



**SAVONIA**

# **MARKETING SUGGESTIONS FOR HOME ORIGINAL CHICKEN, HEFEI CHINA**

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Bachelor's Thesis

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<p><b>Abstract</b></p> <p>The research "Marketing Suggestions for Home Original Chicken, Hefei China" was commissioned by Home Original Chicken Co. Ltd, which is the biggest Chinese fast-food restaurant chain in Anhui Province.</p> <p>The theory needed in the research was marketing mix strategies. Marketing mix consists of product, price, place and promotion. The marketing strategies contain product decisions (including individual products decisions, product line decisions, product mix decisions), price decisions (containing customer value-based pricing, cost-based pricing, competition-based pricing purchasing, discounts and terms of payment), place decisions (external accessibility decisions and the internal accessibility decisions) and promotion tools (advertising, sales promotion, public relations and personal selling).</p> <p>The objectives of the thesis were to better understand the customers and find out the needs, opinions concerning the products and services which are provided by Home Original Chicken, and then to further give some suggestions about marketing mix tools to improve the business processes of the case company in the future.</p> <p>The research was done through the SWOT analysis to find out the strengths, weaknesses opportunities and threats of Home Original Chicken, and quantitative research which contained online questionnaire and printed questionnaire to get customers' opinions. The link of online questionnaire was put on the official Weibo webpage of Home Original Chicken and printed questionnaires were delivered at restaurants.</p> <p>The suggestions which were given to Home Original Chicken consisted of suggestions to the marketing mix tools and suggestions that depended on the SWOT analysis of the case company and the results of questionnaire survey.</p> <p>Through doing this research, the researcher learned the knowledge of marketing tools and how to apply the theory to practice.</p>			
<p><b>Keywords</b></p> <p>Home Original Chicken, Fast-food, marketing environment analysis, marketing tools, marketing strategies</p>			

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## 1 INTRODUCTION

This thesis report is named "Marketing suggestions for Home Original Chicken, Hefei, China". The analysis was done from the company's point of view, and researcher made SWOT analysis and gives some suggestion to the case company in this report.

### 1.1 Description of the Research

The aim of this thesis project was to know the strengths, weaknesses, opportunities and threats of Home Original Chicken and customers' opinions towards Home Original Chicken, in order to give some suggestions to Home Original Chicken to boost their market share and increase sales volume in the future. According to the purpose of this thesis, the research was divided into three different phases.

- a) To search for relevant information and figures about the marketing environment of fast-food industry in Anhui province, such as the main competitors, institutional policy, and the public assessment (e.g. news) towards the Home Original Chicken. This information supported in continuing to conduct the SWOT analysis.
- b) To focus on the basic information of Home Original Chicken. In order to make SWOT analysis of Home Original Chicken, researcher searched for much information of Home Original Chicken on the Internet, such as the introduction to the establishing of Home Original Chicken, company's mission and vision, the products information, and relevant marketing report of Home Original Chicken. These information also supported the SWOT analysis of Home Original Chicken.
- c) To use questionnaires to get basic information of main customers of Home Original Chicken and find the customers' opinions concerning the products and service of Home Original Chicken. To give some suggestions for Home Original Chicken to improve their business in the future, it is necessary to know the attitude of customers towards this company and the dishes supplied by the Home Original Chicken. The questionnaire for customers consists of two aspects, the personal information of customers and respondents' opinions toward the different factors of the Home Original Chicken and the things they need to improve. Based on the results of the questionnaire survey, the suggestions to the marketing tools of Home Original Chicken were given.



## 1.2 The Structure of the Thesis Report

This thesis report has seven chapters, and the content of these chapters is shown as follows:

1. Introduction
2. Marketing environment of fast-food industry
3. Home Original Chicken
4. Marketing Mix strategies
5. Research methods and analysis of research results
6. Suggestions to Home Original Chicken
7. Conclusions

### Chapter 1

The purpose of introduction is to clearly state the general objectives of this thesis as well as the research methods which were adopted in this thesis project and give overview information of each chapter in this thesis report.

### Chapter 2

The main aim of chapter two is to analyze the marketing environment of the Home Original Chicken. This chapter will present the current situation of the fast-food industry in Anhui Province and the analysis of the external environment.

### Chapter 3

Chapter 3 is aiming at introducing Home Original Chicken, such as the situation, main products, and the production process of Home Original Chicken, and then doing the SWOT analysis of Home Original Chicken based on the previous information in chapter 2 and chapter 3.

### Chapter 4

The purpose of Chapter 4 is to give the theory part of this research. The theory of marketing mix strategies including product decisions, price decisions and place decisions and promotion tools were given in this chapter.

### Chapter 5

Chapter five is to describe the research and analyze the research results. The research method was introduced in detail and then explained how the research results were

collected. At the end of this chapter, the analysis of the research results concerning each question on the questionnaire are given.

#### Chapter 6

The aim of chapter six is to give suggestions to Home Original Chicken to make some changes in the marketing tools or have some new marketing activities based on the research results.

#### Chapter 7

Chapter 7 is a conclusion of the whole thesis. This chapter generally describes the process of this research, the difficulties that researcher met and the thing that researcher learned from this thesis project.

## 2 MARKETING ENVIRONMENT OF THE CASE COMPANY

### 2.1 Fast-food Industry in Anhui Province

The Fast-food Industry in Anhui Development Annual Report 2013 shows that the income from the total food industry stood at 50,65 billion Yuan in the first three quarters of 2013, up to 11,8 percent. However, the revenue from High-End food industry decreased significantly by 21,5 percent because of the new policy which ask people practice strict economy and combats waste. Meanwhile the income from fast-food industry increased by 35,3 percent. According to preliminary prediction, the turnover of the whole food industry in Anhui is expected to exceed 90 billion Yuan in the end of 2013, and the fast-food industry's total revenue will reach 23 billion Yuan, accounting for 26 percent of the whole food industry, will occupy one-third of the market share. Above all, the fast-food industry has a good development prospect in Anhui. (The Fast-food Industry in Anhui Development Annual Report 2013.)

By the second quarter of 2013, there were nearly 200 thousand fast-food restaurants in Anhui province. The fast-food restaurants have two common characteristics, more indigenous products and chain operation. Having chain restaurants in the same city or in different cities of Anhui has become a successful way for fast-food companies to expand market. Therefore, a large number of local Chinese fast-food chain restaurants have sprung up in recent years. Statistics show that the number of Chinese fast-food restaurants has taken absolutely advantage position in the Anhui fast-food market, accounting for 78,9 percent. And the percentage of Western-style fast-food restaurants is 21,1 percent. In short, Chinese fast-food is becoming increasingly popular while the Western-style fast-food is having less and less business. (Pintu 2013.)

The marketing environment refers to the whole environment in which marketing is carried out. It consists of all the factors that influence a company's decisions and those factors are divided into internal and external parts. It is necessary for a company to know both the requirements and opportunities of the whole marketing environment so that they can use them better during the business operation. (Lahtinen and Isoviita 1994, 56.)

When it comes to the external environment, it includes demand environment, competition environment and the interest-group environment. The external environment of the Home Original Chicken will be analyzed from those aspects:

## 2.2 Demand Environment

Along with the high-speed development of national economy, people's living quality is improved ceaselessly. Therefore, Chinese people stopped surviving and begun living, more and more people have enough money to have meal in restaurants, the demand for food industry has increased constantly in recent years. When the entire food industry has been booming, the Chinese fast-food industry also has a stronger growth. Because Chinese people pay more attention to healthy diet, they prefer the Chinese healthy dishes to the high-fat and high-calorie western fast-foods. The annual turnover of Chinese fast-food went up to more than 2000 billion Yuan in 2006, which is accounting for nearly 80 percent of the fast-food market share, the annual growth rate of nearly 30 percent is far more than the annual growth rate of western fast-food. (Baidu Baike, Chinese fast-food 2014.)

Chinese fast-food industry has entered a new time, the expansions of sale and pace of development of the Chinese fast-food industry will continue to maintain, while the trend of market segmentation and diversification will become increasingly evident. In addition, the Chinese fast-food industry's leading brands will continue to expand the scale and market share, the gap between Western brands and Chinese brands will also be further reduced. For example, Anhui's largest fast-food restaurant chain, Home Original Chicken, this company reached an average annual growth rate of 80 percent from 2007 to 2013. And Home Original Chicken has more restaurants than the total stores of KFC and McDonald's in Anhui area. Some report shows that the market value of Chinese fast-food industry doubled from 2007 to 2012 which reached at 1 trillion Yuan, the

number of Chinese fast-food restaurants had a high growth rate of 80 percent during the five years. (Baidu Baike, Chinese fast-food 2014.)

As a result, the demand for food industry shows tendency to ascend, especially the demand for Chinese fast-food.

### 2.3 Competition Environment

Based on information from the Fast-food Industry in Anhui Development Annual Report 2013, there are around 200 thousand fast-food restaurants in Anhui province. These include the Western-style fast-food brand, such as KFC, McDonald's, Pizza Hut and so on. And Western fast-food is very popular among children and teenagers. They consider that the Western fast-food is very fashionable, and they get tired of eating Chinese food every day. Nevertheless, as the food safety affairs of Western fast-food are reported by Chinese press, Chinese parents started to prevent their children eating Western fast-food. That is a great opportunity for Chinese fast-food. In fact, Most of the 200 thousand restaurants are different Chinese fast-food brands.

TABLE 1. Number of Three Biggest Chinese Fast-food Restaurant Chains in Anhui. (Top 30 Fast-food Brands in Anhui Province)

Chinese Fast-food Brand	Number
The Home Original Chicken	283
Gongfu Baozai	234
YON HO	204

For example, the Home Original Chicken, Gongfu Baozai and YON HO, they are the three biggest Chinese fast-food brands in Anhui. They have 283, 234 and 204 restaurants in Anhui. When compared with the Western fast-food, Chinese fast-food is popular among the adults, especially the workers and the officers who are too busy to cook for themselves. And this kind of customers pursue convenience and health. Therefore, according to the complex external competitive environment in Anhui, only when a Chinese fast-food company who can ensure the food safety and provide convenient service and also combine the fashionable elements with their brand, can they be the final winners. (Fast-food Industry in Anhui Development Annual Report 2013.)

## 2.4 Political and Social Environment

Since the Chinese president Xi Jinping came to power, the new policy has been implemented all over China. And the main point of the new policy is to ask the government staff to raise work efficiency, change the prodigal style of work. In order to implement this policy, government started to cut down the unnecessary expenses of entertainment and cancel partial government staff benefits. This policy also is implemented in some companies, including the state-owned enterprises and some foreign companies. Therefore, the situation that officials use public funds for wining and dining, extravagant entertainment no longer appeared. According to that, the High-End food is not the first choice of people, and the cheap and good-taste fast food become more and more popular. (Fast-food Industry in Anhui Development Annual Report 2013.)

What's more, in order to support the development of the fast-food industry, the government of Anhui Province has published a series of related policies. And the new policy includes:

- a) For the newly introduced foreign well-known direct chain fast-food enterprises in Anhui, the government of Anhui Province will give them reward equal to the amount of 50 percent of the retained part of sales tax and corporate income tax in three years.
- b) The local fast-food brand which is identified as a national intangible cultural heritage will get 500 thousand RMB yuan award. And the local fast-food company which is elected as the special Chinese meals Top 50 will get 200 thousand RMB yuan.
- c) For the local well-known fast-food company, they will get 50 thousand RMB yuan when they have a new restaurant in Anhui Province.
- d) The company whose sales turnover ranked at top 10 in Anhui Province will get the award equal to the amount of 10 percent of the retained part of the sales tax the same year.

(News of Ministry of Commerce of the People's Republic of China 2013)

Above all, government obviously provides the policy support for the fast-food industry, and it shows government positive attitude towards this industry.

### 3 HOME ORIGINAL CHICKEN

Home Original Chicken is the biggest Chinese fast-food restaurant in Anhui province which already has 289 restaurants in Anhui Province. This company was established by Shu Congxuan who is the chairman of this company now.

#### 3.1 Introduction of Home Original Chicken

Home Original Chicken was established as a hen farm in 1982, in order to make faster and better development, the company started entering the food industry in 2003. The first restaurant was opened at Hefei, the capital of Anhui province, in October 2003. The restaurant was named Feixi Old Hen and a few new shops were opened in succession in following years. However, Feixi Old Hen did not carry on the business successfully, and for a time even faced bankruptcy.

