finnish 91.2% (official), Swedish 5.5% (official), other 3.3% (small Sami- and Russian-speaking minorities) (2007)
- GDP (purchasing power parity): \$182.6 billion (2009 est.), \$197.6 billion (2008 est.), \$195.2 billion (2007 EST.)
- GDP- composition by sector: agriculture: 3.4%, industry: 30.9%, services: 65.8% (2009 EST.)
- Investment (gross fixed): 19% of GDP (2009 EST.)
- Inflation rate: 0% (2009 EST.)
- Exchange rate: 1 Euro= 9.1774 RMB (6 March 2011)

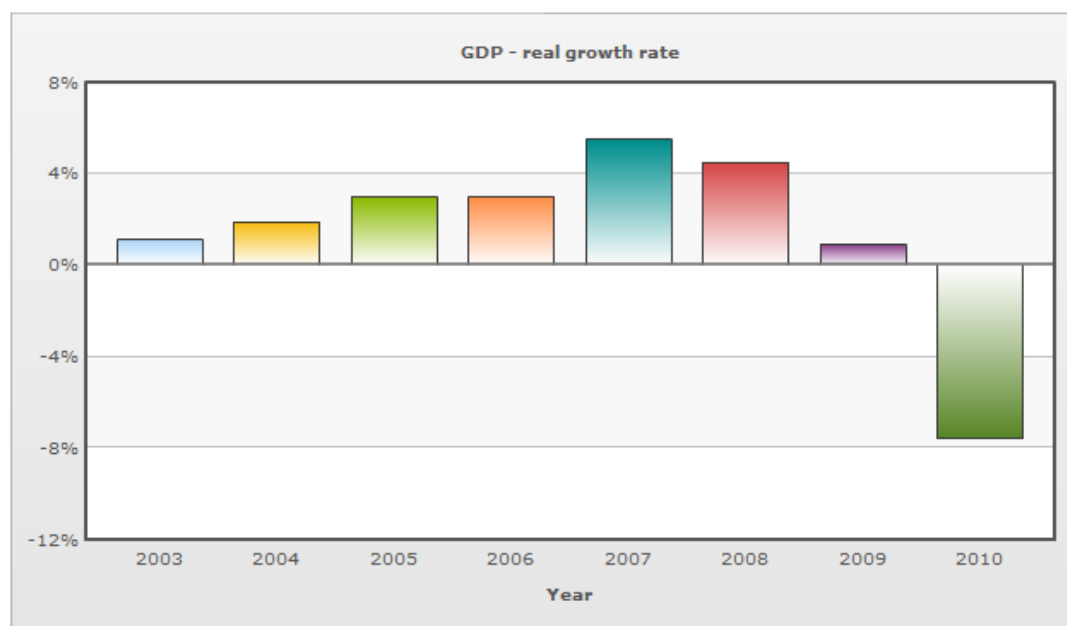
(Finland 2010, The World Factbook)

Despite those basic information, there are more and more Chinese speaking people in Finland, approximately 4,620 until 2008, and it grows rapidly these years. (Basic information of Chinese in Finland 2010, KINA) Although the official languages are Finnish and Swedish in Finland, English is widely used in Finland, more than 90% of Finnish citizens can speak English, and it is a huge benefit for international business. Service is the biggest composition of Finnish GDP, so that introducing catering business such as Kungfu is a good idea follows the Finnish economic trend.

2.1.2 Economic development

Finland has a highly industrialized, free-market economy with a per capital output equal to that of other western economies such as France, Germany, Sweden, or the U.K. The largest sector of the economy is services (65.5%), followed by manufacturing and refining (31.6%). Primary production is at 2.9%. (U.S. Department of State 2010)

Finland became industrialized rather late, only around 1960 it started to reveal its industrial society. However, its further transition to a post-industrial economy proceeded rapidly. The economy entered the post-industrial stage and the society late modernism during the last two decades of the 20th century. (Pesonen & Riihinen 2002, 246)



(GDP – real growth rate: -7.9% (2009))

Along development of Finnish economy, there are recession and prosperity. Recently, because of financial crisis started from United States. Although the forecasts indicate those difficult years ahead as Finnish economy struggles to balance finances as the baby boom generation retires, Finland is still a high developed economy entity in Scandinavia and in Europe. (U.S. Department of State 2010)

2.1.3 Trade and investment policies

Economic policy is another important issue which is a review of the attitude of government towards industry, and how far this will promote opportunities for business. The economic requirement of a country is to see how far the policies being pursued provide a friendly environment to companies. (Chee& Harris 1998, 109)

Every country attempts to act in the world for its own benefit, in order to protect and further its national interests, which is the most obvious goal of any country's foreign policy. When investing to a new market, it is necessary to clarify investment policies of the new country. (Studia 2004, 256)

Finnish imports were worth €59.5 billion in 2007 and they are growing year by year. The Finnish government is forced to release some of their power to the markets run by large international corporations. (cf. Held and McGrew, 2000) In the 1990s, especially after joining the EU, Finland has continued removing restrictions on foreign investments and free competition. A result of comparative studies shows that as parties to agreement, Finnish people tend to be more trustworthy than other nationalities in average which is an advantage of investment in Finland. (Inglehart 1997, 174)

2.2 Overview of Finnish fast food market

Finnish customers are attracted by familiar chain restaurants when they come to eat out. McDonald's as the world's most popular fast food chain stores definitely occupied the majority of Finnish fast food market. The biggest competitor of McDonald's in Finland is Finnish local brand Hesburger. Burgers and menus are very similar to each other in Hesburger and McDonald's, Hesburger as a local brand, its food is more expensive than McDonald's because the tasty burgers suit Finnish customers more. (Finland fast food 2011)

In Finland, despite Hesburger and McDonald's, Burger King is also a fast food restaurant specialized on selling burgers. According to HELSINKI TIMES on 15 December 2010, after running 2 restaurants in Finland in the 1980s, Burger King has

the plan to return in Finnish market. From this title, it is easy to notice that Burger King is not yet popular in Finland. (Burger King shelves plan to open restaurants in Finland- Paper 2010, Helsinki Times)

Pizza Hut and Kotipizza are other 2 main fast food restaurants. Together with McDonald's and Hesburger, those 4 restaurants are in charge of Finnish fast food market. A very different phenomenon from Chinese market is that KFC doesn't exist in Finland.

Other kinds of restaurants such as SUBWAY, SUBWAY's popularity is based on fresh ingredients and freshly baked bread and cookies. SUBWAY is also a big player in Finnish fast food market. (Welcome to Subway 2010, Official website of Subway FI) Another non-burger fast food restaurant: Kebab arrived in Finland in the early 1980s, but it took a decade before people started to like its Turkish taste. (Fast Food in Finland- Unsustainable Development 2004 Vihreapolku)

2.2.1 Elements to success

Developing an international marketing plan

Before franchising fast food restaurant, making a master international marketing plan specifically for Finnish market can clearly define the goals and objectives, and identify the problems may occur in the future with potential solutions. If possible, to obtain qualified consulting export information. (Woznick 2000, 7)

Long-term orientation and strategic branding

Franchising a Chinese fast food restaurant is a big project which requires longer-view since it takes a long time to plan and meet its expected return on investment. Issues such as expensive rental fee or building costs and taxes, distribution, logistics require experience to reduce costs and time to plan. Early financial management is necessary for all those costs in the beginning. Also, personnel recruitment, personnel training highly qualified experience on international business are required along the

operation. Inter-culture communication is a challenge. Reputation is hard to have, once a brand has a reputation, it would be hard to keep it. In this case, first test store is very important on brand perception.

Adaptation

Adaptation includes different aspects in exporting. Such as product adaption, be ready to modify some products to meet the local requirement and cultural preference for the target market. Chinese fast food restaurant should do a marketing survey of Chinese fast food taste before setting up the menu, as well as updating the menu periodically. Service, information and so on which have direct contact with customers should be transferred to use local language. Different markets require different plans, so that the given market techniques will not 100% match the new market. (Woznick 2000, 7)

There are some other tips, for instance the target market needs specific treatment in order to have the maximum success. Location for the first franchising store in Finland is one considerable factor may influence customer awareness. On the other hand, always trying to attempt loyal customers by satisfaction of final consumers' needs and offering a reliable service. Creating a successful pattern is applicable in Finnish fast food market. At last, Establishment of a basis for profitable operations, and it is better not to trust any trade leads.

3 INTERNATIONAL MARKETING RESEARCH

Marketing research offers managements with reliable, valid, timely, relevant and current information of the target market. Marketing research can be understood as “the systematic and objective approach” to the development and supply of information for the marketing decision making process. (Kinneer and Taylor, 1996)

3.1 External and Internal analysis

External analysis

The external environment creates opportunities and threats which stimulates the development of marketing strategy. Most organizations face a complex and changing external environment which is unpredictable. In general, companies face external issues as follow. The state of the national and local economics, the buying power is influenced by customers' incomes and the cost of currency. Product cost, price competition is high; it is a trend that companies move their manufacture to developing countries with lower labor costs which affects on supply and after sales support.

Externally, changes in consumer lifestyles and tastes, lifestyles and consumer tastes are changing all the time. For instance, since the price of housing is increasing, people are more intend to buy a smaller flat than a house which calling for smaller TVs, kitchen equipments and so on. Changes in technology, technology are updated based on market needs. New marketing approaches, customers are buying through internet nowadays; even suppliers are trying to find customers on internet.

There is a framework to help organizations assess their external environment: the PESTLE (PEST) analysis includes political, economical, sociocultural, technological, legal and environmental issues in the external business environment. Political influences consist of trade regulations and tariffs, and social welfare policies. On the other hand, economic influences include business cycles, interest rates, financial support, inflation, availability and cost of energy, and the internationalization of business. (Yeates& Cadle 2010, 41-42)

Sociocultural influences embrace demand and taste issues, and how tastes and preferences change over time. Such as demographics, e.g. the number of growing aging people in Europe; lifestyle changes, if people like Chinese food in Finland nowadays? The last one can be "concern for the environment", covering environmental protection, recycling, waste disposal and energy consumption.

