



**THE MARKET**

The fast food market is big now and clearly set to get bigger still. Since quick service restaurants were launched in the USA in the late 1950s the concept has evolved into an integral part of the lifestyle of busy people in the late 20th century.

Indeed the busier they get, the more important the fast food industry is to them. There is now a quick service restaurant in the USA for every 1400 people - an astonishing statistic which suggests just how far the market still has to grow in the rest of the world.

Speed of service, however, is far from the only important criterion. If today's consumer is in more of a hurry than ever before, he or she is also much more conscious of diet, cleanliness, restaurant ambience, service and overall quality of product.

Australians have always been quick to adopt new ideas, and since the fast food concept burst onto the local scene (launched by KFC in 1968) Australians have become some of the most enthusiastic customers in the world.

Which is why Australians spend \$200 million a year on fried chicken alone.

KFC (it is no longer called Kentucky Fried Chicken) now holds an incredible 95% of that market. But although KFC has been a success story in Australia since 1968 - two years before McDonald's arrived - it still has a lot of potential customers waiting out there. Of the \$500 million-a-year market for barbecued chicken in Australia, KFC currently holds 9% and is making aggressive moves to lift that percentage.

Overall, 35% of all food consumed in Australia is 'form food' prepared outside the home. Over



90% of all Australians visit an established fast food restaurant at least every three months, and 25% of them go to a KFC or a McDonalds once a week. Sales for the main fast food outlets in Australia have now topped \$3 billion, and adding in the smaller independently owned BBQ chicken shops and so on, the figure would be over \$4 billion.

**ACHIEVEMENTS**

KFC's greatest achievement worldwide is undoubtedly to have reached its astonishing level of success without compromising quality - indeed it has constantly pushed standards up. Since the 1950s, when the legendary Colonel Sanders founded the group with a US\$105 social security cheque, KFC has grown into a 10,000-restaurant chain, operating in 68 countries and generating an average annual turnover of US\$7 billion. Every day 6.6 million people enjoy a KFC meal, and the company has become - as it describes itself - 'the chicken expert'.

KFC holds a 25% share of the fast food market in Australia. In Australia and New Zealand there are now more than 530 KFC stores operating, both company owned and franchised. Australia is also the headquarters for the South Pacific and Southern Africa region.

KFC employs almost 10,000 permanent staff in its Australian operation and another 3200 in New Zealand, and provides comprehensive training for them, as well as management trainee scholarships for especially talented young staff members. This is a long way indeed from the days when KFC

opened its first Australian restaurant at Guildford in Sydney's West in 1968.

In the 29 years since it launched here as Kentucky Fried Chicken, KFC can claim to have changed the eating habits of Australians. Last year the company served no fewer than 85 million meals in this country.

**HISTORY**

The founder of Kentucky Fried Chicken was the legendary Colonel Harland D. Sanders. The Colonel's bespectacled face with its trademark goatee beard has become such an icon that there are people who believe he is a fictional (not to say mythical) figure - a creation, perhaps, of the advertisers.

But Colonel Sanders was a very real person, and a very remarkable one too.

Sanders was born in 1890, and lost his father just six years later. The young Sanders had to care for his younger brother and sister while his mother worked hard to keep them alive. The experience taught the boy to cook, and he clearly had an aptitude for it.

But it was not for more than 30 years that Sanders returned to cooking as a way of making a living. In the meantime he had held a variety of jobs. He had been a farmworker, a streetcar conductor, a railroad fireman, a soldier in Cuba (though not a Colonel!), an insurance salesman, and the operator of an Ohio River steamboat. He had even studied law, and practised it in local courts.

It was in the 1930s, as the operator of a service station in Corbin, Kentucky, that Sanders renewed his interest in cooking. He had no restaurant at that time, but served food to hungry travellers from his own living quarters. Before long customers were turning up just for the food. So he moved across the street and opened up a 142-seater restaurant in a motel, and operated this for nine years under the name 'Sanders'.

During this time he devised his secret recipe for fried chicken. His restaurant became so popular that State Governor Ruby Laffoon made Harland Sanders a Kentucky Colonel in honour of his fine contribution to state cuisine.

However, there were stormy times ahead. The Colonel's thriving little business could not survive plans to open a new highway in the 1950s, which by-passed the town of Corbin. The Colonel auctioned off his business. As a man in his sixties he was finally left with his last US\$150 social security cheque with which to face the future.

It didn't daunt the Colonel. He used the money to set up his own franchising business, and called it Kentucky Fried Chicken. He travelled across the country, cooking in different restaurants for



**REAL**

**MEAL**

**DEAL**



customers and employees. As his special recipe found favour, he entered into handshake agreements with the restaurant owners who would pay him a nickel for every chicken the restaurant subsequently sold.

This policy met with stupendous success. By 1964 Colonel Sanders had over 600 franchised outlets for his chicken product in the USA and Canada, producing a US\$37 million turnover.

This prosperity was based on the sheer popularity of the Colonel's recipe. Fried chicken itself was not new, of course, but the unusual combination of herbs and spices which made up the Colonel's chicken coating became the star attraction. However, Colonel Sanders was now in his seventies and the business was too big for him. He sold it for US\$2 million in 1964 to John Y. Brown Jr and Jack Massey, remaining a lifelong quality controller for the company. His face was also used as a company icon and he remained the main spokesman for Kentucky Fried Chicken.