In 2012, Feixi Old Hen was renamed to Home Original Chicken for getting out of the difficult position, and released a new logo which is a green chicken as a symbol of happiness and energy combining the fashionable elements and Chinese traditional culture. Since that, the business of Home Original Chicken has been bound to expand and prosper. This company has already had 289 restaurants in Anhui province now and it has grown into the largest fast-food restaurant chain in Anhui. In addition, the Home Original Chicken has a long-term plan that finds a foothold in Anhui province and radiates the whole country. And this company has chosen Jiangsu as the first new target province. Therefore, there has been a restaurant opened in Nanjing, the capital of Jiangsu province. (Official webpage of Home Original Chicken 2014)

The good taste and high quality of the dishes is attracting more and more people choosing the Home Original Chicken. In 2013, there were more than 35 million people having a meal at the Home Original Chicken. With the development of the Home Original Chicken, the amount of employees has constantly increased. There are around 6000 employees working in this company now, and they are still recruiting people who have talent in marketing and are interested in this field to make the Home Original Chicken go towards the whole China. (Baidu Baike 2014)

### 3.2 Main Products of Home Original Chicken

All dishes of Home Original Chicken are using the famous kind of chicken raised at Feixi as the main raw material. And all the dishes are cooked carefully to ensure that the customers can enjoy the tasty food. There are 35 different dishes and they are divided into four types, such as classical dishes, food made from flour, cold dish and breakfast.

TABLE 2. Product Mix of the Home Original Chicken (Official webpage of Home Original Chicken, 2014)

Type	Number
Classical dishes	16
Food made from flour	4
Cold dish	8
Breakfast	7

The most special food of the Home Original Chicken is named Feixi Hen Soup. This dish is made of the hens which are selected carefully and prepared with one and a half hours of careful cooking. This dish tastes very good and is also highly nutritious.



PICTURE 1. Feixi Hen Soup (The official webpage of Home Original Chicken)

Home Original Chicken has other four special dishes except the Feixi Hen soup. They are steamed chicken wings with bamboo shoots, preserved fish with chicken soup, steamed chicken paws with beans and braised chicken giblets. The followings are the pictures of these dishes.





PICTURE 2. Steamed Chicken Wings with Bamboo Shoots (Left) and Preserved Fish with Chicken Soup (Right)

(The official webpage of Home Original Chicken)



PICTURE 3. Steamed Chicken Paws with Beans (Left) and Braised Chicken Giblets (Right)

(The official webpage of Home Original Chicken)

### 3.3 Production Process of Home Original Chicken

To ensure the quality of raw materials, Home Original Chicken insists on picking the best hens from their own chicken farm. Then, these hens will be transported to the food processing center of this company by the special logistic system and done the primary processing. After the primary processing, these materials will be sent to the Home Original Chicken restaurant. These materials will be cooked at restaurants. Home Original Chicken not only provides service for the customers who come to the restaurants, but also accepts takeaway orders by phone or on the Internet. And they will send the takeaway food to customers as soon as possible through their own logistic system to ensure the customer can taste the best quality of the food. The following chart in Figure 1 shows the basic production process of Home Original Chicken.

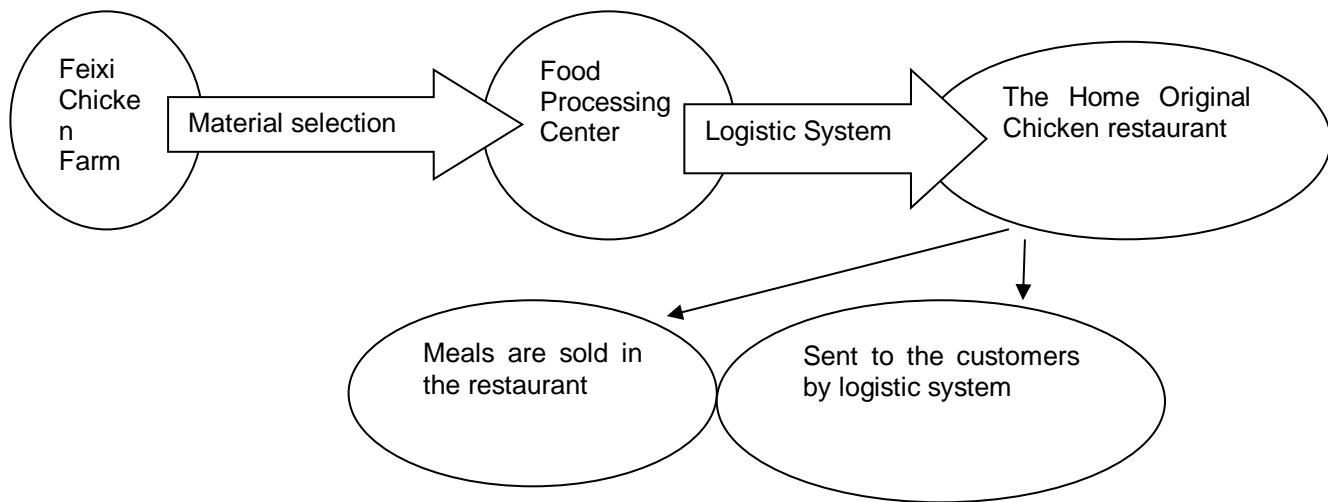


FIGURE 1. Basic Production Process of Home Original Chicken

### 3.4 SWOT Analysis of Home Original Chicken

SWOT analysis is a way to evaluate the company's strengths, weaknesses, opportunities and threats. It analyses both the internal conditions and external environments, then achieve the conclusion of the favorable factors and evaluate the weaknesses and the threats of the companies. Therefore, the companies can match their strengths to the attractive opportunities in market, meanwhile, eliminate or overcome the weaknesses and minimize the threats. In short, the SWOT analysis can help the companies to establish a set of marketing or management strategy. (Kotler and Armstrong 2012, 77)

SWOT refers to strengths (S), weaknesses (W), opportunities (O) and threats (T).

Strengths and weaknesses are the company's internal factors. To be specific, strengths include the internal capabilities, resources, and positives situational factors that may help companies provide better services to customers and complete their objectives. In contrast, the internal limitations and negative situational factors which may have a bad influence on the company's performance are included in weakness. (Kotler and Armstrong 2012, 77)

Opportunities and threats are the external factors. Opportunities are advantageous factors or trends in the external environment that may give a chance to companies to make use of their advantages. And the threats are the disadvantageous factors or

trends in the external environment which may make the companies face the challenges. (Kotler and Armstrong 2012, 78)

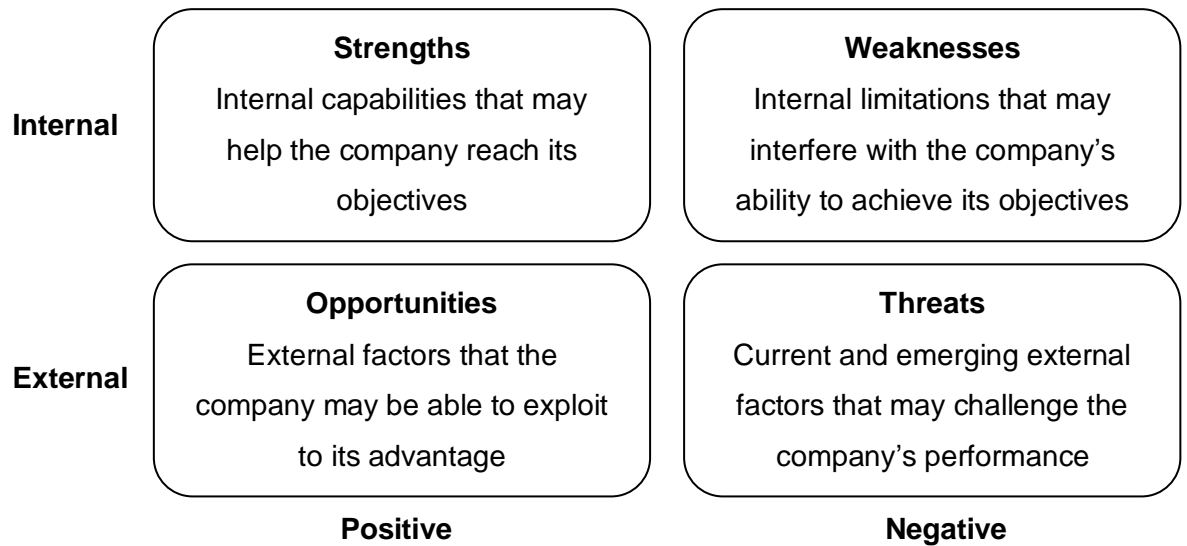


FIGURE 2. SWOT Analysis: Strengths (S), Weaknesses (W), Opportunities (O), Threats (T). (Kotler and Armstrong 2012, 78)

The steps of SWOT analysis:

1. Finding out the company's advantages and disadvantages of possible threats.
2. According to the strengths, weaknesses, opportunities and threats which are listed in the first step, establishing the SO (strengths and opportunities), ST (strengths and threats), WO (weaknesses and opportunities), WT (weaknesses and threats) strategy.
3. Listing the SO, ST, WO, WT strategy and make choice, to consider the specific strategy for the company.

(Liu 2009, 14)

According to the environment analysis of fast-food industry in Chapter 2 and the information of Home Original Chicken, the SWOT analysis of the Home Original Chicken can be done, so that the internal strengths and weaknesses as well as the external opportunities and threats of this company can be better realized.

#### A. Strengths

- The Home Original Chicken is Chinese fast-food, the dishes of this company are improved on the basis of local Chinese traditional food, and the tastes are more palatable to Chinese customers.

- The Home Original Chicken gets the main raw materials from their own chicken farm, so there are low costs during the production process. What's more, this chicken farm is located at a village with a good ecological environment nearby Hefei, thus, the Home Original Chicken can ensure the safety of their raw materials completely and pick up the best hens from their own farm.
- The Home Original Chicken does not have fried food. Their food has high nutritional value, and the dishes are healthier than foreign fast-food.
- The Home Original Chicken is the biggest Chinese fast-food restaurant in Anhui province. This company not only has the strength of economy but also has their own company mission and unique chicken culture.
- The Home Original Chicken has a special logistic system, so that the food can be sent to customers quickly.

#### B. Weaknesses

- Lack of professional enterprise management.
- Lack of promotion of new dishes. The Home Original Chicken does not put enough advertisements in media to promote their new dishes, so that many people could not get the information of the new products.
- Lack of high-quality employees. The employee lack of strong sense of service and the level of service is not very high.

(Chen, Baidu Wenku, 2013)

#### C. Opportunities

- Broad market.
- The Feixi Old Hen renamed to the Home Original Chicken, and this chain restaurant has a new logo which combines the fashionable elements with Chinese culture. It makes this brand have better development prospects.
- As the pace of life continues to increase, the fast-food industry has a good situation of development.
- Government provides the policy support for fast-food restaurants.
- The food safety of western fast-food has different problems frequently.

(Chen, Baidu Wenku, 2013)

#### D. Threats

- The famous Western fast-food brands have strong competitive power, such as KFC, McDonald's, Pizza Hut.

- The fast-food industry concentration ratio is becoming higher and higher and there are few barriers to enter. As a result, the competition in the fast-food industry is becoming increasingly fierce.
- Some Chinese people worship, or place blind faith in foreign things.
- The consuming behavior of Chinese people tends to be rational, and the request in all levels of consumers is to increase the quality of consumption continuously.

(Chen, Baidu Wenku, 2013)

Strategy for the Home Original Chicken:

A. SO strategy (strengths and opportunities)

At first, Home Original Chicken should make full use of the advantages of their food quality, so that they can build a health and reliable brand image.

Then, Home Original Chicken should ensure the high efficiency of their logistic system in order to keep up with the increasing pace of life and meet the requirements of customers.

Lastly, the Home Original Chicken could take advantage of the policy support, open more restaurants at cities or towns where they do not have their fast-food restaurant.

B. ST strategy (strengths and threats)

Firstly, Home Original Chicken should make use of strength of economy to develop corporate culture of their own and learn successful experience of other companies, to improve the market competitiveness.

Secondly, Home Original Chicken should learn the business philosophy from the western fast-food brands and put more fashionable elements into their company as well as introduce more new dishes to attract new customers.

At last, the company should take advantage of the low cost to have more price advantage than other restaurants.

C. WO strategy (weaknesses and opportunities)

First, Home Original Chicken should recruit some managerial talents, and then establish a new professional management system to facilitate company development.