Technological issues such as financial support from government in terms of research; the focus on technology, and support for invention and innovation; the pace of technological change and the creation of technology-enabled industries. Legal issues indicate legislation about trade practices and competition, environmental-protection legislation and employment law, for instance regarding employment protection and discrimination. Environmental issues concern global warming and climate change, animal welfare and decrease of waste (Yeates& Cadle 2010, 41-42)

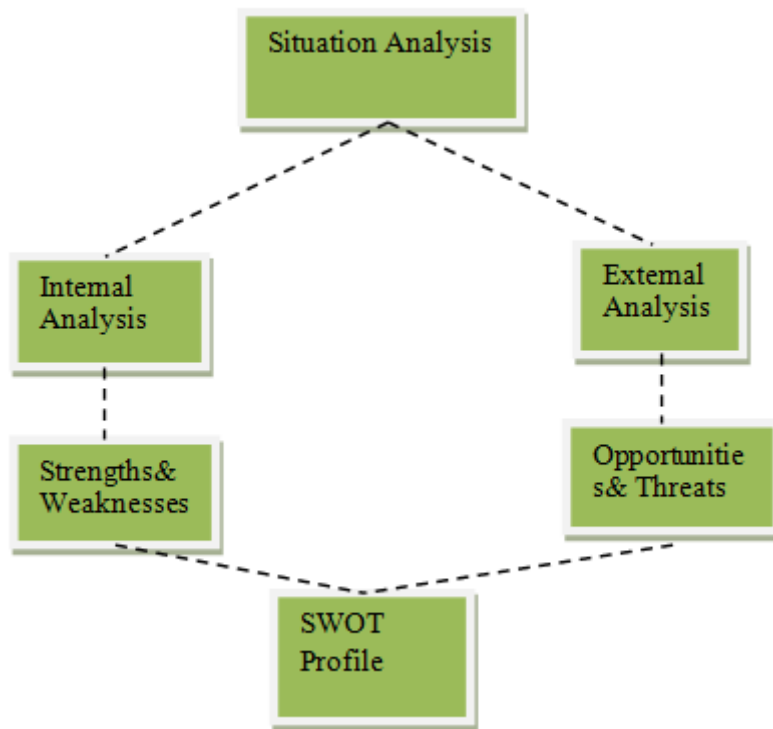
Those different aspects allow being references when doing external environment research. With detailed catalogue, factors indicate various influential issues that company should take into consideration when franchising a fast food restaurant abroad.

Internal analysis

Internal analysis can be explained by MOST analysis technique. MOST analysis examines the current situation of an organization about its current mission, objectives, strategy and tactics, and considers whether these are clearly defined and supported within the organization. Mission is a statement declaring what business the organization is in and what the organization is going to achieve. Goals by which the achievements can be measured are objectives. Strategy is considered as the approach that is used in the organization in order to reach the objectives and missions. Tactics are the detailed means by which the strategy will be implemented.

In an organization, the resource audit can help us identify core competences. There are 4 key areas to examine including tangible and intangible resources. Tangible resources for instance the physical resources the organization owns or has access to, such as building, plant, equipment and land; the financial resources, the human resources and their expertise, adaptability, and commitment, etc. are also tangible resources. On the other hand, intangible resources are Know-how of the organization and its patents, trademark, etc. and reputation of the organization. (Yeates& Cadle 2010, 47-48)

3.2 SWOT analysis



(SWOT analysis 2010, NetMBA)

Before having a marketing strategy, companies need to analyze their own strengths and weaknesses, customer needs and the competitors, which are so called SWOT (strengths, weaknesses, opportunities and threats) analysis. SWOT analysis is a technique especially designed to help identify suitable marketing strategies for company which can be carried out based on external analysis and internal analysis. (Hollensen 2003, 170)

The use of SWOT analysis can reduce the costs associated with strategic planning since it needs only a comprehensive understanding of the company and industry instead of special skills; because of the simplicity of SWOT analysis, the framework of SWOT analysis provides collaboration inside the company, and provides a process that generates information exchange in advance of the actual marketing strategy development process; the flexibility of SWOT analysis enhances the quality of an organization's strategic planning.

A SWOT analysis includes both internal and external environments of the company. Internally, the framework addresses a firm's strengths and weaknesses on key dimensions, an organization should consider what strengths it has and what weaknesses in relation to the following factors as well, in order to consider what could be avoided and what are they key bottlenecks.

- Financial performance and resource
- Human resources
- Production facilities and capability
- Organization structure
- Market share
- Customer perceptions of product quality, price, and product availability
- Organizational communication and culture
- Leadership
- Organizational system, value and processes

Externally, the environment includes information on the market such as:

- Customers
- Competition; for instance, how are you going to face it?
- Economic conditions, what's the trend of economic development in Finland?
- Social trends
- Technology, if changing technology threatening your business?
- Government regulation

(Hollensen 2003, 265-266)

4 INTERNATIONAL MARKETING PLAN

4.1 Marketing objectives

Marketing objective is a start-up of marketing plan, together with marketing strategy is the key step during marketing plan process. Information research is necessary when brainstorming a marketing objective and setting up a marketing strategy. A

good marketing objective guides the right direction to a reliable marketing plan. Objectives help to ensure marketing strategies are expected to reach its target. Without objectives, the following steps will not have any direction which is meaningless. (Malcolm 2002, 81)

Marketing objective is made by concerning products and markets. Simply, company wants to sell something to someone, so that the company's goal will be reached once the organization has profit. Also, marketing objectives should keep pace with times, because market situation and customer needs are changing. Further, marketing objective should be realistic and measurable according to company's current situation. (Malcolm 2002, 82)

4.2 Segmentation, targeting and positioning

Segmentation

Marketing Strategies are segmentation, targeting and positioning. According to Michael J. Croft, "Market Segmentation is the process of identifying different groups of users within a market who could possibly be targeted with separate products or marketing programs". Segmentation decides how best to divide the market into groups of customers so that the customers within a given group (target group) have more in common between themselves, in terms of the way they perceive, use, purchase etc. the product which are different than other groups. (Croft 1994, 1) Having a reasonable segmentation, companies should answer some questions such as: "which groups of users should we serve?", "with whom will we compete?" and "how can we outperform them?" (Croft 1994, 6)

"If you are not segmenting-you are not marketing"

PROFESSOR THEODORE LEVITT, HARVARD

Market segmentation is a key strategy to positioning the institution which maximizes the competitive advantage of a company, leads to better research, improves product development, enhances communication in order to better serve the needs of custom-

ers, (Gibbs, Maringe & Felix 2000, 59) The objective of segmentation research is to analyze markets, find opportunities and capitalize on a superior competitive position. (Weinstein 2004, 5)

How to segment

There are 3 conditions necessary for a successful segmentation strategy. There must be a “gap in the market”, it means opportunities, and there are some customer needs which are not yet being offered. Second, there must be a “market in the gap”, chosen group of customers must be large enough and worth to invest. Third, the company must be able to communicate with the target group and make them satisfy with its service or product. (Lan 2006, 76)

Targeting

Targeting means choosing which specific groups of those companies have identified in the segmentation it will focus on. Targeting is afterwards segmentation; targeting strategies can be categorized as one of the 5 types in the follow. The first one is single-segment strategy, the same as concentrated strategy. One market segment is served with one marketing mix. This strategy is more suitable for smaller companies with limited resources. Selective specialization is another strategy, which is so called multiple-segment strategy or differentiated strategy. Different marketing mixes are offered to different segments, the difference is more about promotional message or distribution channels. Thirdly, product specialization is the contrary of selective specialization. The firm specializes in a particular product and separates it to different market segments.

Market specialization is based on market orientation. The firm specializes in serving a particular market segment and offers different segment different products. The last one is full market coverage, the firm attempts to serve the entire market. This can be achieved by 2 means: a mass market strategy in which a single undifferentiated marketing mix is offered to the entire market; or by a differentiated strategy in which a separate marketing mix is applied to each segment. This strategy is used only if the company is big with enough resources. (Basic of Exporting 2010)

Positioning

Positioning helps to configure total offering of “Goods”, “Services”, “Price”, “Place” and so on, in order to satisfy the target group’s needs in a way that is different from that offered by competitors. Based on the result of segmentation, positioning is the process matches product benefits with customer needs. (Lan 2006, 69)

A successful positioning strategy is always based on sustainable competitive advantage. Company prepares positioning according to the following aspects: 1) product property (quality, price, feature, etc.), 2) the advantage of product and how the product satisfy customers, etc., 3) utilization category, when to use the product, and compare with other products.

The process of positioning is divided into 7 parts: Firstly, company recognizes the competitive product it wants to sell. Research with customers and collection information of customer preferences will be done afterwards to indentify customer needs. Company has to ensure the share of every product recognized in the entire market. At the same time, make sure its product will have market. What’s more, the properties of products have to match the needs of target market. On the other hand, positioning of competitors’ products should be taken into consideration with the company’s products. Finally, the best positioning of the company will be closed.

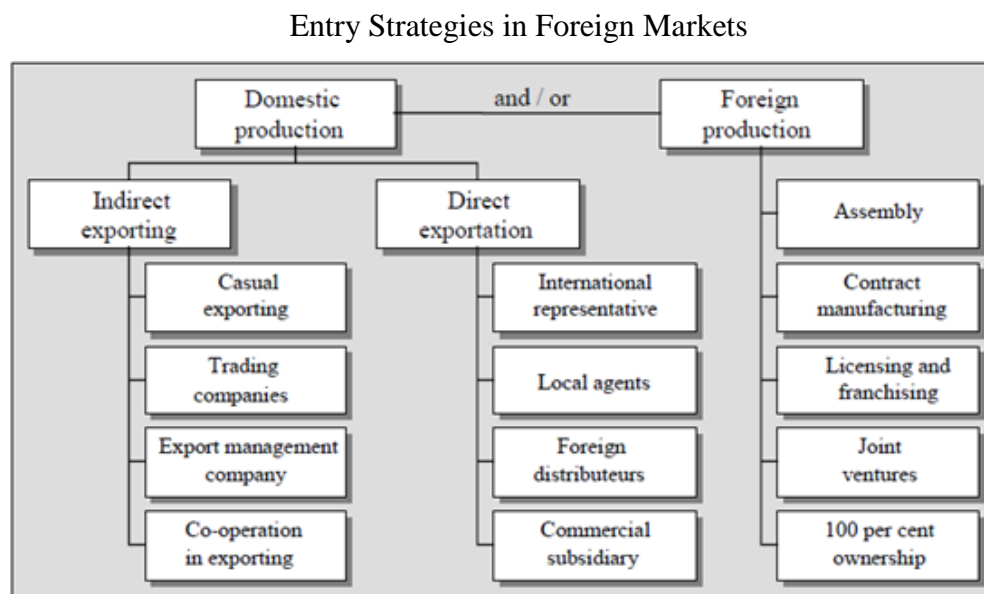
Youngme Moon has proposed 3 kinds of positioning. The first one is reverse positioning. The target of reverse positioning is to remove the “holy” features, which at the same time add some special characteristics. For instance, “IKEA” doesn’t offer delivery or sales consulting to its customers, instead, its services include babysitting, café and so on. This positioning is more used by service companies.

Breakaway positioning leads product to a complete different product catalogue. Based on knowing customers’ perception and assortment of products, company can change customers’ frame of their products. Swatch no longer belongs to Swiss watch, but fashion decorations. This positioning is applicable to packaging& retail or gift companies.

