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Research on localized marketing strategies in China of Yum! Brands, Inc.

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Abstract. Yum! Brands, Inc. has always been committed to capturing the Chinese market and has successfully adopted brand marketing strategies. With the rapid development of the Chinese market economy, Yum! Brands, Inc. has gained tremendous opportunities in one of the most important markets in the world. However, the fierce competition in the context of consumer upgrading also brings challenges. In the current market environment, consumers demand more in terms of products, dining environment, services, and experiences, while demonstrating personalized and diversified needs. As a result, Yum! Brands, Inc. is faced with the essential task of adapting to market development and meeting the changing needs of consumers to maintain a competitive advantage. This study investigates the marketing strategy of Yum! Brands, Inc. in the Chinese market by using PEST and SWOT analyses through the literature research method. The study aims to promote Yum! Restaurant Group's market influence and stable development, as well as to provide a reference for similar foreign restaurant companies' local marketing strategies in China.

Keywords. restaurant group; marketing strategy; Chinese market; PEST analysis; SWOT analysis

1.Introduction

1.1 Research background

With China's rapid economic development, the scale of China's catering market has been expanding. Against this background, Yum! Brands, Inc., as the world's largest restaurant group, is also actively exploring the Chinese market. To better meet the needs of Chinese consumers, Yum! Brands, Inc. has adopted a series of Chinese localized brand marketing strategies, which mainly include integrating Chinese culture into the brand image and adjusting the product line to meet the tastes of Chinese consumers.

In 2016, Yum China was spun off from Yum! Brands were independently listed on the New York Stock Exchange on 1 November, with a second listing on the Stock Exchange of Hong Kong on 10 September 2020. On 24 October 2022, Yum China became dual primary listed on both the Stock Exchange of Hong Kong and the New York Stock Exchange. Yum China owns the exclusive operating and licensing rights for the KFC, Pizza Hut, and Taco Bell brands in the China market, and fully owns the Little Sheep and Huang Ji Huang restaurant

chains. Yum China has also partnered with Lavazza, an Italian coffee company, to explore and develop Lavazza coffee shops in China.

Yum China Holdings Limited is China's largest food and beverage company with a mission to "make life more savory". In 2022, Yum China was selected for the third consecutive year to be included in the Dow Jones Sustainability Indexes (Global and Emerging Markets). In 2023, Yum China was selected to be included in the Bloomberg Gender-Equality Index for the fifth consecutive year and recognized as one of China's Outstanding Employers by the Distinguished Employers Research Institute. Employer Research Institute is one of the top employers in China. As a Fortune 500 company, Yum China's vision is to be the world's most innovative restaurant pioneer.

However, Yum's localized brand marketing strategy faces new challenges and opportunities as consumer demands continue to change. To meet these challenges, Yum! Brands needs to continuously monitor market changes, consumer demands, and the strategies and actions of other companies in the China market.

1.2 Research issues

This paper takes Yum! Brands as the object of study, carries out research on its current marketing strategy, analyses the deficiencies therein, and then summarises the problems as follows :

- 1.What is Yum's local marketing environment in China?
- 2.How does Yum! Brands localize its marketing in China?

1.3 Research objectives

The paper is a study of Yum! Brands China's localized marketing, familiarising itself with and mastering the theory of brand marketing strategy, analyzing the industry environment in which Yum Brands operates, and putting forward valuable suggestions for its localized marketing strategy in China so that it can maintain long-term sound development amidst the stimulating competition.

Firstly, to explore the local marketing environment of Yum! Brands in China; secondly, to explore how Yum! Brands has localized its marketing in China.

1.4 The importance of research

In the course of this paper, Yum! Brands is taken as the research object, comprehensively analyzed its brand marketing status quo, and summarized the internal and external environments faced by the current catering industry, especially the fast food industry. The study of Yum's current implementation of brand marketing strategy, to find out the shortcomings, to explore the current stage of Yum's development opportunities and challenges faced by Yum's catering group, as a basis for targeted optimization of Yum's brand marketing strategy proposals. It is hoped that this study will provide Yum Brands with the necessary assistance in brand marketing and enable it to expand its competitive advantage in its home market, as well as provide a reference for other multinational restaurant groups' brand marketing strategies.

2.Literature review

This study focuses on exploring the marketing strategy of Yum! Brands, therefore, based on reading a large amount of literature, this chapter will organize the tools used for

corporate marketing strategy and strategic management, and strategic analysis, to provide theoretical references for the subsequent research work.

2.1 Marketing strategy theory

Strategic marketing is a way of thinking and practicing marketing, aiming to break down functional boundaries, effectively integrate enterprise resources, and integrate the marketing activities of an enterprise into its overall strategy with an all-encompassing marketing concept and model. This approach consists of the highest decision-making level of the enterprise standing at the height of competitive strategy, and innovating by cultivating advanced marketing concepts to enhance the marketing power of the enterprise and ensure long-term stable and sustainable development. Marketing strategy, on the other hand, refers to the overall conception and planning of marketing development for a certain period to achieve the business objectives of the enterprise under the modern marketing concept.