Second, arrange some training to staff to improve the quality of service.

Lastly, strengthening the marketing communication of new dishes to attract new customers.

D. WT strategy (weaknesses and threats)

Home Original Chicken could build a new and good image of brand which is more fashionable, reliable and healthier through promotional tools.

Above all, the Home Original Chicken needs a professional management system and a new marketing strategy to seize opportunities as well as meet the challenge, so to have better development in competition.

## 4 MARKETING MIX STRATEGIES

Marketing is a business tool for companies' managers to find what the customers need and then satisfy the needs through developing products and service, informing customers about the products and delivering the products to the customers with a profitable price. And the objective of a marketing mix is to set up some consecutive and simultaneous actions to have some effect on consumers' or users' purchasing decision. (Belohlavek 2008, 11)

Marketing mix is often associated with the 4 P's Model. 4 P's Model refers to the four effective marketing elements which start with the character 'P'. It includes product, price, place and promotion. These elements are the base from which to build the marketing systems. Only when a company which has the products or services that customers need, with suitable price and payment terms, while the marketing communication is effective and the products or services can be got easily, can this company establish the network. (Lahtinen and Isoviita 1994, 39)

When a company has chosen the target groups and set the profit targets, this company has to think about how to draw the customers' attention. This stage is characterized by the marketing-mix decisions. The marketing-mix decisions include product decisions, price decisions, place decisions and marketing communications. For some specific examples, they include decision on the new product or the price level, the location of shop, the advertising terms and so on. Basic marketing tools in completion are product, price and place. And these decisions making are before the promotion decisions making. Because after some products with specific price are introduced, the company can have something to promote. And all the marketing tools are used directly to the customers, so that the company can realize their goals. (Lahtinen and Isoviita 1994, 39)

### 4.1 Product Decisions

Product is anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or a need.

There are three levels of products and service decisions: individual product and service decisions, product line decisions and product mix decisions.

#### 4.1.1 Individual Product and Service Decisions

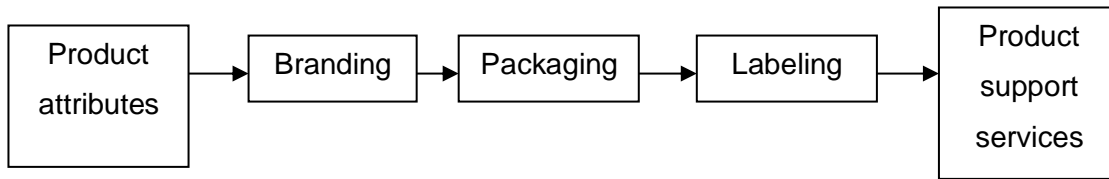


FIGURE 3. Individual Product Decision (Kotler and Armstrong 2012, 253)

The Figure 3 shows the important decisions during the individual products or services development or marketing process. It includes the decision on product attributes, branding, packing, labeling and product support services.

- 1) Product attributes consist of quality, features, style and design. These attributes communicate and deliver the benefits that the products offer to customers. Therefore, products must have good attributes to make customers satisfied with them. (Kotler and Armstrong 2012, 254)
- 2) Branding refers to build and manage brands. A brand can be defined as a name, term, sign, symbol, or design or a combination of these. Branding not only helps sellers to segment the market but also helps the buyer, and it is the marketer's very important task. (Kotler and Armstrong 2012, 255)
- 3) Packing involves designing and producing the container or wrapper for a product. At first, the package was used to protect the products, but it has become an important marketing tool in recent years. Good packaging can create immediate customer recognition of a brand and innovative packing can bring an advantage to a company and boost sales. (Kotler and Armstrong 2012, 256)
- 4) Labels range from simple tags attached to products to complex graphics that are part of the packing. Label is useful to identify the product or brand, it gives the basic information of products, and it might be useful to promote the brand, support the products positioning, and connect with customers. (Kotler and Armstrong 2012, 257)
- 5) Product support services are important part of customer's overall brand experience. When design support service for a company, the first step is to make a research of customers' opinions toward the existing services provided by the company and further obtain ideas for new ones. After assessing the quality of various support



services to customers, the company can start to fix the problems and add new services that will both meet the requirements of customers and bring more profits to the company. (Kotler and Armstrong 2012, 258)

#### 4.1.2 Product Line and Product Mix Decisions

A product line is a group of products that are closely related because they function in a similar manner, are sold to the same customers groups, are marketed through the same type of outlets, or fall within given price range. (Kotler and Armstrong 2012, 258)

And there is a major part product line decisions which is product line length. Product line length refers to the number of items in the product line. Managers need to analyze the performance of their product lines periodically to assess each product's sales and profits in this product line. After assessing the each item, manager can make decision whether add items or drop items to increase profits. (Kotler and Armstrong 2012, 258)

Company can use two ways to expand its products line, line filling and line stretching. And products line filling refers to add more items which are obviously different from the existing ones within the present range of line, so that get more profits, satisfy dealers and be the leading full-line company and so on. (Kotler and Armstrong 2012, 258)

A product mix consists of all the product lines and items that a particular seller offers for sale. A company's product mix has four important dimensions: width, length, depth, and consistency.

Product mix width refers to the number of different product lines the company carries. Product mix length refers to the total number of items a company carries within its product lines. Product mix depth refers to the number of version offered for each product in the line. Finally, the consistency of the product mix refers to how closely related the various product lines are in end use, production requirements, distribution channels or some other way. (Kotler and Armstrong 2012, 259)

These product mix dimensions provide the handles for defining the company's product strategy. The company can increase its business in four ways like following:

- 1) It can add new product lines, widening its products mix. In this way, new lines build on the company's reputation in its other lines.

- 2) The company can lengthen its existing product lined to become a more full-line company.
- 3) It can add more versions of each product and thus deepen its product mix.
- 4) The company can pursue more product line consistency or less depending on whether it wants to have a strong reputation in a single field or in several fields.

(Kotler and Armstrong 2012, 260)

#### 4.1.3 New Product Strategies

An enterprise can have new product in two ways. One is buying a whole company to produce someone else's product which is called acquisition. And the other is through the company's own new-product development efforts. The new products are very important to a company, they establish a new connect with customers, in order to stimulate the sales growth. (Kotler and Armstrong 2012, 284)

To create a new product, the company must understand its customers' needs, the market situation and the competitors and develop the products that deliver superior value to customers. Therefore, the strong new-product strategy is necessary for finding and growing new products. (Kotler and Armstrong 2012, 285)

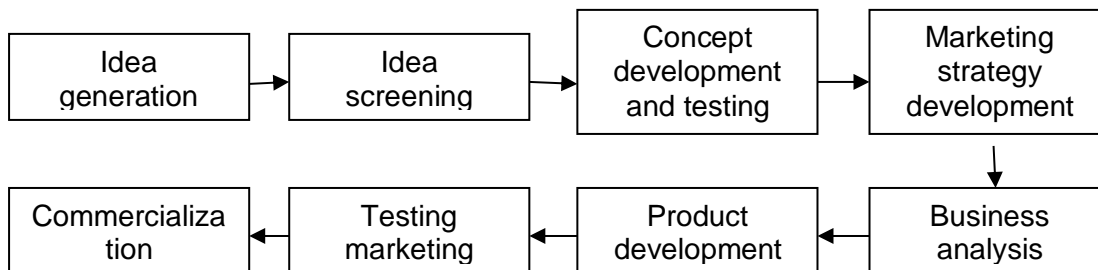


FIGURE 4. Major Stages in New-Product Development (Kotler and Armstrong 2012, 285)

The figure above shows the major stages in new-product development, and it has eight stages. First, the new-product development starts with the idea generation. In this stage, the company may collect hundreds of ideas, even thousands, in order to find some good idea. Then, the second stage is called idea screening. It is designed to reduce the number of the ideas. Specifically, it helps company pick up the good ideas and drop the poor ideas quickly. The third stage is concept development testing, it refers to making a product idea develop into a product concept, and then testing the new-product concept with groups of target consumers. (Kotler and Armstrong 2012, 285)

Marketing strategy development is the fourth stage, designing a primary strategy for introducing this new product to the market. And this strategy consists of three parts. The first part describes the target market; the planned value proposition; and the market share, and profit goals for the first few years. The second part introduces the information about the product's price, distribution and the marketing budget. The last part tells the expected long-term sales, the target profits and the marketing mix strategy. (Kotler and Armstrong 2012, 289)

The next step is business analysis. It involves a review of new product's sales, costs, and profit goals so that the company can know if the new product satisfies their objectives. If the new product does, it will move to the product development stage. Product development refers to the R&D department or the engineering develop the product concept into a physical product. When the physical product is produced, a few of this product will be put into the real market to let the company know whether the product is needed. If the result of test marketing is good, the product will go to the last step, commercialization, which means formally introducing the new product into the market. (Kotler and Armstrong 2012, 290)

## 4.2 Price Decisions

Price is using the amount of money to describe the product's value. And it is the main factor which can have an impact on customers purchasing decisions. Price decisions have two parts, the pricing decisions and decision on terms of payment. The following just introduces the pricing decisions.

Pricing decisions have five purposes. The first one is setting the basic price of a new product. The second objective is making decision of the price change. All elements in market always keep changing, such as the demand, cost, and competition and so on. Thus the basic price has to change with these changing factors to make the price be a competitive tool of the product. Third one is determining discounts and terms of payment. And the last purpose is focusing on the psychological factors, for example, the psychological pricing, price images and inflation expectations. (Lahtinen and Isoviita 1994, 122)

#### 4.2.1 Pricing Strategy

The start point of the price decisions is the determination of the pricing strategy. There are three major pricing methods, customer value-based pricing, cost-based pricing and competition-based pricing.

1. Customer value-based pricing

Customer value-based pricing refers to the pricing strategies which mainly take the customers' opinion of value into consideration. This pricing method includes the following process. At first, the company makes a research or estimates the customer's needs and value opinions, then sets the target price according to the customer's value perceptions. And the target price drive the decisions about how much the cost is and product design.

2. Cost-based pricing

Cost-based pricing refers to the pricing decisions based on the costs for producing, distributing and selling. And these costs can be classified into the fixed costs and the variable costs. There are two ways to make the Cost-based pricing. One is cost-plus pricing and it means add a standard markup to the cost of the product. The other is break-even analysis and target pricing. Company makes the product pricing after they calculated the break-even and the amount of profit they wanted to get.

3. Competition-based pricing

Competition-based pricing regard the competitors' pricing strategies as the key to pricing.

(Kotler and Armstrong 2012, 315)

#### 4.2.2 Discount Decisions and Terms of Payment Decisions

When talking about the discount decision, it is one way for company to promote sales and improve the profitability. And discount decisions are naturally dispersed within organization and many independent executives contribute to discount decisions every day. Therefore, company needs decision management systems to manage these independents decisions. (Smith 2011, 153)

Terms of payment also belongs to price decision, and which could be used as competitive tools. Terms of payment contains the time of the payment and the other

payment-related issues. And terms of payment generally are classified into three different types: prepayment, cash payment and credit payment. Prepayment refers to the buyer gives money to the seller before the products was delivered. And cash payment means that customer pays for product at the time of delivery or within a few days. And credit payment is a terms of payment where a customer pays part of the payment or the whole payment after the product has been delivered. (Lahtinen and Isoviita 1994, 144)

### 4.3 Place Decisions

The place decisions could be divided into the industrial companies' place decisions and the service companies' place decisions.

The industrial companies' place decisions focus on two issues:

- a) Decisions relating to the channel of distribution
- b) Decisions relating to physical distribution.

And the service companies' place decisions concentrate on two questions:

- a) How to make the customers get to the company more easily?
- b) How to make the purchasing or usage of services for customers more easy?

(Lahtinen and Isoviita 1994, 147)

According to the research target, the Home Original Chicken restaurant, this report will mainly talk about the retailers' place decision service companies' place decisions.

The service company place decisions consist of the external accessibility decisions and the internal accessibility decisions. The external accessibility plays an important role in attracting the customers, thus, the company has to have a good location and its external decor should be attractive, opening hours should be long, and parking places should be easily to find and access. On the other hand, the internal accessibility which contains service environment, product range and display, and personnel availability could make people satisfied with company. (Lahtinen and Isoviita 1994, 158)

#### 4.3.1 External Accessibility Decisions

External accessibility means those factors that are used to draw customers' attention and encourage the customers visit the company. The marketing tools of the external

accessibility are the company's location communication, opening hours, parking and the exterior.