Stealth positioning hides the real properties of a product, in order to guide customers to a new product. Sony positions AIBO robot as a pet which is popular, but used to be assistant of family. Stealth positioning also helps older customers get to know high-technology application. Technology Company uses stealth positioning strategy a lot. (12 Manage 2011, Online Document)

4.3 International market entry strategy

International market entry strategies are divided into different categories in degree of risk they present, the control and commitment of resources they require and return on investment they promise, as well as how much they suits the particular company.



(Entry Strategies in Foreign Markets, Tepstra and 8th Edition)

The graph above describes international market entry strategies in an understandable way. It divided production into domestic and foreign production; after that, indirect exporting and direct exportation are subsidiaries of domestic production. It is easy to understand that if production is abroad, modes such as assembly, licensing, franchising, etc. are very useful to be chosen as international strategies. On the other hand, based on how company wants to export their goods or services, there are direct and indirect exporting strategies. (Lambin 2007, 5)

4.3.1 Franchising

In short, franchising is a capacity granted by a principal to a retailer using the principal's name to sell a particular product or service on the principal's behalf, such as McDonald's. In such a situation the retailer must accord with precisely to the agreement signed between franchiser and franchisee. The franchiser will still conduct the business. The franchisee agrees to follow certain regulations that not to buy from other companies' or sell competing products or services. Even through franchising is one kinds of licensing, with longer-term commitments. (Hill 2005, 232-233)

Compared to licensing, franchising agreements tends to be longer and the franchiser offers a broader package of rights and resources which usually includes: equipments, managerial systems, operation manual, initial trainings, site approval and all the support necessary for the franchisee to run its business in the same way as it is done by the franchiser. In addition to that, franchising agreements involve trademarks and operating know-how of the business.

As a growth global market, Franchising is focused on both the manufacturing and service sector. Overall, however, service element is highly required in supply chain and by customers. It involves the legal right to use branding, products and methods of operation being transferred to a third party.

The franchising market is one of increasing market and in evidence globally. It provides to the franchiser a short cut to an overseas market without changing the franchisee's management position. It involves capital commitment in terms of stock offer, marketing, training and control systems. In total, it is very much involved in the brand management business on a global scale. (Branch 2000, 405)

Agreement needed for franchising

There are two types of agreement between the franchiser and the franchisee: an area development agreement and a master franchise agreement. Basically, the agreement includes rights such as territory location, extent of rights to use the franchiser's

name, payment of fees, franchisee's obligations, sale of business and termination of the agreement. (Branch 2000, 405)

An area development agreement will highlight how much it can be transferred in detail, what kind of rights are to be granted, such as the brand, products, method of operation; the number of outlets, exclusive or non-exclusive rights; provision of additional outlets if company of franchiser has a good market conditions; and finally termination arrangements and disposal of outlets if franchising failed. (Branch 2000, 405)

In contrast, a master franchise agreement includes a specified territory; exclusivity; performance schedule, embracing agreed sales targets; initial and on-going fees; default clauses, with the arbitration and national law applicable; intellectual property; security protection; training provision; taxation aspects and the rights to be granted. (Branch 2000, 405)

4.3.2 Advantages and disadvantages of franchising

The following table provides conditions, advantages and disadvantages of franchising.

Mode	Conditions	Advantages	Disadvantages
Franchising	Longer agreements	Low political risk	Franchisees may turn into future competitors
	Franchiser offers a broader package of rights and re-sources	Low cost Allows simultaneous expansion into different regions of the world	Demand of franchisees may be scarce when starting to franchise a company, what can deal to making agreements with the wrong candidates
	Involves trade-marks and operating know-how of the business	Well selected partners bring financial investment as well as managerial capabilities to the operation	A wrong franchisee may ruin the company's name and reputation in the market

(Lambin 2007, 2)

Advantage

There are some advantages of franchising: more and more popular in market, faster ways to open a new market than development internally and less risks and costs in development process. With well selected partners, franchising brings financial investment as well as managerial capabilities to the operation. In Europe, the form of franchising becomes a rapidly growing channel as integration of a company is more and more common. (Doyle 1998, 121, 340)

Disadvantages

Firstly, since every franchisee is equal, there is no flexible way for franchiser take profits out of one franchisee to support competitive attacks in another. It is hard to manage quality control. For instance, consumers expected to have the same quality of food , service and so on at McDonald's wherever in America or in Finland. One

bad result of quality in a foreign market can affect the firm's worldwide reputation little by little. The geographic distance between franchiser and franchisee can make the poor quality hard to detect or avoid. (Hill 2005, 492)

Franchisees may turn into future competitors since Franchisees have the know-how and so on. Also, since demand of franchisees may be scarce when starting to franchise a company, which can lead to making agreements with wrong candidates, a wrong franchisee may ruin the company's brand and reputation in the market. Comparing to other modes such as exporting and even licensing, international franchising requires a greater financial investment to attract prospects, support and manage franchisees.

4.3.3 Forms of franchising

The three main forms of franchising are manufacturer sponsored retailing, as found in the car industry where a dealer retails automobiles subject to certain conditions imposed by the manufacturer; manufacturer sponsored wholesaling, as found in the soft drinks industry, for instance coca cola; and, thirdly, service sponsored company retailing, as found in the fast food and car hire businesses, such as Hesburger, McDonald, KFC and so on. (Branch 2000, 405)

4.4 Marketing mix

According to Sheth:

“Then marketing like economics, became “managerial” by which I mean that marketing became the job of a manager; this in turn led to the concept of the four ‘Ps’ of marketing.”

The marketing objectives will be achieved by marketing strategies, which are generally concerned with marketing mix: product/ service, for instance deletions, modifications, additions, designs, packaging of a product; price, policies to be followed for product groups in market segment; place more indicates distribution channels, trans-

portation and customer service levels; promotion represents communication with customers under the relevant headings, i.e. advertising, sales force, sales promotion, public relations, exhibitions, direct mail, etc. (Baker 1999, 55)

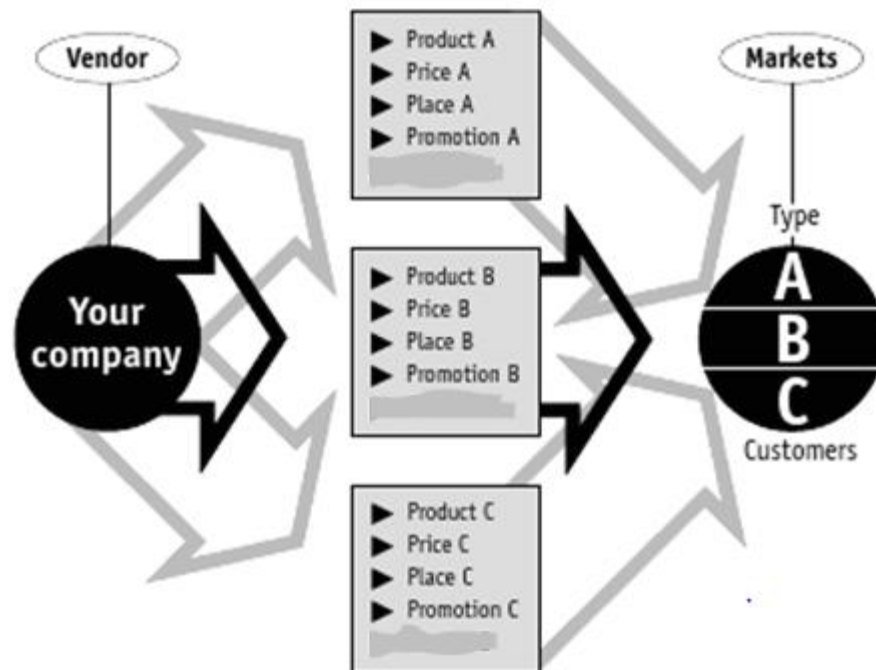


Figure: Differentiated Strategy (Lan 2006, 75)

The figure above is called differentiated strategy, which shows how company multiple attracts segments with different marketing mix appropriately adapted to fit each segment. (Lan 2006, 75)

4.4.1 Product/ Service

The product can be tangibles such as cars, books, food or intangibles such as service which specific provided by organization or people. Nowadays, many products are a combination of goods and services, tangible and intangible. For instance, when somebody order food online (e.g. McDonald's), the catering offers customer food, and service which is delivery to home.

Product aspect involves what to produce, the quality of the product, appearance, warranty, branding, design, and color and so on. In business to business, the best means when differentiating a product are warranties, return policy, maintenance service, time payments and financial and insurance services. There are some factors involved when launching a product. What does the product do and what does it offer to customers? Is there a brand for the product and what does it stand for? Quality, design, packaging, etc. of the product have to be decided and different from competitors'. Does the product or service have intangible elements? Segmenting product in the market and finding out added value of the product. (Sultan 2004, 16-17)

When developing a brand to another new market, a lot of items should be modified or changed according to local culture and habits. For instance, Asian customers care more about packaging: the packaging color, size, shape and so on, customers can be attracted by the product sometimes only because of a beautiful package. Local culture and habit also influence product range, for instance, McDonald's make some changes of burger taste based on Finnish customers' habits when entering the Finnish market.

4.4.2 Price

Simply, price is the product or service costs, includes if after discount or special offer. The pricing of a product should be considered very carefully and it should be considered both from the cost point and from the marketing point of view. Integration of pricing with other aspects of marketing mix and avoiding price discrimination, keep price flexibility are very important. A company needs a pricing strategy from the very beginning and adopts reasonable policies in terms of different categories of buyers.

When pricing a product, the level of price such as suggested retail price, competitors' pricing, discounts (volume discounts and wholesale pricing, cash and early payment discounts), and special offer should be taken into account. Psychological aspects of price is necessary to assess, for instance, if the price of a hamburger combination meal is 10 Euros, it is better to set 9,90 Euros as its price, which psychologically

makes customers believe it is worth to take. Seasonal pricing such as outlet discount can be used for clothes store. (Sultan 2004, 16-17)

4.4.3 Place

Place is known as channel, distribution and intermediary, which incorporates selling products or services through distributors or directly to customers; such as warehousing, storage, the types of outlets; selling on-line. The choice of the distribution channel highly depends on the product and place in the productive process.