By 1971, when the firm was taken over by Heublein Inc, there were 3500 franchised and company owned restaurants. Eleven years later KFC became a subsidiary of RJ Reynolds Industries, which was eventually acquired in turn by PepsiCo Inc in 1986. In 1987 KFC opened in China, the first Western style quick service restaurant to venture there.

The Colonel himself died in 1980 at the age of 90. In the closing years of his life he travelled 250,000 miles a year overseeing the empire he had founded. He was never too proud to roll up his sleeves, don an apron, and demonstrate to staff how a really 'finger-lickin' good' fried chicken should be made.

Colonel Sanders always insisted on the highest standards of quality, service and hygiene, and those standards are maintained at KFC to this day.

#### THE PRODUCT

It is generally agreed that white meat - most obviously chicken - should form part of a healthy diet. A meal of white meat and salad, in fact, would find wide favour with nutritionists and dietary experts everywhere.

In essence, this is what the KFC product is all about. A typical KFC meal consists of chicken, coleslaw, potato and

gravy. All of the ingredients are of the highest quality and freshness, and the company ensures this by fixing the most rigorous standards for product uniformity and quality. These standards must be met by all suppliers at all times.

Of course, KFC chicken comes in a number of forms, notably: Original Recipe Chicken; Kentucky BBQ Chicken; Chicken Fillet Burger and Bacon and Cheese Fillet Burger; Zinger Burger; and Kentucky nuggets. And it is supplemented by side items such as chips, coleslaw, corn, various drinks, desserts, potato and gravy, and bread rolls.

In each case the same stringent quality standards apply, even though the quantities involved are enormous. KFC cooks some 300,000 chickens every week, for example, along with 40 tonnes of nuggets and fillets, 50,000 cabbages, 10,000 lettuces, and 25,000 dozen chicken fillet burger buns. In the process KFC has become an important market for Australia's finest fresh produce and thus a significant indirect employer.

KFC is committed to providing a wide choice of quality foods, and suppliers are monitored closely by the KFC Technical Services Team. The Team ensures that high standards of hygiene are maintained throughout the production process, right up to the moment the product is served to the customer. Each store is assessed regularly under a program known as CHAMPS, a happy acronym standing for cleanliness, hospitality, accuracy, maintenance, product, and speed of service.

KFC still regards the Colonel's secret recipe of 11 herbs and spices as the key to its heritage.

#### RECENT DEVELOPMENTS

In 1991 Kentucky Fried Chicken was renamed KFC. A new logo and design was adopted throughout the world. This did not mean dropping the world famous Colonel Sanders link, but it did dramatically refresh the brand. According to the corporate identity consultant The Schechter Group, the new KFC logo significantly enhanced the brand's image.

Further change was introduced with the development of new types of KFC outlet: flagship family restaurants are based in town centres and drive-throughs, while KFC Express is a smaller store with fewer seats to accommodate high volume business (it replaces the old style take-away). KFC is now available to a wider range of people in places where it was not previously represented.

There have also been changes to the menu. In 1993, Colonel's Rotisserie Gold was introduced to America and more recently Kentucky BBQ was introduced to Australia. Both are non-fried chicken products and are set to do well in today's diet conscious environment. By introducing a snappy brand name and dropping the previous reference to 'fried' chicken, KFC is in an excellent position to attract the health conscious consumer.



#### PROMOTION

During his lifetime the Colonel was a major promotional asset. In 1976 an independent survey ranked the Colonel as the world's second most recognised celebrity. The image of Colonel Sanders is still one of the best known worldwide trademarks.

KFC backs its brand with an annual US\$100 million in advertising. Products and restaurants are promoted through a variety of media which includes radio, TV and newspaper advertising. The TV campaign with the tagline 'finger-lickin' good' is especially memorable. Advertising is strongly supported by the KFC franchise system. Each franchisee contributes a specified percentage of gross sales towards the overall marketing effort.

KFC also involves itself in local community projects and participates in private and public sector initiatives designed to help people back to work through work placements and training opportunities.

#### BRAND VALUES

In KFC's philosophy the customer is king. KFC lives by this, insisting on quality product and fast, efficient, and friendly service. The KFC customer care program demonstrates the thinking behind the KFC brand: it aims to deliver 101% customer satisfaction at all times.

This was the credo of Colonel Sanders, whose personality remains a powerful driving force behind the company's success. His image is an important selling point, a symbol of benign familiarity to the KFC consumer. His reputation as a perfectionist is legendary, and his dedication to quality and customer service has remained the hallmark of KFC's success to this day.



#### Things you didn't know about KFC

- KFC was founded in the 1950s with an elderly man's last social security cheque, worth just US\$150.
- Colonel Sanders' secret chicken recipe is still used worldwide to this day.
- Australians spend \$200 million a year on fried chicken, and KFC holds 95% of this market.
- KFC currently serves about 2.3 billion meals every year around the world, and 85 million in Australia alone.
- In Australia alone, KFC cooks 300,000 chickens weekly.