### 1. Location and transport communications

Location is one of the most important factors for many shops and service companies. The location of the shop or company will significantly affect the sales. In other word, the shop is better to close to the main street of the city or located close to the customers. The transport communication must be easily available for customers. What's more, the advertising of location and public transport should be valid and visible for a long period time so that the customers can know how to come to the company. (Lahtinen and Isoviita 1994, 160)

### 2. External appearance and window's display

In the busy business areas, it is very hard for a company to draw people's attention. Therefore, the external appearance and the window's display of the company must be attractive and interesting to be differentiated from its competitors and surroundings.

The exterior is a calling card of a company, it acts as a medium and customers' first impression of the company will be influenced by it. If the impression remains positive, it will be more possible that customers come to the company. The elements of a facade include nameplates, signs, entrance, doors, brand name and logo. And with the help of these elements, a poorly maintained property could become an attractive and profitable shop. (Lahtinen and Isoviita 1994, 160)

Window-display advertising, banners and flags, streamers and other display tools are the necessary external advertising of a company. The picture of the product, the low price and other main information of this company could be played on the windows. The purpose of window-display advertising is catching customers' attention; creating a good first impression of the shop as well as encouraging customers to come into the store and to make the purchasing decision. And the good window-display will lead to many benefits to the shop, for example, the increasing number of customers, low cost of marketing and so on. (Lahtinen and Isoviita 1994, 161)

### 3. Opening hours

One of the basic marketing tools of a service company's external accessibility is the opening hours. The length of opening hours depends on the customers' need. And it

changes in different place because of local culture, regulations and the amount of customer. And the opening hours should be advertized ceaselessly by all the media and customers do not have to remember the shop's specific opening hours. (Lahtinen and Isoviita 1994, 161)

#### 4. Parking facilities

Available parking places are also a very important factor of the external accessibility, especially the shop which is located at the centre of the city and at the street where other competitors are. (Lahtinen and Isoviita 1994, 162)

#### 5. Signs

A prominent sign is very important for a shop or company that has a poor location. It could be billboards, signs and other advertising materials, and the sign will guide customers to get to the shop, especially when a company wants to get customers outside its immediate area. (Lahtinen and Isoviita 1994, 163)

### 4.3.2 Internal Accessibility Decisions

The internal accessibility of a company affects the length of time that the customers would like to stay in the shop and the customer satisfaction as well as the amount of purchasing. Therefore a service company must have a pleased and comfortable environment and decorations, and provide good service to customers. And the internal accessibility decisions include the following points:

#### 1. Service environment

The service environment means a company's internal atmosphere and the solutions that make customer services easy. Customers would always like to choose to consume at a shop, only when the shop has a good atmosphere and the services or products could be get easily. The shelves, stands, cabinets, pay desks, other arrangements are the elements of the service environment, and they help the shop create a effective image. (Lahtinen and Isoviita 1994, 164)

#### 2. A broad product range

A broad product range will give customers more choice and meet the requirements of different customers. And it also improves the image of the company. (Lahtinen and Isoviita 1994, 164)

### 3. Product display

When planning the interior, the company should also pay attention to the products display. Because the products display will assist customers to find the products they want to buy in short time and influence the customer routes. As a result, it will bring about high efficiency and has a distinct effect on the sales volume. In addition, the design of product display should be well-organized and clear, for example, displayed in different colors, sizes, and varieties. (Lahtinen and Isoviita 1994, 165)

### 4. Brochure and guidance material

With the increasing frequency of self-service, the interior advertising has been more and more important. Brochure and guidance material are another way for customers to get more information about the products, services and some promotional activities and so on. The objective of these accessibilities is increasing the sales. (Lahtinen and Isoviita 1994, 165)

### 5. Personnel availability

Personnel availability refers to that the personnel could be contacted at any time when the customers have issues to ask, no matter in person, by phone or by letter. (Lahtinen and Isoviita 1994, 167)

## 4.4 Main Promotional Tools

The basic marketing-mix elements will not ensure the success of the products. Customers will not purchase the products which have good quality and with low price, if the customers do not know any information of the products. Consequently promotion is necessary for company to make customers know their products.

Making customers be aware of the products and the company, improving the company image, changing people's attitude and achieving the sales goals are the objectives of promotion. The promotion consists of two aspects, they are personal selling and sales support.



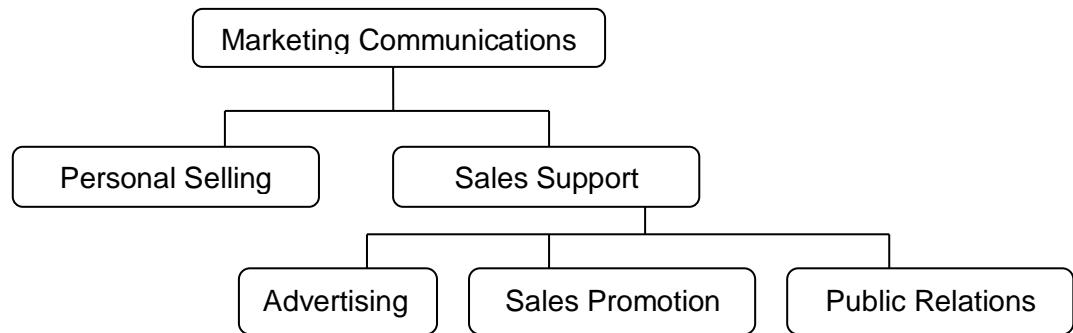


FIGURE 5. Different Elements of Marketing Promotion (Lahtinen and Isoviita 1994, 171)

Figure 5 shows the elements of service communication decisions. Personal selling refers to the communication based on personal contact and verbal presentation which is aiming at persuading customers to buy some products. Advertising means a form of media mass communication information about the products, services and ideas mainly through the public media to customers, which is undertaken and paid by the sellers. Sales promotion includes all the activities which aim at stimulating the sellers to sell the company's product or services more profitably and customers to buy. And for sales promotion, there are two main target groups, one is the company's own sales organization, the other one is customers. Public relations are establishing good relationships with its different interest organizations and the objective of the public relations is to make consumers understand and respect their operation. And this report will focus on the three elements of the sales supports. (Lahtinen and Isoviita 1994, 171)

#### 4.4.1 Personal Selling

Personal selling is one of many marketing communication activities, and it means the process of person-to-person communication between a sales person or a service staff and a customer, and through providing customers a good or a service to satisfy their needs. And this definition refers to the idea that a customer should be satisfied. No one will buy a product or a service only when it can offer satisfactions. (Cant and Heerden 2005, 3)

Personal selling has a few important characteristics, for example, it is flexible, it builds the relationship between sales person and customers, it leads to more efficient communication, it is can be expensive and sometimes it may involve unethical practices. (Cant and Heerden 2005, 4)

#### 4.4.2 Advertising

Advertising means the publicity which delivers information to the public through different kind of media, such as, newspaper, magazines, radio, television, internet and so on. Company has to pay for this publicity, and the advertising presents the company and its products in a positive manner. Advertising supports customer-service staff by delivering the information of the product's features, benefits, price and accessibility to customers, having a positive effect on customers' feelings and emotions towards the company or the products, showing the advantages of the products to arouse the purchaser's desire, and effecting the sales volumes finally. What's more, advertising not only offers advantages to advertisers, but also brings benefits to the target objectives. It helps the customers to obtain useful information so that they can better make the purchasing decisions. (Kotler and Armstrong 2012, 461)

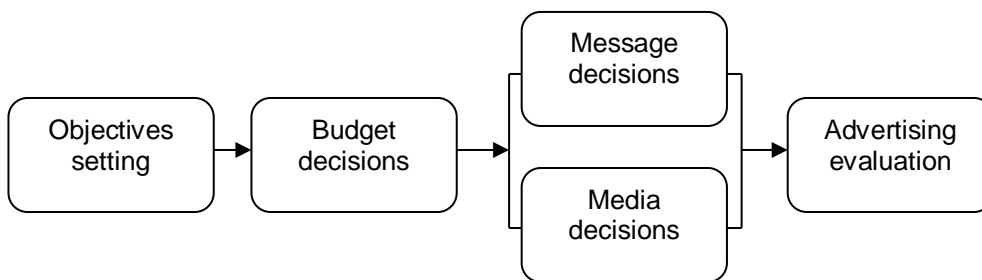


FIGURE 6. Main stages of advertising decisions (Kotler and Armstrong 2012, 461)

There are four important decisions of the advertising development program:

1. The first step is setting advertising objectives, and the advertising objectives include communication objectives and sales objectives. These objectives change with the specific different products, target audience, even the period of time. (Kotler and Armstrong 2012, 461)
2. After confirming the objectives, the company should make budget decisions for each product. And the advertising budget always depends on the stage of the product development. For example, it is necessary to have large advertising budgets when the company wants to promote their new products, so that the new product could be known by more customers. In contrast, the mature products just need lower budgets compared with the new products. In addition, the market share also has effect on the budgets of advertising. Because taking market share from the company's competitors require a larger sum of money. In another words, the low-

share products and the products which have lots of competitors in market need more advertising spending as a ratio to sales, and vice versa. (Kotler and Armstrong 2012, 462)

3. The third step is developing the advertising strategy. There are two elements of advertising strategy, creating advertising messages and selecting advertising media. The creative department is in charge of creating advertising messages. Only when an advertisement has good ideas and clear information as well as merging advertising and entertainment, can it draw customers' attention and communicate well. Then, the media department decides on which kind of media is best for carrying on this advertisement, and purchases it. There are four points the company should take into consideration when select its media:
  - 1) Determining the reach and frequency of the advertisement according to the objectives of the advertising, and the media impact which means the qualitative value of the message released by the certain media.
  - 2) Fully understanding the major media types and make a choice among them.
  - 3) Selecting the best media vehicles of each general media for the specific products.
  - 4) Deciding on the suitable media timing.(Kotler and Armstrong 2012, 463 – 468)
4. The last stage of the advertising decisions is the advertising evaluation. Measuring advertising effectiveness can be achieved through two ways. One way is counting the sales volumes or profits effects of the advertising. Another way is through professional experiment. (Kotler and Armstrong 2012, 473 – 478)

#### 4.4.3 Sales Promotion

There are three main tools which can be used to achieve the objectives of sales promotion, consumer promotions, trade promotions and business promotions. (Kotler and Armstrong 2012, 506)

Consumer promotion consists of a wide range of tools, such as samples, coupons, refunds, gifts and so on. These promotion things are often attached to the products that consumers buy. Sellers use the consumer promotions to stimulate the customer's purchasing behavior in a short term and enhance the customer brand involvement. The retailers can also offer some promotions to the customers, such as discount, and this promotion called retailer promotions. (Liu 2009, 21)

Trade promotion means that the company provides more price concessions for the wholesalers and retailers than the final customers, so that the wholesalers or retailers may open a specific shelf space for this company's products. (Kotler and Armstrong 2012, 510)

Business promotion is used to generate business leads, stimulate purchases, reward customers and motivate salespeople. And there are two main business promotion tools, conventions and trade shows and sales contests. Companies organize the conventions and trade shows to find new sales leads, communicate with customers and introduce the new products and so on. It is a good way for company to promote their products without using the sale forces. The sales contest is designed for motivating the salespersons or dealers to improve their sales performance over a period of time, and the final purpose is to increase the sales volumes. (Kotler and Armstrong 2012, 511)

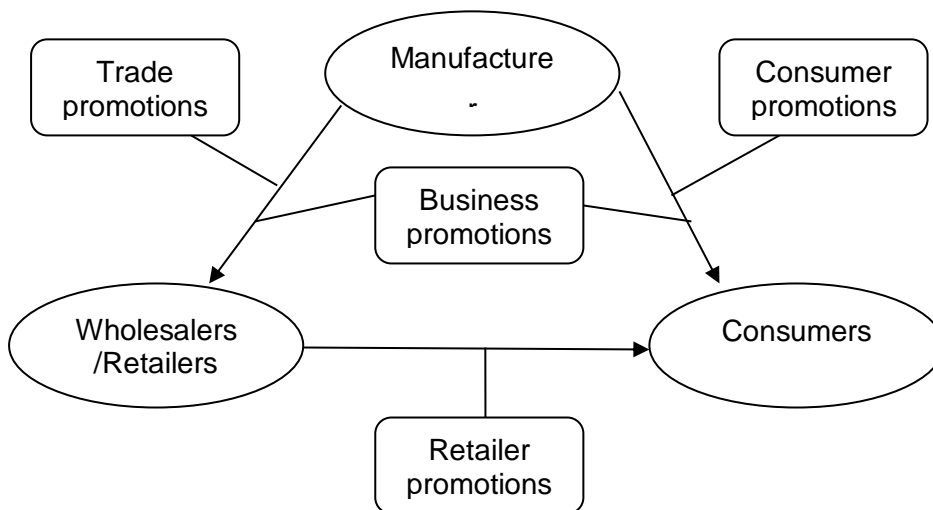


FIGURE 7. Relationships among the sales promotion tools (Liu 2009, 21)

Figure 7 shows the relationships among the sales promotion tools, manufacturer can use both consumer promotions and business promotions to sell more products to consumers, and business promotions and trade promotions are used to sell products to retailers by manufacturers, wholesalers or retailers use the retailer promotions to promote products to consumers.