The place of sales influences the perception of product and service. Company must pay attention to the choice of outlets: wholesalers and retailers. In food industry, it is better to choose a popular place with a mass floating population. If a company is willing to sell on-line, website is needed with easy access. Be aware of channel members and channel motivation, also pay attention to inventory management. For instance direct selling and indirect selling through distributors are available for company to choose from. Planning market coverage based on location and customer preference with consideration of logistics: transportation, distribution, warehousing etc. (Sultan 2004, 16-17)

4.4.4 Promotion

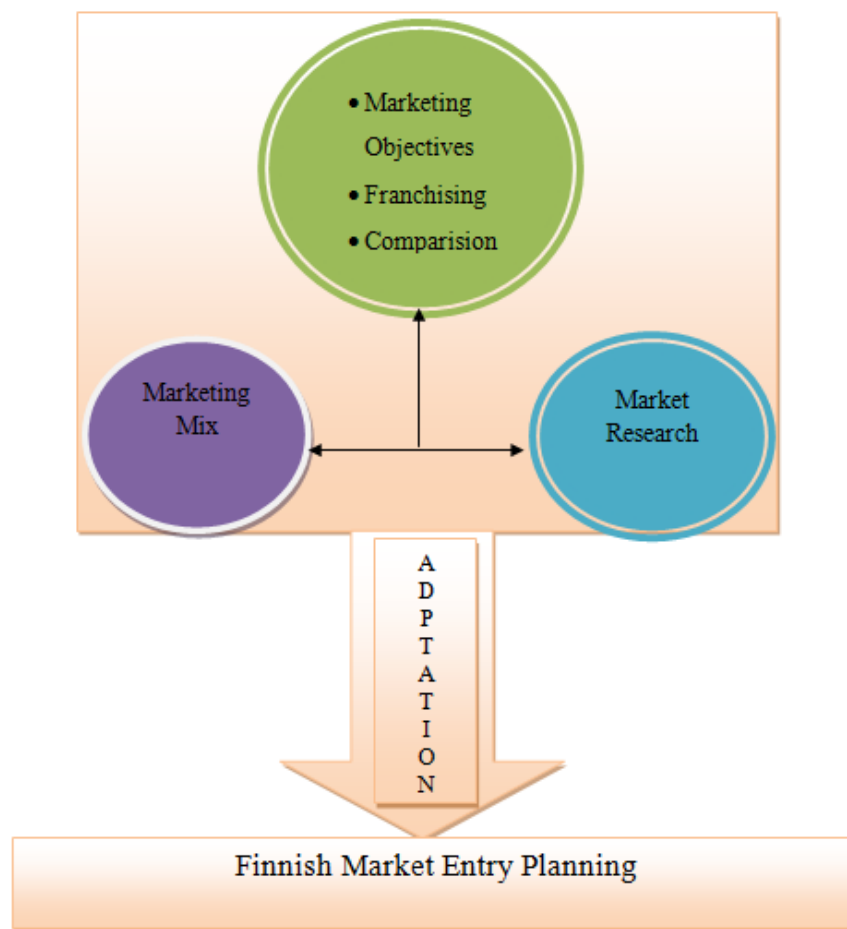
Promotion includes a lot of elements such as advertising, publicity, the image to pursue, personal selling, and the choice of media (e.g. newspaper, radio, TV). Promotion is closely linked to sales; the function of promotion is to affect customer behavior in order to close a sale. Having a promotion strategy is primary. Company chooses types of promotion regarding budget, resources allocation and appropriation to the segment. At the same time, it is necessary to pay attention to public relations, while they are mainly rely on entrepreneur's personality. (Sultan 2004, 16-17)

Company has to reach the percentage of the target market which is influenced by its advertisement. Before advertise on a restaurant, company needs to know how many people will be reached belong to the segment. It is said that a person must be exposed

7 times to a message before to be aware of a brand or a product, so that, company should evaluate the gross rating point before any advertisement campaign. (Marketing mix 2005, Free World Academy)

5 FRAME OF REFERENCES

5.1 Conceptual framework



(Modified from influencing market entry strategies: Cateora, Graham& Ghauri 2000, International Marketing)

The conceptual framework describes the processes and factors which have to be considered when designing the concept of franchising of Kungfu catering in Finland and making foreign market entry planning. Factors include basic marketing involvement:

Finnish market research about different influential factors, marketing objectives of Kungfu catering in Finnish market, franchise strategies and marketing mix. Those factors are necessary considerations of Finnish market entry planning. The concept will be designed with the help of comparing with other franchising fast food restaurants for instance McDonald's and Hesburger.

5.2 Research problem and objective

The comprehensive purpose and objective of the research is to carry out a Finnish market entry planning for Kungfu catering by using franchise strategy. The idea is carried out with comparison with McDonald's and Hesburger.

The theory part deals with the subject in a wide scale but focusing on international franchising in Finland with reference to Kungfu catering as a Chinese franchiser. The research objectives are as follow. The most important objectives are to introduce a Chinese fast food restaurant to Finnish market by franchise strategy and making a foreign market entry planning based on market research. Second, be familiar with potential of Finnish fast food industry with acknowledgement of Finnish economic environment, trade and investment policies and other factors which could influence the development of Kungfu catering in Finland. Third, comparison about franchise strategies have been successfully used by other fast food restaurants (McDonald's and Hesburger) with Kungfu. At the end, exporting Chinese culture by franchising typical Chinese fast food restaurant which enhances the communication between Chinese culture and Finnish environment.

6 METHODOLOGY

6.1 Types of data

In general, there are 2 types of data needed in a thesis: primary data and secondary data. Primary data is known as automatically thinking in terms of collecting new data specifically for a purpose, such as a company's budget amount.

The other type of data is secondary data which is data that already have been collected for some other purpose, perhaps processed and subsequently stored. Secondary data include both raw data and published summaries; both quantitative and qualitative data. Secondary data can be used in both descriptive and explanatory research. (Saunders, Lewis & Thornhill 1997, 188-189)

Simply, secondary data includes documentary data, survey-based data, and those abstracted from multiple sources. Documentary data which are often used in research projects which incorporates written documents and non-written documents. Written documents such as notices, correspondence, minutes of meetings, reports to shareholders, diaries, transcripts of speeches and administrative and public records, books, journal and magazine articles and newspapers. Tape and video recordings, pictures, drawings, films and television programmes, DVDs and CD-ROMs belong to non-written documents.

Survey-based secondary data refers usually to data collected by questionnaires that have already been analyzed for their original purpose. Survey-based secondary data will have been collected through one of three distinct types of survey: censuses, continuous/ regular or adhoc survey.

Multiple-source secondary data can be based entirely on documentary or on survey data, or both of them. One of the common types of multiple-source data come across in document form is various compilations of company information. (Saunders, Lewis & Thornhill 1997, 188-194)

6.2 Methods of data collection

There are several kinds of methods for gathering data; it is more practical to choose data collection methods according to particular case.

‘The fundamental methods relied on by qualitative researchers for gathering information are (1) participation in the setting, (2) direct observation, (3) in-depth interviewing, and (4) document review.’

-C. Marshall & G.B. Rossman

Questionnaire & Survey

Questionnaire is the most common data collection method (Alreck and Settle, 1995). Questionnaire can be used both to obtain subjective information about interviewee and to document objective, the result of questionnaire will be measurable. Survey is a specific type of questionnaire with several applications. Surveys are used in situations in which only attitudes, beliefs, and opinions are captured.

The advantages of those 2 methods are flexible; it captures a wide range of data from attitudes to specific improvement statistics. On the other hand, it may cost a lot to make a survey, there may not have enough candidates either. (Pulliam 2008, 30)

Interview

Interview can secure data that are not available in performance records or observations (Kvale, 1996); interviewer may get some unexpected answers during the conversation. There are 2 types of interview: structured and unstructured interviews. A structured interview is similar to a questionnaire. An unstructured interview allows additional questions and more detailed answers.

With interview, you can get more detailed answers than questionnaire and survey. Interview by voice allows interaction between interviewer and interviewee, which may help to obtain unexpected data. What's more, it is easy to understand answers with explanation by interview method. On the contrary, interview is a time-

consuming job which requires interviewer preparation to ensure the process is consistent. (Pulliam 2008, 24)

Observation

Another potentially useful collection method is observing participants and recording their behavior. The most common observer is a staff member. Behavior checklist, delayed report, video recording, audio monitoring and computer monitoring are 5 types of observation.

Observation almost costs nothing and it is easy to be used. Sometimes it is used together with structured interview. But observation is time consuming, and data gathered with observation method may be not very reliable. (Pulliam 2008, 29)

Document review

Document review is the easiest method to approach, gather and process information. Also, information collected by document review is reliable and accurate with low cost. The weakness of document review is that some information may not exist at the time author needs.

6.3 Data collection

4 different types of method have been used for data collection based on specific needs of the study: interview, document review, questionnaire and observation. Interview together with structured questionnaire was the most efficient method to gather deeper and large amount of information. Since author was in China, observation was used to gather primary data besides interview. Author has been involved to take action about what has been observed. For those information which were hard to get according to privacy, document review was relied on to finish data collection. Document review method was suitable for checking out and analyzing case companies previous performance and achievement.

Concerning on the case author concentrated on, which was about franchising a Chinese fast food restaurant in Finnish market by comparing with 2 other fast food restaurants. Several different information were gathered:

Primary data:

- General information of McDonald's, Hesburger and Kungfu catering
- The objectives of those 3 fast food restaurants
- The foreign market entry strategy of Kungfu catering: if it has the plan to enter foreign market
- Franchising mode comparison
- Positioning of McDonald's and Hesburger in Finland
- Competitors among fast food restaurants in Finland
- Marketing mix (4Ps)

Secondary data:

- The foreign market development of McDonald's and Hesburger
- The obstacles for Kungfu catering goes abroad

6.4 Analysis of the data

The subject has been dealt with in a wide scale, but focusing on international marketing strategy of franchising in Finland with reference to Kungfu catering as a Chinese franchiser. The data gathered by the author were analysed according to the concept framework, and was divided into 4 parts. 1) General information of Kungfu catering: where to open the first store in Finland, what kind of store it will be, etc. 2) Marketing research: competitors of Kungfu catering in Finland; SWOT of Kungfu catering according to Finnish fast food market, etc. 3) Marketing plan: objective of Kungfu catering in Finland, choice of franchising mode of Kungfu catering in Finnish market, marketing mix, etc. 4) The analysis was based on comparison to McDonald's and Hesburger which are heroes of franchise business. Communication between Chinese culture and Finnish environment will be enhanced by exporting Chinese culture through franchising typical Chinese fast food restaurant to Finnish fast food market

6.5 Validity and reliability of the research

The research was successfully carried out by author. The result of the research can be generalized to a larger population as well. The research can be used for clients who would like to know more about Chinese fast food restaurant, and who are interested in franchising foreign market entry mode. The research also offers information related to marketing plan and international business. Author suggests using the comparison method to design such concept of franchise for entering foreign market. Combination of research methods is applicable and easier to get structured data. The result will be the same if it were another scholar who does the research by using the same methods. For instance, the same answers will be obtained if the same questions were asked to the same interviewees; the similar phenomena will be recognized if observation method was used in Kungfu catering; the same McDonald's information will be gathered through document review.

The purpose of research was to carry out a Finnish market entry planning including franchise strategy for Kungfu. Two other similar chain fast food restaurants were investigated as templates by author: McDonald's and Hesburger. It was an efficient method of comparison which ensured the credibility of Kungfu franchising concept design. Because McDonald's and Hesburger have entered in foreign markets successfully already and they are both fast food restaurants.

The research process is transparent, but not in time order regarding to the author's travel. Early on 19 February 2010 when author was still in Rauma, Finland, Tapio Majasuo who was the manager of Hesburger in Rauma, was interviewed with a structured questionnaire sheet (Appendix 2) in Rauma Hesburger restaurant. Based on the thesis needs, general information, marketing objective, franchise strategy and marketing mix were included in the questionnaire sheet. Notes were taken with author's computer during the conversation between author and Tapio Majasuo. The interview lasted about 1 hour. In the end of the conversation, Signature of Tapio Majasuo was signed on the questionnaire sheet in order to prove his answer's validity. With the working experience author had in Hesburger before, information of Hesburger were already gathered completely with 3 methods: interview, questionnaire

and observation. The validity of Hesburger's research was reached because of Hesburger manager's involvement, structured questionnaire and researcher's experience.

The bottleneck of this research happened when author was doing research about McDonald's. Working staffs in McDonald's were hard to reach even methods such as sending emails, getting in touch with local stores had been tried by author, because of the confidentiality. Since McDonald's was very famous all over the world, reliable books and on-line documents were finally being chosen to gather data of McDonald's. With document review, the data author needed was unfailingly collected.

Data of Kungfu catering were collected with observation, interview and questionnaire. When author was still in Finland, author's mother was told to contact Kungfu catering office in order to interview the manager by phone call. Unfortunately, the phone call interview was failed due to privacy reason as well. During the time in China, observation method was used through author's visiting of Kungfu catering often with the purpose of getting to know more about the restaurant. Luckily a regional manager Mr. Wang allowed to be interviewed with a structured questionnaire (Appendix 1) on 4 March 2011 in Kungfu store, Zhuhai city. The questions in the questionnaire for Kungfu are similar to the ones for Hesburger. Notes were taken on the questionnaire sheet during the 1 hour conversation. A large amount of practical information was explained by Mr. Wang during the interview. Mr. Wang also recommended author some useful documents about Kungfu, but signature was refused by Mr. Wang in the end because of privacy.

7 FINNISH MARKET ENTRY PLANNING

7.1 Introduction of the three companies

Hesburger

Hesburger has existed over 30 years in Finland and it is all over the country, the first Hesburger restaurant was opened in 1980 in Turku by Salmela family. It also bought another big hamburger restaurant in 2002, the Carrols; that was a good move from Hesburger. Hesburger is a well-established Finnish family firm which represents Finland's largest chain of fast food hamburger outlets. Today there are altogether roughly 316 Hesburger restaurants in Finland, Estonia, Latvia, Lithuania, Germany and Russia.

The Hesburger chain's activities are based on careful compliance with the chain concept. Around 100,000 customers dine in our restaurants each day. The chain sales of Hesburger in 2008 were approximately 153 million euros, and the chain employs over 5,000 people. (Hesburger 2011, Hesburger Finland website)



(Hesburger logo 2011, Hesburger Finnish website)

McDonald's

McDonald's is the leading global fast food chain retailer with more than 32,000 local restaurants serving more than 60 million people in 117 countries each day. More than 75% of McDonald's restaurants worldwide are owned and operated by independent local men and women.

The first McDonald's restaurant in Finland opened in 1984 in Tampere. Until 2004, there were 93 McDonald's restaurants in Finland, in which 83% of those are franchise operations and operated by an independent entrepreneur. McDonald's is a significant employer in Finland which employs about 3,200 people; each new restaurant creates 30-40 new jobs. (General information 2011, McDonald's Finland website)



(McDonald's logo 2011, McDonald's Finland website)

Kungfu

As author has introduced in the first chapter, Kungfu catering is a Chinese fast food chain restaurant occupied in traditional steamed Chinese food. The logo of Kungfu China is shown as follow.



(Logo of Kungfu 2011, Kungfu official website)

7.2 Marketing research of Kungfu

On 4 March 2011, author had interviewed a regional manager of Kungfu: Mr. Wang with a structured questionnaire. Although because of privacy protection of Kungfu catering, Mr. Wang still offered author information of marketing research in Kungfu catering.

The marketing department in the Head Quarter located in Guangzhou makes marketing research for Kungfu catering. Kungfu had sent a group of personnel abroad for international marketing research in the preceding years. Since Kungfu already had its own market in Chinese fast food market, the restaurant was willing to be expanded abroad. Mr. Wang revealed that development of overseas market was in the long-term marketing plan of Kungfu, but it was not a mature idea recently, because Kungfu lacks of professional group of personnel who can speak foreign language for overseas market research.

7.2.1 Competitiveness analysis

Kungfu catering had not yet been developed abroad, so that Mr. Wang discussed with author about Kungfu catering's competitors in China: Dajiale (大家乐) and KFC. Dajiale was a fast food chain restaurant from Hong Kong. Dajiale created a new concept that combined Chinese cooking culture with western cooking culture offering customers a new dietary pattern. Dajiale existed not only in China, but also in America, Canada and so on. KFC was well known all over the world, in China KFC was more as a snack store than a restaurant for real meal.

Mr. Wang emphasized that Kungfu catering had competitive advantage of efficient food delivery compared to Dajiale. Because of the unique "Computer Program Control Steam Cabinet" facility Kungfu owned, customers in Kungfu did not need to wait for their food after ordering; the facility also offered the same taste of Kungfu food everywhere without chef. On the other hand, the competitiveness over KFC was the offer of main course according to the truth that KFC was a snack store in Chinese customers' mind.

On 19 February 2010, Tapio Majasuo as the manager of Hesburger in Rauma indicated that yummy taste of Hesburger food was a competitive advantage compared to McDonald which was the biggest competitor of Hesburger. The mayonnaise source was the reason made Hesburger food special. Each Hesburger franchise store owned by a family which made franchisee easier to make decisions,

change strategies, etc. As a local fast food restaurant, Hesburger knew food culture of Finnish customers better than McDonald's, which as well enhanced its winner position in Finnish fast food market.

Through document review, author found out that cheaper price than Hesburger can be one of the competitive advantages of McDonald's. McDonald's was famous all over the world, customers in Finland knew what to expect when they walked into a McDonald's store. It gave great emphasis to human resources by satisfying both the customers and employees.

When Kungfu enters to Finnish fast food market, KFC and Dajiale will not be the biggest competitors of Kungfu anymore, because those 2 restaurants are not yet exist in Finland. On the contrary, although Kungfu needs to build up brand awareness in the beginning when entering to Finland, McDonald's and Hesburger as the most famous burger fast food restaurants will be challenges finally.

No need to say, Kungfu will also need to overcome local Chinese restaurants on taste competitiveness, because as known that Chinese restaurants abroad make modification of their Chinese food in accord to foreign customers' Chinese food preference, whereas Kungfu will use its "Computer Program Control Steam Cabinet" facility which will offer the taste of food. Author advises Kungfu to modify some of its recipe in order to satisfy Finnish customers' taste after doing Finnish food culture research. In this case, "Computer Program Control Steam Cabinet" facility as a competitive advantage. will make Kungfu stand out among fast food restaurants.

Beside McDonald's, Hesburger and Chinese restaurants, competitors such as Fransmanni, Burger King, SUBWAY, Kebab, etc. have their own market and competitive advantage in Finnish fast food market. Kungfu catering will have to acquire its market share with a unique and attractive competitive advantage.

7.2.2 SWOT analysis

The following table shows detailed points of Kungfu catering's strengths, weaknesses, opportunities and threats when entering to Finnish market. It is based on application of SWOT analysis theory, as well as answers of Mr. Wang.

Strengths <ul style="list-style-type: none"> • Strong financial support • Direct franchise ensures management consistency • Production facilities are well established with full of capability, e.g. the "Computer Program Control Steam Cabinet" facility • Efficient supply flow (customers order and pay at the same time, waiter or waitress bring the food after customers have chosen their seat) • Delicious and healthy combo food with traditional recipe • Consistent and superior quality of Kungfu food • Reasonable price • Approved customer service 	Weaknesses <ul style="list-style-type: none"> • Lack of inter-disciplinary talent for overseas market research • Limited food choices • Contradiction between localization and globalization: attractiveness of steamed Chinese fast food in Finland is unknown
Opportunities <ul style="list-style-type: none"> • Kungfu will be the first Chinese fast food chain restaurant in Finland • Healthy food is a trend all over the world • Finnish government welcomes foreign investment business • Competition is not going to be intense in the beginning because Kungfu will be a unique mode of Chinese fast food business • Chinese food business is not yet a volume business which allows developing space 	Threats <ul style="list-style-type: none"> • Affects of financial crisis on Finnish economy are not recovered yet • Unknown Finnish market for Kungfu management team • Franchising Chinese fast food restaurant will be a new concept may bring unexpected challenges • Kungfu only allows direct franchise brings more obstacles to overseas market • Local policies and regulations according to fast food business will be very different than in China

(SWOT analysis of Kungfu Finland 2011, made by author)

Kungfu catering should continue to enhance its strengths and make full use of those factors in Finnish market. There are plenty external opportunities for Kungfu, which makes it more confident on expansion to Finland.

On the contrary, the first weakness of Kungfu is in short of inter-disciplinary talent. In author's opinion, talented workers who can speak English are sufficient for marketing research of Finnish market, because most business workers in Finland have good English levels.

The second weakness in Kungfu is a common issue for fast food restaurant which is the same as that in Hesburger and McDonald's. Kungfu could make effort on R&D and launch new products more regularly, even having abundant choices of food is not a competitive point for Kungfu.

At last, Kungfu should find a balance between localization and globalization. The brand awareness is the key factor for the first Kungfu store in Finland, the first tester store will help Kungfu to know how much it will attract Finnish customers, and Finnish customer survey about steamed Chinese food preference should be done in the beginning of Kungfu restaurant operation.

To analyze the threats, even though financial crisis is still impacting Finnish economy; it is coming to a close. Deep investigation on Finnish fast food market should be finished before making a market entry planning; as Kungfu had sent a group of investigators abroad for overseas market research before, it was a good method that can be used again for Finnish market. Even though Kungfu will be the first Chinese fast food restaurant entering Finland by using franchise strategy, franchise is a efficient method which can help to avoid some obstacles.

In China, Kungfu only allowed direct franchise to run its business; in author's opinion, franchising with Finnish company might be a better mode to choose for Finnish market, the detailed recommendations will be explained in the following chapter.