#### 4.4.4 Public Relations

Public relations can be classified into internal public relations and external public relations.

The internal public relations refer to the relations among the company's personnel, and the internal public relations is one form of the internal marketing. The internal marketing aims at establishing a good image of company or brand, building good team spirit, encouraging and motivating personnel, ensuring the good service and good work performance, and so on. The main tools of public relations include arranging some specific training for the personnel, holding theme parties or interest activities, offering discount or other benefits for staffs, active and effective communication, etc. (Lahtinen and Isoviita 1994, 267)

The target group of the external public relations is the company's interest groups, and its major purpose is to establish and keep a good image of company. There are many tools which can be used to accomplish the public relations objective, such as, communication, sponsorship, publicity, and other kinds of community event campaigns. (Lahtinen and Isoviita 1994, 268)

## 5 RESEARCH METHODS AND ANALYSIS OF THE RESEARCH RESULTS

In the previous chapters, there was some analysis of the current situation of the Home Original Chicken in Anhui province as well as the opportunities and challenges they have faced. And the conclusion was reached that this company needs some marketing strategies to have a better development in the future. But before making the marketing strategies, Home Original Chicken needs to do related research to better understand their customers.

### 5.1 Research Methods and Data Collection

The target of the research was to get useful information of customers and figure out the customers' opinions towards the products and services provided by Home Original Chicken and the factors that have a big impact on selecting fast-food restaurants, and then give some suggestion to the Home Original Chicken to promote their business in Anhui province in the future.

The research method used for this study was making a questionnaire survey. The questionnaire was made by Google form, and the research questions were designed with the help of the thesis's supervisor. The questionnaire had thirteen related questions. And there were two aspects of the questions, one was personal information of the questionnaire respondents, another was the respondents' opinions towards the different factors of the Home Original Chicken and the things they need to improve. (Appendix 1.)

Researcher chose two ways to do the questionnaire survey, online questionnaires and questionnaires which were printed out. There was a link of online questionnaires put on the official Weibo webpage of Home Original Chicken, it started on 1st March, 2014 and ended on 10th March, 2014. There were 200 printed questionnaires which were put in Home Original Chicken restaurants for customers who have meal at restaurants to fill in. And it started on 5th March, 2014 and lasted for 7 days.

Researcher got 225 online questionnaires and 121 printed questionnaires, and then researcher collected and organized the data. After that, researcher moved to do the analysis of the survey results and came to conclusions. Finally, the suggestions to improve the business of Home Original Chicken were done.

## 5.2 Analysis of the Research Results

There were in total 346 respondents answering the questionnaire. In the questionnaire, there were 13 questions focusing on customer information and opinions of Home Original Chicken and fast-food restaurants. The results of the questions and analysis of the results are as follows. Although not all customers of Home Original Chicken answered this questionnaire, at least in part, the results of this research can represent most customers of the case company.

From question 1 to question 4, the questionnaire was designed to get some personal information of the respondents, which contains the gender, age, occupation and the monthly income. In order to get the true answers, age and monthly income answer options were classified into groups.

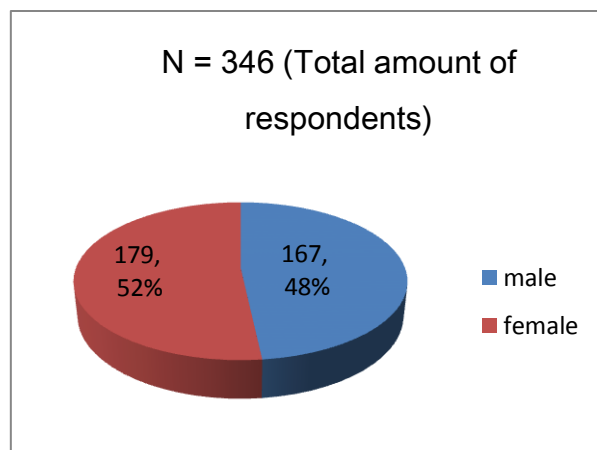


FIGURE 8. Gender of the Respondents

Figure 8 shows the result of Question 1, which was concerning the gender of the respondents. It can be seen from Figure 8, there were 167 males and 179 females who answered this questionnaire, and the males accounted for around 48 percent and the females accounted for 52 percent of the respondents. The number of males and females is close to equilibrium, thus the results of this survey could better represent customers' attitude towards fast-food restaurant and Home Original Chicken.

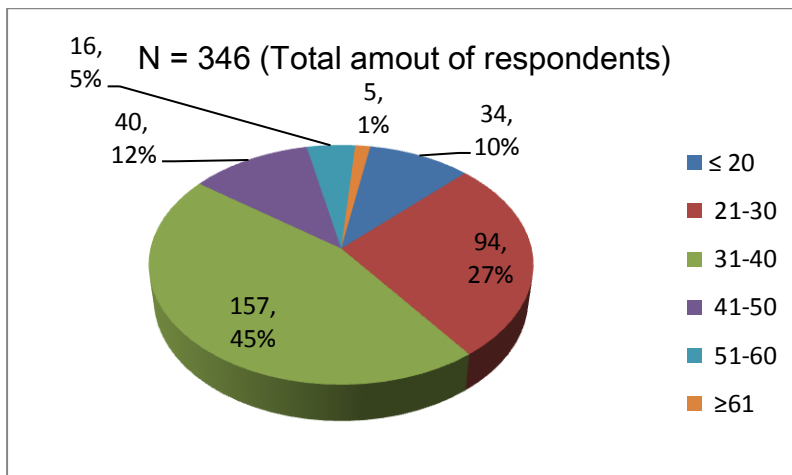


FIGURE 9. Age of the Respondents

Question 2 was concerning the age of the respondents, and the age was divided into six groups according to the Chinese population's age division. People below 20 are called teenagers, persons who are aged from 21 to 30 are young people, people whose age is between 31 and 60 are middle-aged people, and people who are older than 61 are elderly people. (Liu 2009, 31)

From Figure 9, it can be seen that most respondents are between 31 and 40, the age group "31 – 40" makes up 45 percent of the total respondents. It shows that most respondents are middle-aged people; the flavor and high nourishment value of Home Original Chicken's dishes suit the middle-aged people's requirement. In addition, all age groups of middle-aged people take up 62 percent of respondents while the age groups of teenagers and young people only account for 37 percent together. The age group 21 – 30 is the biggest customers group except group 31 – 40 and it accounts for 27 percent, the younger age group below 20 makes up only 10 percent. And the age group above 61 just has 1 percent and there are only 5 elderly people participating in this survey. According to the report "The online marketing program of Home Original Chicken" and the result of question 2, middle-aged people seem to like the products of Home Original Chicken more than teenagers and young people.

Middle-aged people have a good job and a steady income; they have strong consumption capacity, therefore Home Original Chicken should treat them as the main target customer group. When designing new dishes, the needs of middle aged people should be taken into consideration preferentially. Compared with middle-aged people, although teenagers and young people do not have stable income, they are the main customers of fast-food industry. However, it seems that Home Original Chicken has not



attracted them till now. Thus, it's better for Home Original Chicken to do some changes to have a stronger appeal to young customers.

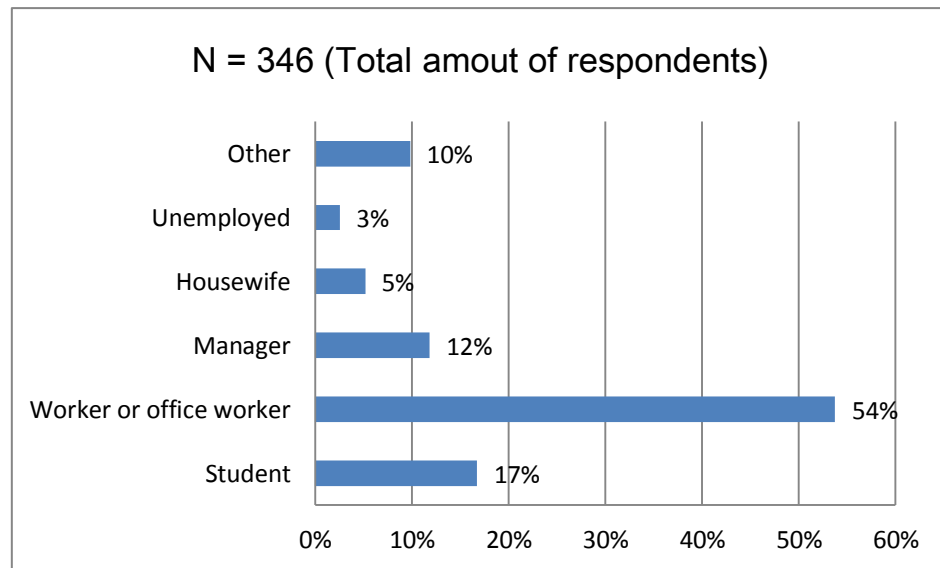


FIGURE 10. Occupation of the Respondents

According to the Figure 10, the percentage data of each kind of occupation shows that the biggest group is the worker or office worker (186) which accounts for 54 percent and it exceed 37 percent compared with the second largest occupation group which is students (58). The rest of the groups are ranked from largest to smallest in the following way: manager (41) which accounts for 12 percent, then next is other occupations (34) with 10 percent, followed by housewife (18), constituting 5 percent, and finally unemployed(9) at only 3 percent.

It can be concluded from Figure 10 that the respondents who have job which accounts for 76 percent together, especially workers and office workers. These people who have a job spend much time on working and they are too busy to cook a good meal for themselves. What's more, the lunch time of some companies is very short, thus working people have high demand for fast-food. The high demand from working people inform that Home Original Chicken should specially design some different kinds of set meals for people with a job. Besides working people, students are the second largest customer group of fast-food. As can be seen from Figure 10, the number of respondents who are students is small, meanwhile, according to the report "The online marketing program of Home Original Chicken", compared with the Western fast-food, Home Original Chicken's amount of students customers is too small. Consequently, if Home Original Chicken wants to promote sales in the future, they should do related search to get to know what

the requirements of students are, in order to improve their products and services to attract more students.

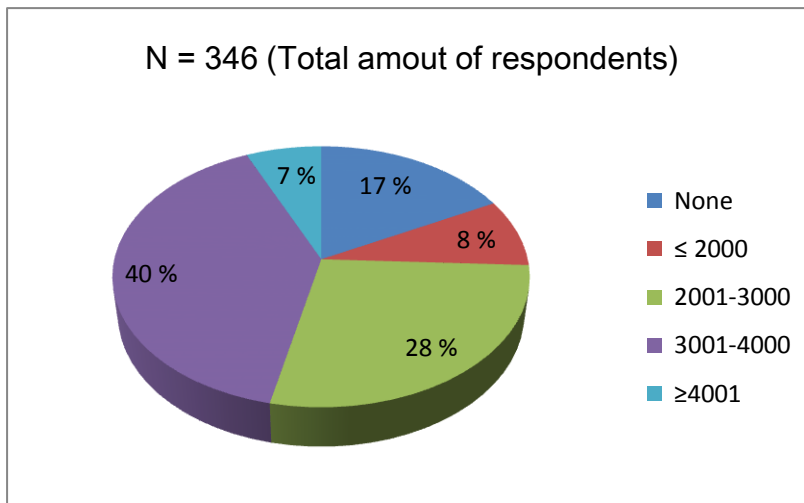


FIGURE 11. Monthly Income of the Respondents

Figure 11 shows the proportion of different monthly income groups. As it can be seen, the group monthly income between 3001 and 4000 Yuan has the largest percentage, which is 40 percent and has 138 people, while the group income above 4001 Yuan per month has the smallest proportion, which accounts for 7 percent and has just 23 persons. The second-largest group has 96 people, with 28 percent, and the monthly income of people who are in this group covers from 2001 to 3000 Yuan. There are 60 respondents who do not have any income, most of them are students, and this group makes up 17 percent. Lastly, the group whose monthly income is below 2000 Yuan only has 29 persons which accounts for 8 percent.