7.3 Marketing objectives

Every restaurant has its own marketing objectives in Finland. Being the best fast-food restaurant chain and 100% customer satisfaction are goals of McDonald's in

Finland. Hesburger's long-term objective is to be as famous as McDonald's, recently each year 10 Hesburger restaurants will be opened each year in Finland.

In 3 years, the CEO of Kungfu catering would like to open 500 more restaurants in China. In short-term, Kungfu catering's target is to be the national fast food management organization which controls the entire fast food market in China. In long-term, being one of the top 10 catering enterprises in the world is Kungfu's final objective.

After getting a general understanding of Kungfu's objectives. Author sets up objectives of Kungfu catering for Finnish market as well. The beginning objective of Kungfu catering is to open a Kungfu store in Helsinki successfully to reach customers' brand awareness. In the long view, opening Kungfu chain stores all over Finland will be the target which is part of top management's vision in Kungfu China; Kungfu will have its own loyal customer groups and market share in Finland; being an influential fast food restaurant as Hesburger and McDonald's will also be a following up objective.

7.4 Segmentation, targeting and positioning

Mr. Majasuo had emphasized that in Finnish market, people between 14-45 years old was Hesburger's targeting group. Hesburger's head quarter easily positioned Hesburger as fast food chain restaurant in Finland which was the same as McDonald's. On the contrary, McDonald's has a more detailed segmentation and targeting in Finnish market. Kids who want to visit McDonald's as it is a fun place to eat; business customers who have busy work schedule choose it since McDonald's has a fast service, the food tastes great and can be eaten in the car; Teenagers are attracted by the Saver Menu which is affordable, and the internet access available in McDonald's restaurants.

Mr. Wang has clarified Kungfu's segmentation, targeting and positioning in China to author. As a Chinese fast food restaurant, Kungfu offered fast Chinese food to customers who liked traditional Cantonese food. Kungfu was famous for steamed cook-

ing method which was healthy with less oil. Kungfu only sold traditional Chinese meal excluding fried food. Chinese food was delicious; however that was not the selling point of Kungfu. The special of Kungfu food was “nutrition”.

In Finnish market, author positions Kungfu as a Chinese fast food restaurant as well. Kungfu will offer Cantonese food for Chinese customers in Finland; Finnish people who like Chinese food are also target of Kungfu; Kungfu will dedicate its healthy food to busy workers who care about nutrition; and help customers who need to lose weight and on a diet.

7.5 Mode of franchise

Most fast food businesses choose service sponsored company retailing as the mode of franchise, because it is the mode specifically used by fast food business. Hesburger, McDonald and Kungfu catering are all using this mode.

As seen in the case of McDonald's, service sponsored company retailing mode expanded its business in the way minimize the costs and risks; McDonald's brand is easier to be protected by using contract between franchiser and franchisee; McDonald's doesn't have tight control over franchisees; the know-how being specified in a written franchise contracts. (Most of McDonald's restaurants operate on franchise 2008, McDonald's Finland Backgrounder) Hesburger's manager in Rauma also told author that it was an easier method to take care of the stores and the regional managers who own Hesburger; every store used the same strategy under service sponsored company retailing mode.

Acting as a fast food restaurant, Kungfu definitely organised by sponsored company retailing mode of franchise. In order to open Finnish fast food market, Kungfu will continue using its mode of franchise, which is more efficient with less risks and costs in development process. With well selected partners, franchising brings financial investment as well as managerial capabilities to the operation.

An area development agreement is needed between Kungfu China and franchisee in Finland. Basically, an agreement includes rights such as location of Kungfu in Finland, extent of rights to use the name of Kungfu, payment of fees from Kungfu China, franchisee's obligations, and sale of business and termination of the agreement. The agreement will highlight how much Kungfu can be transferred and what kind of rights franchisee has (franchisee will own the brand and sell Kungfu's products by using the same method of operation, etc.). The other rights will be shown in the agreement and the agreement can be modified in the middle under agreement between Kungfu and franchisee in Finland.

7.5.1 Relationship between franchiser and franchisee

Even through Hesburger, McDonald's and Kungfu all use franchise as a market strategy, the relationships between franchisers and franchisees are different in their management.

In Hesburger new joiner will get financial support from owner, for instance, each chain store gets raw materials free, but pays back after one or two years when the store starts to have profit. Government will also offer starting financial support for six months by giving certain support each month equally.

There are 2 types of relationship between franchiser and franchisee in Hesburger. The most common type is 49%-51%; it means franchisee owns 49%, and the head quarter of Hesburger owns the rest; there are 150 restaurants are operated under this method and the number is growing. The other type is 100% ownership; it makes franchisee to be the owner of Hesburger chain store, for instance Hesburger Rauma is managed by it; franchiser in Turku earns money from selling raw materials, payment of 7% profit from franchisee (2% marketing and 5% franchising fee), and payment of rent of Hesburger building; unfortunately, the second type is not allowed in Hesburger's business anymore.

In Finland, 85% of McDonald's restaurants are franchise operations, operated by an independent entrepreneur. McDonald's undertakes some FDI to establish "master

franchisors” which are joint ventures with local companies in order to manage McDonald’s franchisees locally, because master franchisee is partly or completely owned by the local firm, the firm can have its own managers in franchisee for quality control and make sure if franchisee is doing a good job of monitoring the franchises. The rest McDonald’s restaurants, franchiser provides the supply chain, management training, and financial support for its franchisees.

Kungfu caterings in China are all direct franchise stores. Franchisee gets 100% financial support from franchiser, however the store is owned by franchiser in Guangzhou. Franchisee doesn’t need to invest anything; he or she is called regional manager, like the interviewee Mr. Wang. Regional manager is responsible for management of each Kungfu catering and he or she gets salary from franchiser in Guangzhou, if the business of franchise store goes well, franchisee will get bonus.

Honestly 100% ownership is a safer method of franchise; it makes up some defects of franchise. Direct franchise decreases the possibility that franchisees may turn into future competitors. Also, direct franchise limits transformation from franchiser to franchisee and rights of franchisee. 100% ownership makes sure the complete control over franchisee.

However, author still recommends combination of direct franchise and indirect franchise to open Kungfu’s Finnish market. First of all, as a new comer, Kungfu needs help in many ways in this unknown Finnish market. Cooperation with local Finnish company has the following benefits. A local partner as a guide helps Kungfu know how to do business in Finland faster; it familiar with the regulation, laws, and policies and so on. Finnish professional personnel who can speak Finnish and English, even Chinese are easier to be obtained by local company. Local cooperator is necessary for inter-culture communication, which avoids unnecessary problem and increases possibility of success. A famous partner in favor of brand reputation establishment also benefits Kungfu by offering financial support. On the other hand, franchiser in China is too far away for quality control and so on, it is more convenient to have a local partner with its own manager.

Cooperation with local company is necessary in the first step when entering to Finnish market. Once the reputation is built up, Kungfu could still continue to only apply its traditional direct franchise mode. The process is very much as Hesburger's case. In short-term, in order to increase numbers of franchise stores and establish brand awareness, indirect franchise is more applicable. If the business goes well in Finland, Kungfu can stop indirect operation, but only use its direct franchise mode which is also Kungfu's original concept.

7.5.2 Human resource management

Human resources management holds the balance in franchise business. Let's have a look at the 2 sample case companies' human resources management. Franchisee of Hesburger hires working staffs by its own. Salary, training program, working insurance, etc. are taken care of by franchisee managers. The human resources management of McDonald's is similar to that in Hesburger. What's more, McDonald's has cooperation with VATES, a Finnish organization promoting the employment of the disabled, which is an appreciated action.

The human resources management in Kungfu China is slightly different than those 2 organizations. Local regional manager can employ personnel by himself or herself; however the personnel are paid and trained by franchiser in Guangzhou. Franchiser assigns professional training team to train new workers locally.

To be well prepared for Finnish market, Kungfu top management should send a well-trained group of personnel to Finland for the beginning organization. Afterwards, the most important planning must be impacting local hired working staffs with Kungfu's organizational culture. It is more realistic to do recruitment in Finland by local franchisee. Because firstly local franchisee knows more about human resources market in Finland: where to put advertisement, when there is a job fair, etc. Also, labor laws and regulations are easier to be applied by local franchisee. Finally, Finnish working culture and habit are different than those in China, which definitely needs local franchisee's help.

7.6 Marketing mix

Marketing mix defined by author includes product sold by Kungfu Finland, pricing strategy used in the store, place chosen of Kungfu's first store in Finland, promotion methods involved in marketing campaign. In the product analysis, product adaptation, brand name and package, and quality control are analyzed. As another important element of foreign market entry planning, marketing mix analysis helps author create her idea.

7.6.1 Product/ Service analysis

Food adaptation

Hesburger's product range comprises various hamburgers and hamburger meals. The menu is complemented by fresh salads as well as special campaign products. In addition to these, Hesburger is known for its delicious hamburger sauces and salad dressings. There are also ice creams, milkshakes and pastries. What's more, the taste of Hesburger food remains the same, because all stores everywhere buy raw materials from 2 Hesburger logistics center located in Kaarina, Finland and Estonia. There are trucks go everywhere for selling raw materials to Hesburger stores.

McDonald's product is very similar to Hesburger which is based on hamburgers and combination meals. Different than Hesburger, McDonald's food tastes differently depend where its stores located in. McDonald's Finland tries its best to produce locally. All products are made always when possible from Finnish ingredients in Finland. For instance, hamburger buns are baked by the Finnish Baco Oy, Finnish Pan-suola mineral salt is used in restaurants, and the milk comes from Finnish dairies and vegetables from Finnish farms, whenever the harvest season makes it possible.

Devoting itself into Cantonese steamed food, Kungfu keeps its food the same taste everywhere in China even through the food culture is various all over the nation. Kungfu catering is very strict on selecting raw material suppliers. Mr. Wang told author proudly that suppliers only belonged to Kungfu catering in China, it is "1-to-1"

strategy: those suppliers only supply raw materials to Kungfu, suppliers are not allowed to sell anything to other customers, Kungfu chain stores are not permitted to buy any raw materials from other suppliers. For instance, vegetables are from a supplier in Yunnan Province only. This method of supply is to confirm the best qualities of raw materials and unique taste of food in Kungfu catering all over China, even the costs of transport is high.

For Finnish customer, Kungfu can continue selling its steamed Cantonese food and stand out among Chinese restaurants in Finland. Kungfu's food range is divided into 6 catalogues: nutrient breakfasts, preferential set, steamed, vegetable, rice noodles in soup, deserts and snacks, in which preferential set is the most popular choice because it includes all nutrition needed in a meal. Preferential set includes rice, vegetable, soup, source and steamed meat, as shown in the following picture. The taste of Kungfu Finland will be slightly different than that in China, because the raw materials will be supplied by Finnish suppliers. It will be too far and too expensive to transport raw materials from China to Finland. While food made with local ingredients will suit Finnish customers' taste more than those transported from China.



(Preferential set 2011, Kungfu official website)

Even though, food making methods and procedures will be the same as those in China, Kungfu will try to find the best suppliers for its meat, vegetables, rice nearby with less logistics costs in Finland. Inside Finland, Kungfu will keep the taste every-

where the same by cooperating with its unique suppliers and continuously use its “1-1” strategy. Menus should be translated to Finnish and English language with consideration of Finnish culture. A Chinese back-up menu is also needed.

Brand name and package

With the question “Did Hesburger make changes of brand name and package?” , Mr. Majasuo explained that names of menu had been changed to local language according to local culture, such as “chicken burger” had been changed to “farmer burger” in Germany. Today, Hesburger hamburgers are served wrapped in paper. Larger hamburgers wrapped with a supporting cardboard band, but plastic and cardboard boxes are no longer used at all. A bio-lining ensures that the biodegradable wrappers are moisture-resistant. Hesburger choose its packaging materials and methods carefully which are environmentally friendly and ensure that the food remains in delicious condition. McDonald’s menu has been localized as well in terms of Finnish language. McDonald’s brand is the same everywhere in the world; well packaging is based on local packaging laws.

Kungfu has its own brand in China which is “真功夫” with a concept of “steamed Kungfu food”. The name of its brand typically stands the predominant culture in China. Kungfu, as a health culture is the symbol that separates China to the rest of the world. Steamed food making method saves the abstracts of food, the balance nutrition of food is to reach delicious and healthy concept. So to say, eat healthy makes body strong.

“Kungfu” as the name of Kungfu store in Finland is a brilliant choice. Foreign people know about Kungfu will directly connect it to China and Chinese. In addition, chain store can still print “真功夫” besides “Kungfu” on the top of its storefront in Finland. This is a good method to attract Chinese customers and develop Chinese language culture. As author knows, McDonald’s in China writes its name both in Chinese and in English. Another example, in the Chinese street in Paris, McDonald’s name was written in Chinese instead of English.

Packaging in Kungfu is environmentally friendly. Kungfu only uses wooded, porcelain and plastic bowls, plates, chopsticks, etc. None of those is one-off; tableware was taken back and sterilized for next use. The recycle concept follows environmental protection's footprint. Kungfu should continue this packaging policy in Finland and it would be praised highly by Finnish government.

Quality control

Hesburger's quality control is based on both independent self-monitoring and customer feedback. Hesburger stores pay special attention to the high quality of ingredients and to hygienic production processes. A solid foundation for this is Hesburger's extensive self-sufficiency, since mayonnaises and sauces as Hesburger's raw materials are produced by itself. Hesburger tries its best to develop its activities in the direction desired by customers.

McDonald's is also strict on quality control. Continuous quality control measures cover the entire product chain, from raw material to customer. Each product has its own raw material, preparation and serving time standards. A hamburger beef in McDonald's goes through 30 quality control tests during the production process.

In order to assure high quality of every product, Kungfu has introduced the world advanced and complete quality control with quantizing control from purchasing, processing, and transporting to producing. Also the selection of every kind of food materials, the making of every product, and the taste of every dish are from the constant pursuance of Kungfu on perfect quality. Kungfu is using its 16th generation of recipe for its unique tasty food. Raw material selection is also under 85 quality control working procedures; ± 0.3 millimeter computered ingredient matching erros and electronic weighing control ensure unquestionable quality. There are 32 national nutritionists working for Kungfu's food taste. 103°C is the standard of steam to a fit which saves the essence of steamed food.

Considering the geographic distance, recipe of Kungfu, computered ingredient matching and electronic weighing can be easily transfered to Finland. "Computer Program Control Steam Cabinet" facility costs more logistics fee because of its size.

Innovative recipe is made within a management team in Kungfu China, Kungfu only needs to send 1 or 2 cooks to Finland for daily control in its Finnish store in the beginning of its operation.

7.6.2 Pricing

Cheap price is one of the important factors among fast food restaurants to attract customers. Prices are not the same among Hesburger restaurants which depends on local situation, such as the economic development, costs of raw material, etc. Franchisees who own 100% share can make price strategy for their own stores. Even though, price of Hesburger food fluctuates in a small scale in case of dissatisfaction from customers.

McDonald's in Finland has a cheaper price than Hesburger does. On the other hand, McDonald's makes its price strategy in Finland specifically different than in America because the costs, salary, etc. are different. There are some common aspects between McDonald's and Hesburger according to pricing: both of them have special offers for customers. For instance, sometimes when customers order a combination meal, they can pay only 1 Euro more to get an ice cream which is significantly more expensive than 1 euro if customers buy only an ice cream. They consider psychological aspects of price: if a hamburger combination meal costs around 10 Euros, restaurant will set the price as 9,99 Euros which catches the desire of buying.

Kungfu China has a similar price policy as McDonald's and Hesburger. Price will be different based on consumption level and raw material costs locally in China, so that prices of Kungfu food are different everywhere in China. A different phenomenon in Kungfu store that the psychological aspects of price were not used. Because the par value of Chinese coins is too low, customers don't prefer to take out if they don't have to.

When Kungfu enters to Finland, the basic pricing policy is to set price based on raw material costs, consumption level in Finland, expenses and so on. The key issue is to make price localized. Considering competitors' pricing, price in Kungfu should be

cheaper than Chinese restaurants, because the positioning of Kungfu is fast food restaurant; however it can be a little more expensive than other Chinese fast food restaurant because of its healthy idea and delicious taste.

Every time when there is new product in Kungfu store in China, the price of the new product is always lower than that of other products in order to attract customers have a try. As a good marketing method, Kungfu can carry forward it to Finnish market campaign. Assessing psychological aspects of price as another successful marketing tool must be applied in Finnish market. At last, Kungfu has to keep price flexible by observing changes on market.

7.6.3 Place of first Kungfu Finland store

Whatever Kungfu China, Hesburger or McDonald's, they all have a marketing team work on site selection. In common, shopping center and commercial district are good choices of outlets with a mass floating population for fast food restaurant. Because of particularity of food, on-line selling was not used by those 3 fast food restaurants.

Thinking about location of the first Kungfu store in Finland, Helsinki as the capital city is the best choice:

- Helsinki has the largest population among Finnish cities.
- Helsinki as the capital city is the economic center of Finland.
- Chinese people are centralized in Helsinki.
- Internationalization of Helsinki will make Kungfu Finland have an easier start-up.
- There are more Chinese super markets in Helsinki than in the other cities, one of them may be the future supplier of Kungfu

Author recommended opening the first Kungfu store and its inventory warehouse on the street in the back of Kamppi. Kamppi as the center of Helsinki has a mass floating population which is embraced by bus station, shopping places, train station and subway station. In the back of Kamppi, there is a street where a majority of Chinese restaurants located in. Since Chinese restaurants are not opened on a large scale yet

in Helsinki, being with competitors has the benefit of attracting the beginning customers. Inventory of raw material has a high requirement on temperature and distance according to particularity of food restaurant, so that it reduces transportation costs and numbers of truck if Kungfu Finland closes to its supplier (one of the Chinese super markets in Helsinki)

7.6.4 Promotion methods

Hesburger started its advertising in Turku 1980 by local newspaper, TV, radio; and spreading leaflet by post, etc. Hesburger Rauma had sponsorship with sport events as well, as everybody in Rauma knew Rauman Lukko. Hesburger put advertisement on the wall of ice hockey arena; people can notice it when they came for games or when they watched TV. There were also brochures in Hesburger restaurant.

Normal advertisement such as TV, newspapers, etc. were used by McDonald's. What's more, McDonald's had joined to various activities which were indirect publicities. McDonald's begun cooperation with VATES which was a Finnish organization promoting the employment of the disabled, it was also an efficient method of promotion. McDonald's was active in supporting its home community by donating part of its earnings to charity, for instance to the Ronald House Charities in Finland (Ronald McDonald's Lastentalosaatio), McDonald's was responsible for the fixed and administrative costs of the foundation. Each McDonald's restaurant in Finland had a foundation collection box.

Kungfu China uses those normal promotion methods as well. There are some great marketing slogan in Kungfu as well: "Conquer standardized problem, initiated by Chinese industrial revolution", "welcome changes of western fast food for Chinese taste", "overcome region, launch national chain". Marketing slogans used by Kungfu China could be transferred to Finnish market. The public image of Kungfu is Bruce Lee who is popular all over the world and as one representative of Chinese culture. In Finland, Bruce Lee's will help Kungfu build its brand awareness because of his world-wide popularity.

Suitable promotion methods are key factors which can influence Kungfu's customer perception in Finland. Kungfu Finland should cooperate with Helsinki local media such as newspaper, TV. Helsingin Sanomat as one of the most popular news media is in English and Finnish language which will help Kungfu Finland catch up more customer eyes. Advertisement on TV is necessary for Kungfu Finland, it helps to increase customer awareness. Ice hockey game is the most popular game in Finland, for which Kungfu can be a sponsor. Being a Chinese restaurant, Kungfu can join to activities organized by Chinese people in Helsinki as well, for instance the temple fair of spring festival. Kungfu will be able to supply food for those activities or as a sponsor. Other methods such as posters and brochures inside Kungfu store; and sending leaflets about Kungfu business; those are normal but effective solutions for new comers.