Question 4 was designed for Home Original Chicken to understand the level of income of their customers. And Home Original Chicken could set suitable price on their products to better or establish a flexible pricing strategy according to the results of this question which provides the specific figures of respondents' monthly income.

Questions 1 to 4 are the first aspects of this questionnaire which collect personal information of some customers of Home Original Chicken. Through analyzing the results of these four questions, Home Original Chicken not can only find out the characteristics of their main customer group which consists of middle-aged people who have stable job as well as income between 2001 and 4000 Yuan, but also can know which groups they should pay more attention to if they want to further boost their sales volume.

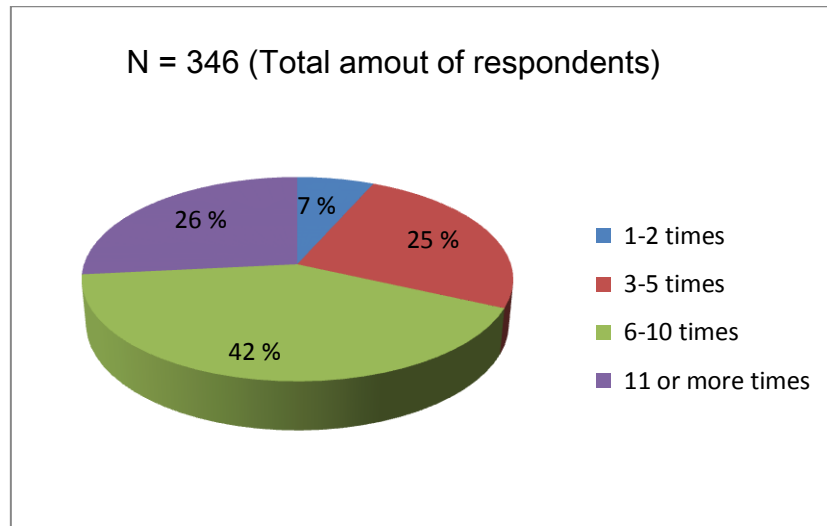


FIGURE 12. Monthly Purchasing Times at Home Original Chicken

As Figure 12 shows, most respondents (144) go to Home Original Chicken for 6 to 10 times every month, the proportion of which is 42 percent, and around 26 percent of respondents (92) are accustomed to having meals at Home Original Chicken over 11 times in one month, 87 respondents eat at Home Original Chicken 3 to 5 times monthly, which takes up 25 percent, finally comes the group which contains the respondents that only have meals at Home Original Chicken 1 or 2 times a month, it just has 23 respondents and accounts for 7 percent of the whole number.

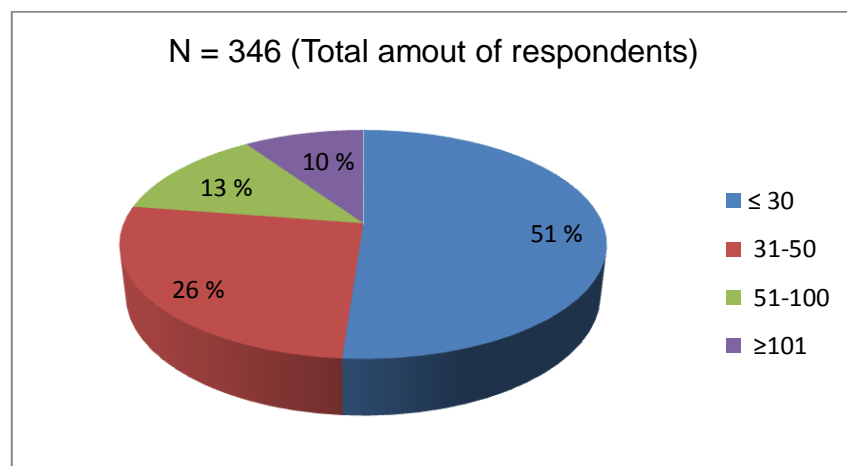


FIGURE 13. Average expenditure at Home Original Chicken at one visit

Question 6 was concerning how much respondents spend on the average at Home Original Chicken at a time. It can be seen from Figure 13, there are 177 respondents choosing “less than 30 Yuan”, and this group represents the largest percentage with 51

percent. And the group “31 – 50 Yuan” consists of 72 respondents which holds 26 percent. Next comes the group “51 – 100 Yuan”, whose percentage is 13%, 63 respondents chose this. It seems that people do not have the purchasing habit of spending above 101 Yuan on the average at Home Original Chicken at a time, this group lies last in the percentage which makes up 10 percent and only has 34 respondents.

Question 5 and question 6 are designed to help Home Original Chicken to better understand customers’ purchasing habits, so that they can make some changes on their products and pricing strategy. According to the results, over half of the respondents have a meal at Home Original Chicken every five days and even more frequently, in addition, most customers spend below 30 Yuan at a time. Therefore, Home Original Chicken should have at least 6 different main special dishes to meet the customers’ requirements of various dishes and have more dishes or set meals with price below 30 Yuan.

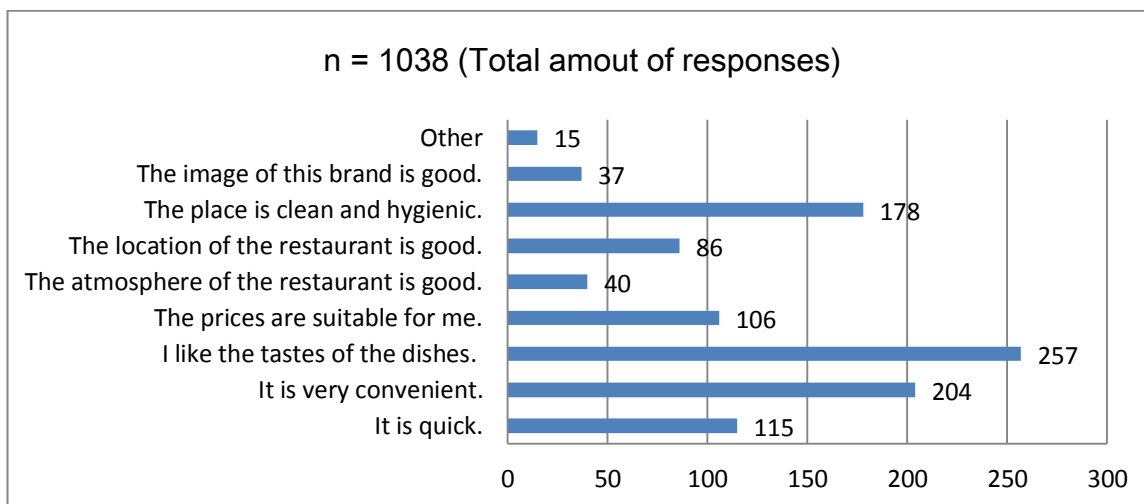


FIGURE 14. Reasons for Choosing Home Original Chicken

Question 7 is about the reasons that make customers choose Home Original Chicken. According to the chart above, the most important reasons ranking in top five are good taste, convenience, hygienic produce place, getting dishes quickly and suitable price. To be specific, the group “liking the tastes of the dishes” has the biggest number which is 257 (74,3 percent), the other reason which exceeds 200 (59 percent) is convenience, and 178 (51,4 percent) people selected the hygienic produce place as one of three most important reasons.

The result of this question is useful for Home Original Chicken to realize their own advantages, so that they can know which factors they should maintain as well as make those factors become better to retain old customers.

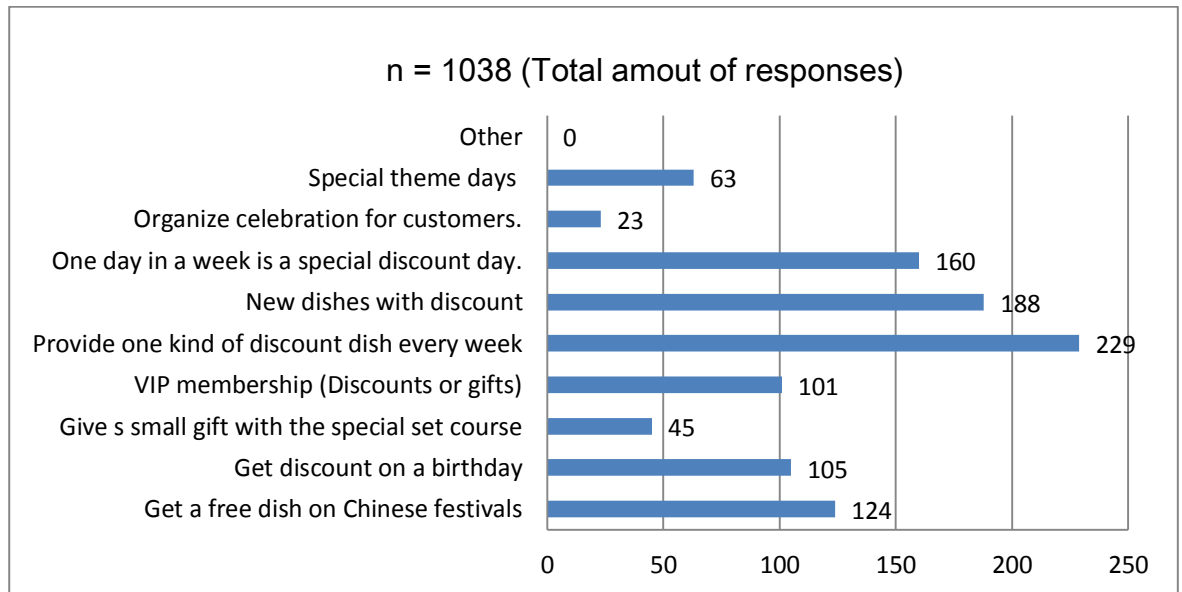


FIGURE 15. Favorite Promotional Activities

When asked about “Which promotional activities do your prefer”, the choice which got most votes is “provide one different kind of discount dish every week”, there were 229 (66,2 percent) people selecting this option, and it was followed by “New dishes with discount” and “One day in a week is a special discount day”, which polled 188 (54,3 percent) and 160 votes (66,2 percent) respectively. In addition, the options “Get a free dish on Chinese festivals”, “Get discount on a birthday” and “VIP membership” also got more votes compared with other choices.

The conclusion can be drawn that customers of Home Original Chicken prefer to get discount than other promotional activities. Therefore, different types of discount are the best choices of promotional activities for Home Original Chicken. And the VIP membership could be taken into account as one viable option.

TABLE 3. Customers' Attitudes towards the Basic Marketing tools of Home Original Chicken

Evaluated issues	5 (Very good)		4		3		2		1 (Very bad)		Average
	answers	%	answers	%	answers	%	answers	%	answers	%	
Food	76	22,0	135	39,0	110	31,8	21	6,1	4	1,2	3,75
Service	53	15,3	63	18,2	74	21,4	139	40,2	17	4,9	2,99
Price	49	14,2	104	30,1	125	36,1	53	15,3	15	4,3	3,34
Location of restaurant	45	13,0	54	15,6	175	50,6	63	18,2	9	2,6	3,18
Restaurant atmosphere	19	5,5	53	15,3	86	24,9	163	47,1	25	7,2	2,65
Cleanliness	44	12,7	98	28,3	169	48,8	32	9,2	3	0,9	3,43
Total	286		372		739		471		73		2,96

Table 3 shows the customer's attitude towards the Home Original Chicken. And in this question, the number "5" means very good and "1" means very bad. Through this question, Home Original Chicken can figure out the customers' attitude towards each specific factor.

It can be seen from Table 3 that over half of respondents are satisfied with the food of Home Original Chicken while around 40 percent of respondents thought the service that was provided by Home Original Chicken is bad. For price, there are around 36 percent of customers who chose number 3 and 30 percent of customers who chose number 4, and around 50 percent of respondents gave the assessment to the location of the restaurants with number 3, the factor "Cleanliness" got 48,8 percent assessment of number 3 and 28,3 assessment of number 4. It can be said that most people are nearly satisfied with the price, location and cleanness of Home Original Chicken restaurants. However, most respondents are not satisfied with the restaurant atmosphere of Home Original Chicken, around 47,2 percent of respondents chose number 2. And it can be seen from the table, the average of food, price location and cleanness are above 3 and the averages of service and restaurant atmosphere are below 3. In other words, among these six factors, most respondents are satisfied with food, price, location and the cleanness of Home Original Chicken, but not satisfied with service and restaurant atmosphere.