7.7 Supply chain of Kungfu Finland

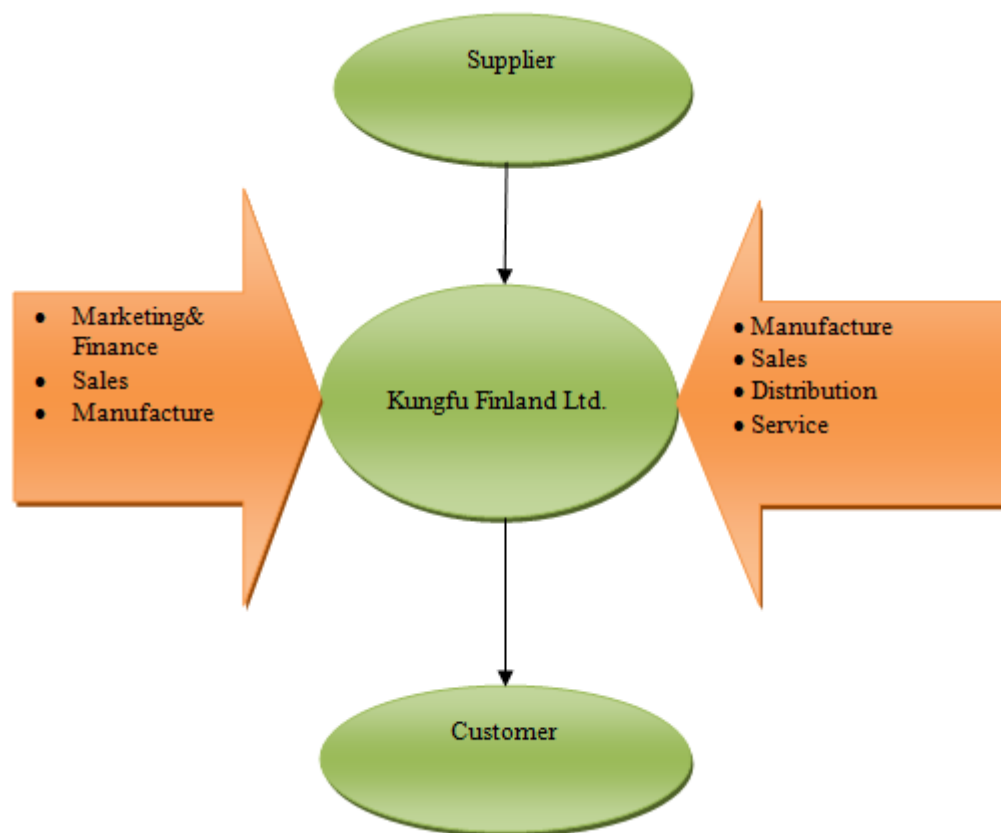
Supply chain identification is part of detailed market entry planning. Supply chain of Kungfu catering from supplier to customer should be efficient due to food service requirement. In this chapter, author identifies Kungfu Finland's partners and distribution channel simply in order to show a general concept of Kungfu's supply chain management. The same as the other chapters, McDonald's and Hesburger's supply chains will be taken for comparison and learning.

7.7.1 Distribution channel

Hesburger is a self-sufficient company in many areas. As explained in the previous chapter, Hesburger's supplier is itself. From central warehouse in Kaarina, all the materials are transported to restaurant outlets in Finland and overseas by means of centralized logistics. They make their own mayonnaise and sauces as well as the majority of machines, equipment and computer programs needed by the chain. And of course centralized logistics saves both in costs and the environment.

Kungfu Finland will be located in Helsinki, Finland and it will have 3 teams work for it: Marketing & Finance, Sales and Manufacture. Kungfu Finland as a food service

restaurant, its activities include manufacture, sales, distribution and service. The following graph made by author shows the distribution channel.



(Distribution channel made by author)

Initially, Kungfu Finland will employ 1 person in marketing team who is the manager of Kungfu store in Helsinki. The manager has various responsibilities. In the beginning, the employee helps the store to apply patent in Finland; finds out if there is anyone copies Kungfu products or technologies. He or she answers service call, arranges the appointment, and handles the complaint. Working on advertisement and market research are also manager's job. The manager also handles budget and financial statement, analyzes the financial report as an accountant.

In the sales team, 2 employees will be hired. They have responsibilities to be in front of cashiers. Taking care of customer requests, inputting menus of customer needs, delivering food to customers are duties of sales team.

Manufacture team indicates the cooks in the back stage. Considering Kungfu has its own facility allows its manufacture process without chef, Kungfu Finland will hire 2 cooks only, which is sufficient for preparing the food and handling the raw materials sent from suppliers. One cook sent from Kungfu China, the other one hired in Helsinki locally, they also work together to improve ideas of new recipes which combine traditional Chinese food taste with Finnish people's preference. By innovating continually, company can make sure the high values of product.

7.7.2 Partners

Localization strategy makes McDonald's has more cooperators than Hesburger does. McDonald's Finnish suppliers are Baco Oy, Ingman, Salico Oy, Paulig, Primula, Fazer, Moilas Oy. Those suppliers offer McDonald's raw materials with good qualities.

Partners of Kungfu Finland embrace one Chinese super market in Helsinki, Kungfu China and RTK, in which super market and Kungfu China are suppliers of raw materials of Kungfu Finland. Local Chinese super market will supply most raw materials of Kungfu, such as meat, vegetables. Traditional Chinese medicine which is the backing materials of Kungfu food will be transported from Kungfu China, because the traditional Chinese medicine recipes is a patent of Kungfu China, Kungfu Finland cannot get those from somewhere else. What's more, facilities and technologies created by Kungfu China will be sent to Helsinki as well.

Cleanness of Kungfu restaurant requires professional cleaners. Kungfu Finland will follow Finnish cleaning mode by cooperating with local cleaning company RTK. 2 cleaners will be sent to Kungfu store to clean the kitchen, tables and floor after working time of Kungfu.

7.8 Global brand and exporting Chinese culture

Kungfu's positioning is "Steamed Nutritionist"; since Kungfu realized that those do not match "Chinese" fast food property should be cut off. Even western food culture

influenced strongly on Chinese consumers, Chicken wings, hamburger, French fries, Coca cola were fashionable at a time, Kungfu still insisted on its positioning. In long-term, global development is Kungfu's target. The target is based on "steamed nutritionist" strategic positioning. Competitive advantage helps to win; straight forward on the way of making steamed food facilitates global development.

"Kungfu" as a key word corresponds with mainstream Chinese culture. The main value reflected by "Kungfu culture" is "overcome yourself, push the limits!" "Steamed" method mixes the core value of Kungfu brand and "Kungfu culture". "Steamed Chinese healthy food", "Kungfu" and "Bruce Lee" are 3 international features of China known by foreign people, which reinforce impression of Chinese culture in Finnish customers' hearts.

8 CONCLUSION AND RECOMMENDATIONS

The aim of this research was to draw up a foreign market entry planning for Kungfu by introducing franchise strategy. The purpose of the research, matches Kungfu China's long-term planning, which was reached by combination of applicable theory, suitable methodology and careful understanding of author.

It is clear that idea of franchise Kungfu fast food restaurant to Finland is achievable, according to author's thoughtful market research. Foreign investment is welcomed in Finland, healthy food is the trend of food market. Even though it was hard to predict whether it would be a successful business, the first step of having this planning was completely identified.

The results of this study can be utilized by Kungfu China when it starts to develop overseas market. Practical information of those 3 fast food restaurants will be available to people who is interested in fast food market. As the core of this thesis, franchise strategy is applicable to any franchise business.

After writing this thesis, author would like to recommend the method of comparison when doing a foreign market planning. It was an efficient method to draw on the experiences of franchising from McDonald's and Hesburger; author was brainstormed to have her idea of franchising Kungfu after understanding those 2 fast food restaurants.

For further study of international business, author would like to remind the importance of localization and internationalization. If a company was developed internationally, local influential factors should be taken into consideration, such as culture. Cooperation with local partners is important to new comer in foreign market as well.

At last, the process of writing this thesis made author learn the necessary of time management. The thesis took longer time than author expected, but it worth those time when the reliable results were reached.

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APPENDICES

APPENDIX 1: Questionnaire of Kungfu

APPENDIX 2: Questionnaire of Hesburger

Name of the person:

Position of interviewee:

Data of the interview:

1. What kind of plans do you have for internationalization? (请问真功夫有走向国际的计划吗?)
2. What ingredients Kungfu catering can deliver to Europe? (如果有，请问什么样的原材料真功夫需要从国内出口到国外分店?)
3. What kind of concept can be changed for adapting the European Market? (为了能够迎合西方消费者，请问真功夫会做出哪些调整？产品，管理以及服务方面?)

General information:

4. How many countries have Kungfu located in? (真功夫在多少个国家有分店)
5. How many Kungfu restaurants are there until now in China? (国内有多少家真功夫?)

Marketing research:

6. How did Kungfu carry out international marketing research? (市场调查是怎么做的?)

7. Which fast food restaurant is the main competitor of Kungfu in Chinese market? (在国内真功夫的竞争对手是?)
8. What is the competitive advantage of Kungfu compared to its competitors? (相对竞争对手, 真功夫有哪些竞争优势呢?)
9. What were the obstacles for Kungfu when entering to foreign market? (真功夫进入国外市场有哪些阻力?)

Marketing plan:

10. What are the marketing objectives? (真功夫的市场目标是什么?)

Marketing strategy:

11. What is the marketing strategy of Kungfu? (真功夫的市场策略是什么?)
12. How about budget? What's the relationship between franchiser and franchisee? (加盟店和总部的关系?)
13. (How about human resources? Do franchiser assign managers and (or) workers for franchising restaurants? (人力资源管理的方式?)
14. What about the segmentation and targeting? (真功夫的市场区分和目标市场?)

15. What about positioning? (真功夫的定位?)

16. Do you have a brand strategy? What's it? (请问真功夫有品牌策略吗?)

Marketing mix:

Product:

17. What about product adaptation? Did Kungfu make changes based on the place? (真功夫会根据不同地区做出产品调整吗?)

Price

18. What is the price strategy or policy of Kungfu? (价格策略和政策?)

Place

19. How does Kungfu choose its location in different cities or towns? (真功夫是怎么选址的?)

20. What about supply of raw materials? (供应商管理是怎样的?)

Promotion

21. What are the methods of advertising in the beginning? (在促销方面, 真功夫有哪些方法?) ?

22. What kind of strategies of promotion? (真功夫有哪些促销策略)

Yun.Liu

Name of the person:

Position of interviewee:

Data of the interview:

General information:

1. How many countries have Hesburger located in?
2. When Hesburger start to develop abroad? Where and Why?
3. How many Hesburger restaurants are there until now in Finland?
4. How many restaurants of Hesburger will be open in the near future in Finland?

Marketing research:

5. How did you carry out international marketing research?
6. Which fast food restaurant is the main competitor of Hesburger in Finnish market?
7. What is Hesburger's competitive advantage compared to its competitors'?
8. What were the obstacles for Hesburger goes abroad?

Marketing plan:

9. What is the marketing plan of Hesburger for Finnish market?

10. What are the marketing objectives?

Marketing strategy:

11. What is the marketing strategy of Hesburger?

12. What's purpose of Hesburger by franchising?

13. How about budget? Where do franchisers (e.g. Hesburger restaurants abroad) get financial support?

14. How do Hesburger manage shares between franchisee and franchisers?

15. How about human resources? Do franchiser assign managers and (or) workers for franchising restaurants?

16. What about the segmentation and targeting in Finnish market?

17. What about positioning in Finnish market?

18. Do you have a brand strategy? What's it?

Marketing mix:

Product

19. Did Hesburger make changes of brand name and package?

20. What about product adaptation? Did Hesburger make changes for Finnish

market?

Price

21. What is the price strategy or policy of Hesburger in Finnish market?

Place

22. How do Hesburger choose its location in different cities or towns in Finland?

23. What about supply of raw materials?

Promotion:

24. What are the methods of advertising in the beginning?

25. What kind of strategies of promotion did McDonald's have in order to attract customers in a new market?

Yun.Liu