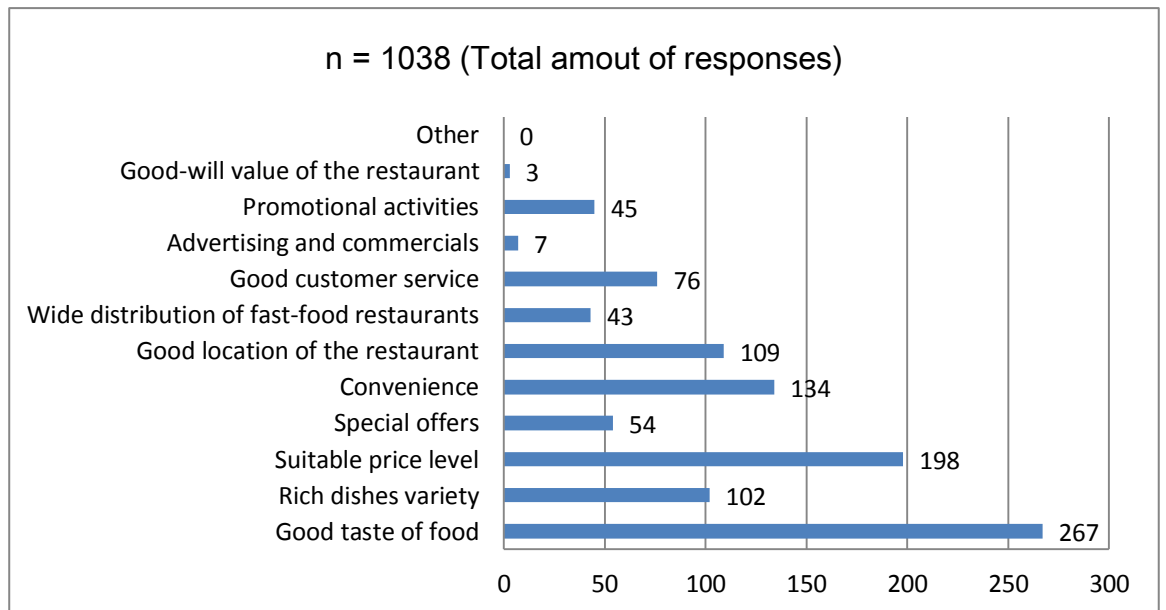


FIGURE 16. Main Assessment Criteria of Selecting Fast-food Restaurant

Question 10 asked “What are your main assessment criteria when selecting the fast-food restaurants”, as shown in Figure 16, when faced this question, most respondents chose taste of food, price, convenience, location of restaurants and dishes variety as the main criteria of selecting the fast-food restaurants. What’s more, the option “good customer service” and “special offers” got over 50 votes while “promotional activities” and “wide distribution of fast-food restaurants” both had around 40 votes.

According to the result of question 10, Home Original Chicken can find out what are the most important factors that influence the customers’ selection of fast-food restaurants. In conclusion, the taste of food, price and convenience are the top three most important factors, therefore when Home Original Chicken is making the marketing plan, they should pay more attention to these three factors.

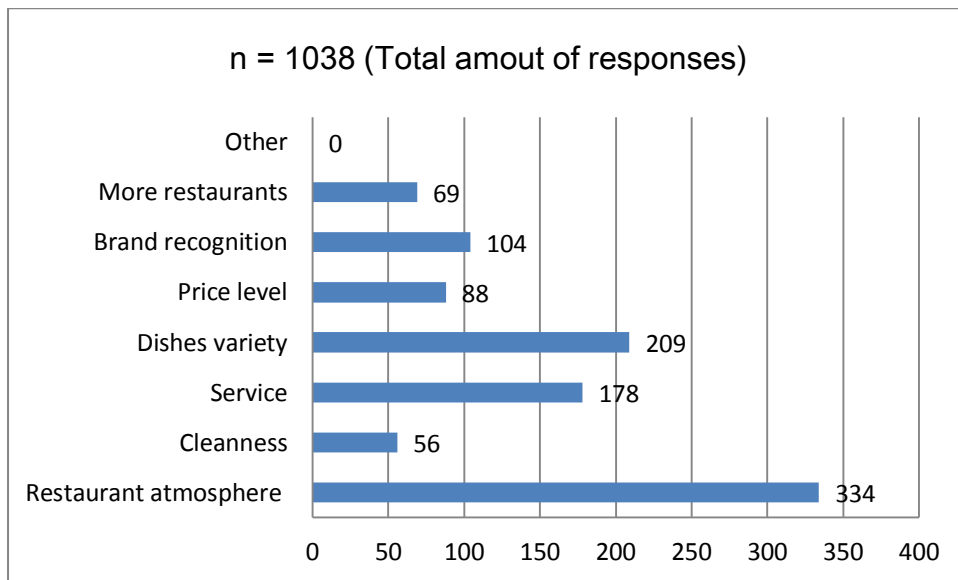


FIGURE 17. Factors of Home Original Chicken which Need to Be Improved

Figure 17 shows the result of the factors of Home Original Chicken which the respondents considered that need to be improved. It can be seen from Figure 17, 334 (96,5 percent) people thought that the restaurant atmosphere of Home Original Chicken needs to be improved and this option got most votes. The choice “dishes variety” got 209 votes (60,4 percent) and “service” got 178 votes (51,4 percent), they are the second-ranked choice and third-ranked choice.

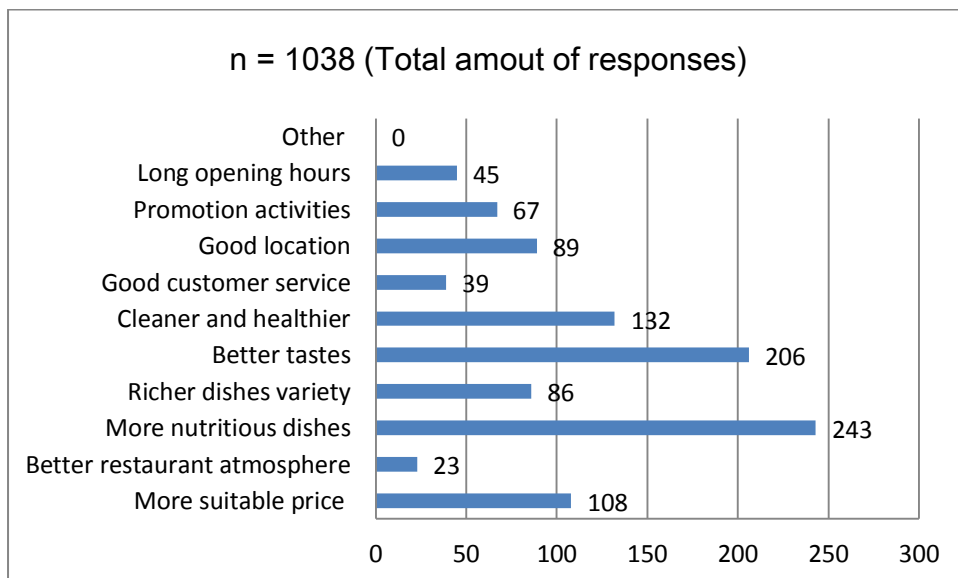


FIGURE 18. Advantages of Home Original Chicken Compared to Other Fast-food Restaurants



Question 12 was concerning the advantages of Home Original Chicken compared to other fast-food restaurants. As shown in Figure 18, more nutritious dishes, better taste, cleaner and healthier got more votes than other choice which respectively had 243 (67,6 percent), 206 (59,5 percent) and 132 (38,2 percent) votes. While the restaurant atmosphere, opening hours and promotion activities get very few votes. Therefore, Home Original Chicken needs to make some changes in these things.

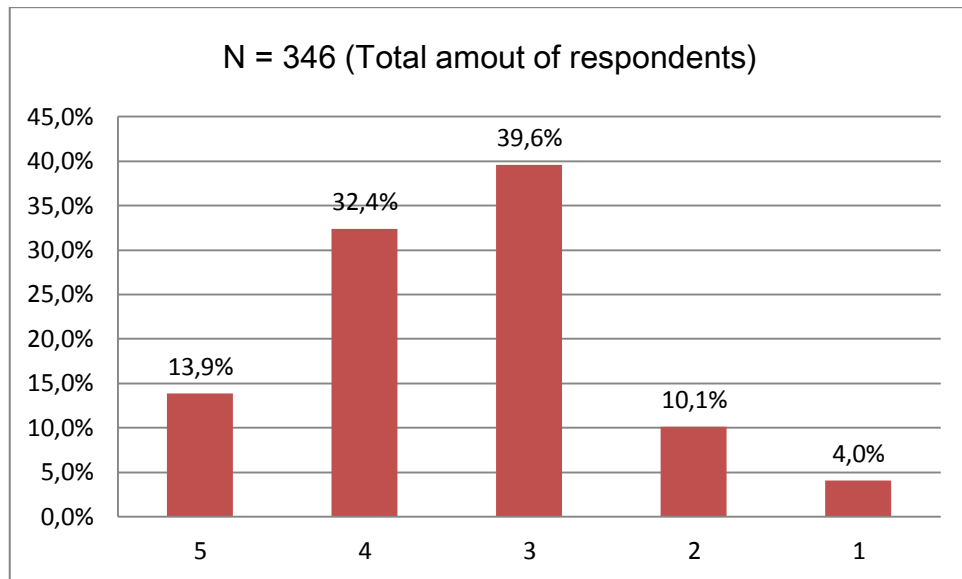


FIGURE 19. Overall Assessment towards Home Original Chicken

The last question is asking respondents make an overall assessment on Home Original Chicken. The number 5 means very good while 1 means very bad, which is the same as question 9.

It can be concluded from this chart that 39,6 percent of respondents chose 3, the second-largest group represents 32,4 percent which chose 4, respondents who chose number 5 accounts for 13,9 percent. Numbers 3, 4 and 5 can be summarized as that Home Original Chicken is generally satisfactory. However, there are around 14 percent of respondents who are not satisfied or even consider that thing of Home Original Chicken is not good at all. At last, when calculating the average of the result which is 3,42, it is apparent that most respondents are generally satisfied with Home Original Chicken,

Above all, the mission that Home Original Chicken holds on is right, but still something needs to be improved. For example, designing some new products for specific target customer groups, reconsidering the price level, having new promotional activities and

other changes in marketing mix. However, it could be a chance for Home Original Chicken to further improve their business.

## 6 SUGGESTIONS TO HOME ORIGINAL CHICKEN MARKETING

After doing the research and analyzing the results of this survey, the basic information of customers of Home Original Chicken and customers' opinions towards the Home Original Chicken were received. This chapter is aiming at giving some suggestions to improve the business of Home Original Chicken.

### 6.1 Suggestions to Product Planning

According to the research, the respondents consider that Home Original Chicken should have richer dish varieties. Therefore, it's better for Home Original Chicken to add product lines or widen its product mix.

For example, the main customers of Home Original Chicken are workers and office workers, those people who often have meals at Home Original Chicken. However, the varieties of dishes are limited and Home Original Chicken does not have any set meals. For a worker, if he or she bought one kind of dish for a meal, the meal is not so great, if the workers bought two kinds of dishes, it may lead to waste of food. Workers and office workers have similar demands because of their busy work and short lunch time, Home Original Chicken can add a new product line which is set meals and designing some different set meals that have several kinds of dishes and the amount of these dishes is small to widen the product mix, so that workers can eat richer varieties of dishes in one meal and do not have to waste food. In addition, when designing the set meal, Home Original Chicken focus on the matching of dishes which is balanced and nutritious. Based on the results of research, the more nutritious dishes, good taste and healthier are important advantages of Home Original Chicken compared to other fast-food restaurants, those advantages need to be maintained to meet the requirements of customers.

Except matching existing dishes into different set meals, Home Original Chicken could launch some new products to attract young customers and increase the varieties of dishes. The results of research shows that students as main consumers of fast-food are not interested in the food of Home Original Chicken. In order to change this situation, Home Original Chicken can design news dishes according to the flavor of young customers and think about what kind of dishes they lack of at same time. Turning ideas into real dishes and making some change to let the taste become better. However, the cost of promoting new products is high, thus, before formally introducing the new

products, Home Original Chicken could have a program which tries to sell the new dishes at one of Home Original Chicken restaurants or give the new dishes to customers as a free gift to do the testing marketing to know how the customers react to the new dishes. After doing the test, and make decision whether to continuously launch the new dishes.

## 6.2 Suggestions to Price Decisions

According to the characteristics of different customer groups, Home Original Chicken could use the customer value-based pricing to have different dishes or set meals with different price levels. It can be seen from the results of research that the monthly income of most respondents covers from 2001 Yuan to 4000 Yuan, and most respondents spend below 30 Yuan at Home Original Chicken at one visit. So Home Original Chicken should have more dishes or set meals with price below 30 Yuan. For example, introducing set meals which contain rich varieties of dishes with low price only for lunch.

When making the price decisions, Home Original Chicken could not only consider the customers' value opinion, but also take the cost of production into consideration. To react quickly to the changing competition situation, Home Original Chicken should also make a specific flexible pricing strategy. Any kinds of pricing should be based on making sure the cost of the dishes will be covered.

About the terms of payment, Home Original Chicken should provide two terms of payment, cash payment and credit payment, so that customers who just have credit could also have meal at Home Original Chicken.

## 6.3 Suggestions to Place Decisions

About the place decisions for Home Original Chicken, firstly, researcher thinks Home Original Chicken should pay more attention to its windows displays. For example, putting up advertising posters of new dishes on the windows which contain beautiful pictures of the dishes or having a TV or a big screen to play the advertising film round, so that customers can easily get information of products and attract more customers to have meal at Home Original Chicken.

Then, the research results show that most customers consider the restaurant atmosphere is not good. About the restaurant atmosphere, it can be improved by changing the service environment, for example, the layout of pay desk, tables and other arrangements. Therefore, Home Original Chicken should find a designer to make a new interior design which combines traditional Chinese culture with fashionable elements and have more tables for customers. What's more, Home Original Chicken can play some popular songs as background music and put up some decorations which are related to festivals to improve restaurant atmosphere.

In addition, results show when asked about the advantages of Home Original Chicken, the opening hours got a few votes. The schedule of Home Original Chicken is opening at 6 a.m. and closing at 9 p.m. now. Researcher suggests Home Original Chicken could stretch the operating hours to 24 hours in some restaurants which are located in busy areas and have an advertising film or posters to let customers know the new schedule. And Home Original Chicken should also stretch the time of accepting delivering orders to 24 hours and use their own logistic system to ensure the customer can receive the food quickly.

At last, Home Original Chicken needs to pay attention to the personnel availability which means that every customer can get service from staff of Home Original Chicken. If Home Original Chicken could provide free parking places for customers, there should be a marked sign to make customers aware of this.

#### 6.4 Suggestions to Promotional Tools

Suggestions to promotional tools of Home Original Chicken are divided into four parts, advertising, personal selling, sales promotion and public relations. The specific suggestions are represented in the following:

##### 1) Advertising

In fact, Home Original Chicken is very famous in Anhui Province now, so researcher considers that Home Original Chicken should use more resources to advertise new dishes to make more customers aware of them and attract more customers to try the new dishes.

## 2) Personal selling

As can be seen from the results, most customers are not satisfied with the service which is provided by Home Original Chicken. In order to change this situation, Home Original Chicken should have a plan of personal selling. Researcher suggests Home Original Chicken arrange simple training for their service staff regularly to enhance the service staff's competence, and hold a small contest among service staffs monthly, the staff members who have best performance could get reward, so that would encourage staff be active and ebullient in work.

## 3) Sales promotion

The result of Question 8 "Which promotional activities do you prefer?" shows most customers of Home Original Chicken prefer different discount activities and VIP membership. Therefore, Home Original Chicken should hold more discount activities, such as providing one different kind of discount dish every week, new dishes with discount, one day in a week is a special discount day and so on, and the specific discount activities depend on actual conditions in different areas.

In order to make people spend more money at a time, Home Original Chicken could have promotional activities. For example, if a customer spends more than 30 Yuan at a time, the customer could get a small gift, if a customer spends more than 50 Yuan at one visit, the customer could get a free dish, if a customer spends more than 100 Yuan at a time, the customer could have both a gift and a free dish.

Besides the discount activities, Home Original Chicken could design a VIP card, and the customers who spend 60 Yuan at a time can get it. And VIP customers can get 15 percent discount and have a free meal on their birthday. In addition, Home Original Chicken could give the customers a card and when customers have a meal at Home Original Chicken, they can get a stamp on the card. If a customer collects fifteen stamps, the customer could have a free meal at Home Original Chicken. Through this activity, Home Original Chicken may make the buyers become their regular customers.

## 4) Public relations

For public relations, Home Original Chicken could hold some charity events with charitable organizations or government to establish a good image, for example,

providing free lunch for children in poor areas of Anhui province, and inviting the migrant workers who couldn't go back home to have dinner together on Chinese new year's evening. These events not can only build a good image of Home Original Chicken but can also be a way of good marketing communication.

## 7 CONCLUSIONS

Researcher spent around three months completing this thesis report and met many difficulties during the whole process. In the beginning, researcher had looked through the information of many companies on the Internet, compared these companies, and chose Home Original Chicken as the final target company and even the research problem changed halfway through the whole process of thesis, and both writing task and research task were very complicated, researcher felt disappointed with the difficult situation at that time and stopped writing this report. Although the process of this thesis report did not go very well, researcher had insisted finishing it. Researcher has not only learned more about marketing decision but also realized the importance of persistence in whatever people do.

The target of the thesis was giving some suggestions of marketing tools to Home Original Chicken to improve their business by using SWOT analysis of Home Original Chicken and analyzing the results. The thesis report will be sent to the manager of Home Original Chicken in Hefei area, and the researcher hopes these suggestions could be accepted and really useful.



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**APPENDICES**

**QUESTIONNAIRE FOR CUSTOMERS**

The Home Original Chicken wants to have better development in Anhui. This questionnaire is part of survey to help in decision making. And this survey is also a part of a final thesis report made by a student who has studied at Savonia University of Applied Sciences in Finland, in International business degree program.

Thank you for your valuable time to answer the questions. This survey is very important for the Home Original Chicken to make the decision how to promote their business in Anhui Province. Once again thanks for your patience, and we promise that your personnel information will not be leaked out.

**1. What is your gender?**

- Male
- Female

**2. What is your age group?**

- ≤ 20
- 21-30
- 31-40
- 41-50
- 51-60
- ≥61

**3. What is your occupation?**

- Student
- Worker or office worker
- Manager
- Housewife
- Unemployed
- Other, what? \_\_\_\_\_

**4. How much is your monthly income? (RMB)**

- None

- ≤ 2000
- 2001-3000
- 3001-4000
- ≥4001

**5. How many times do you go to the Home Original Chicken in a month?**

- 1-2 times
- 3-5 times
- 6-10 times
- 11 or more times

**6. How much do you spend on the average at the Home Original Chicken at a time? (RMB)**

- ≤ 30
- 31-50
- 51-100
- ≥101

**7. What are the reasons to make you choose the Home Original Chicken? (Choose three most important reasons)**

- It is quick.
- It is very convenient.
- I like the tastes of the dishes.
- The prices are suitable for me.
- The atmosphere of the restaurant is good.
- The location of the restaurant is good.
- The place is clean and hygienic.
- The image of this brand is good.
- Other, what? \_\_\_\_\_

**8. Which promotional activities do you prefer? (Choose three most appealing activities)**

- Get a free dish on Chinese festivals
- Get discount on a birthday
- Give s small gift with the special set course
- VIP membership (Discounts or gifts)
- Provide one different kind of discount dish every week
- New dishes with discount
- One day in a week is a special discount day.
- Organize celebration for customers. (E.g. birthdays, anniversaries)
- Special theme days

Other, what? \_\_\_\_\_

**9. Evaluate the quality of food, service, price, location of restaurant, restaurant atmosphere and cleanness. (5 means very good and 1 means very bad)**

	5	4	3	2	1
Food	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Price	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Location of restaurant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Restaurant atmosphere	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cleanliness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**10. What are your main assessment criteria when selecting the fast-food restaurants? (Choose three most important criteria)**

- Good taste of food
- Rich dishes variety
- Suitable price level
- Special offers
- Convenience
- Good location of the restaurant
- Wide distribution of fast-food restaurants
- Good customer service
- Advertising and commercials
- Promotional activities
- Good-will value of the restaurant
- Other, what? \_\_\_\_\_

**11. Is there anything in the Home Original Chicken that needs improving? (Choose three most important things)**

- Restaurant atmosphere
- Cleanness
- Service
- Dishes variety
- Price level
- Brand recognition
- More restaurants
- Other, what? \_\_\_\_\_

**12. What are the advantages of the Home Original Chicken compared to other fast-food restaurants? (Choose three most important issues)**

- More suitable price
- Better restaurant atmosphere
- More nutritious dishes
- Richer dishes variety
- Better tastes
- Cleaner and healthier
- Good customer service
- Good location
- Promotion activities
- Long opening hours
- Other, what? \_\_\_\_\_

**13. What is your overall assessment towards the Home Original Chicken? (5 means very good and 1 means very bad)**

- 5
- 4
- 3
- 2
- 1

**Thank you for your co-operation!**



0(2)

## FREQUENCIES IN THE QUESTIONNAIRE SURVEY

**1. What is your gender?**

male	female
167	179

**2. What is your age group?**

≤ 20	21-30	31-40	41-50	51-60	≥61
34	94	157	40	16	5

**3. What is your occupation?**

Student	Worker or office worker	Manager	Housewife	Unemployed	Other
58	186	41	18	9	34

**4. How much is your monthly income? (RMB)**

None	≤ 2000	2001-3000	3001-4000	≥4001
60	29	96	138	23

**5. How many times do you go to the Home Original Chicken in a month?**

1-2 times	3-5 times	6-10 times	11 or more times
23	87	144	92

**6. How much do you spend on the average at the Home Original Chicken at a time? (RMB)**

≤ 30	31-50	51-100	≥101
177	72	63	34

**7. What are the reasons to make you choose the Home Original Chicken? (Choose three most important reasons)**

It is quick.	It is very convenient.	I like the tastes of the dishes.	The prices are suitable for me.	The atmosphere of the restaurant is good.
115	204	257	106	40

The location of the restaurant is good.	The place is clean and hygienic.	The image of this brand is good.	Other
86	178	37	15

**8. Which promotional activities do you prefer? (Choose three most appealing activities)**



Get a free dish on Chinese festivals	Get discount on a birthday	Give s small gift with the special set course	VIP membership (Discounts or gifts)	Provide one different kind of discount dish every week
124	105	45	101	229

New dishes with discount	One day in a week is a special discount day.	Organize celebration for customers. (E.g. birthdays, anniversaries)	Special theme days	Other
188	160	23	63	0

**9. Evaluate the quality of food, service, price, location of restaurant, restaurant atmosphere and cleanness. (5 means very good and 1 means very bad)**

	5	4	3	2	1
Food	76	135	110	21	4
Service	53	63	74	139	17
Price	49	104	125	53	15
Location of restaurant	45	54	175	63	9
Restaurant atmosphere	19	53	86	163	25
Cleanliness	44	98	169	32	3

**10. What are your main assessment criteria when selecting the fast-food restaurants? (Choose three most important criteria)**

Good taste of food	Rich dishes variety	Suitable price level	Special offers	Convenience	Good location of the restaurant
267	102	198	54	134	109

Wide distribution of fast-food restaurants	Good customer service	Advertising and commercials	Promotional activities	Good-will value of the restaurant	Other
43	76	7	45	3	0

**11. Is there anything in the Home Original Chicken that needs improving? (Choose three most important things)**

Restaurant atmosphere	Cleanness	Service	Dishes variety	Price level	Brand recognition	More restaurants	Other
334	56	178	209	88	104	69	0

**12. What are the advantages of the Home Original Chicken compared to other fast-food restaurants? (Choose three most important issues)**

More suitable price	Better restaurant atmosphere	More nutritious dishes	Richer dishes variety	Better tastes
108	23	243	86	206

Cleaner and healthier	Good customer service	Good location	Promotion activities	Long opening hours	Other
132	39	89	67	45	0

**13. What is your overall assessment towards the Home Original Chicken? (5 means very good and 1 means very bad)**

5	4	3	2	1
48	112	137	35	14