Morgan et al. (R. J. J. o. t. A. o. M. S. Varadarajan, 2019) proposed a new conceptualization of the field of marketing strategy and its subfields as a framework for assessing the current state of marketing strategy research. By analyzing articles addressing issues related to marketing strategy published in six major marketing journals from 1999 to 2016, they highlight the challenges and opportunities of creating new marketing strategy knowledge based on academic research and propose an agenda for future research in marketing strategy. Hunt provides a comprehensive and critical review of more than 100 years of marketing literature, divided into four eras. Hunt notes that there are reasons to be optimistic about the future of the marketing discipline broadly and the field of strategic marketing specifically. Hunt argues that the outlook for the marketing discipline and the field of strategic marketing are closely intertwined, with developments in the latter contributing significantly to the former (R. J. J. o. M. M. Varadarajan, 2018). George et al. (Day & Wensley, 1983) argue that the traditional paradigm of marketing is expanding to combine negotiated exchanges with internal and external alliances in the pursuit of competitive advantage. (Pitt & Treen, 2019) a special issue of the *Journal of Strategic Marketing*, "Theoretical Status of Strategic Marketing Research - Review and Prospects", noted that the number of conceptual and theoretical papers published in major marketing journals has declined considerably with time. Although advocated by leading marketing scholars (MacInnis, 2004); (Stewart & Zinkhan, 2006); (Webster, 2005) conceptual articles are essential to sustaining the discipline, this does not bode well for the discipline of marketing, which is at risk of becoming theoretically impoverished. (Shoham & Fiengenbaum, 1999) in *Extending the competitive marketing strategy paradigm: the role of strategic reference points theory extends and integrates the new strategic reference point theory developed in the field of strategic management into the discipline of strategic marketing management*. The main new principle of the theory is the simultaneous inclusion of cognition, organizational processes, and benchmarking.

2.2 Restaurant groups marketing strategy

(Kim, Thapa, & Holland, 2018) the article, *Perceived market and ecological performance drivers in the food service industry* collected survey data from representatives of the Korean food service franchise industry and analyzed it to conclude that technological and organizational innovation is influenced by tactical ambient marketing but is not significantly influenced by strategic ambient marketing. (Dzhum, Ksenz, Mikhailova, & Malkhasjan, 2019) the article *Indicators of Competitiveness of catering enterprises: the example of Russia*

analyzed existing marketing strategies in the catering industry and defined their impact on the level of competitiveness of Russian catering enterprises. The aim of the research is catering marketing strategies and their impact on the level of competitiveness of entities. FINDINGS: The novelty of the research is an algorithm for assessing the level of competitiveness and adjusting the marketing strategy based on the analysis of the main performance indicators of the entities operating in the catering business. The algorithm and its system of certain indicators allow for defining the level of competitiveness, and selecting and adjusting marketing strategies and sub-strategies, therefore, enhancing the effectiveness of the performance of catering business entities.(Chou et al., 2022)identifying the key factors for sustainable marketing of catering: big data application, marketing innovation and technology acceptance of the influence of modeling factors suggests that human catering consumption leads to serious environmental sustainability as the most important challenge in the world and that the application of big data will be the key to solving the sustainability problem.

(Meifang, 2012)used modern strategic management analysis tools such as PEST and SWOT in the paper Research on the Development Strategy of HSD Food Plaza to make reasonable suggestions for the formulation of the development strategy of HSD Food Plaza. The paper, based on in-depth analyses of the external business environment, and internal resources of HSD Catering Management Co Ltd, used the SWOT analysis tools and combined the characteristics of the food court catering industry, applying strategic management analysis tools such as the theory of competitive strategy to formulate the overall development strategy and competitive strategy of HSD food court, and proposing safeguards for the implementation of the strategy.(Ning, 2019)in the M chain restaurant company development strategy research article M chain restaurant company development and operation as an example, using PEST analysis, industry competition structure analysis, SWOT analysis, and other strategic analysis theories, detailed analysis of its internal and external environment and ability. The SWOT analysis model is the main theoretical basis for the writing. (Shan, 2020)the article on development strategy research of L chain restaurant company takes L chain restaurant company as the research object, first analyses the macro-environment and competitive environment faced by L company by PEST analysis and Porter's Five Forces analysis, and then, combing the opportunities and threats of the enterprise's external environment, the strengths and weaknesses of the internal environment, establishing the SWOT analysis matrix and applying quantitative strategic planning matrix to select the appropriate development strategy for the enterprise. The SWOT analysis matrix is established and the quantitative strategic planning matrix is applied to select the appropriate development strategy for the enterprise.

In summary, research articles on marketing and development strategies in the food and beverage service industry have used different analytical tools and theories to explore competitiveness, sustainability, and development strategies in the food and beverage industry. Among them, PEST and SWOT analyses are commonly used strategic management analysis tools that are widely used in research on the food service industry.

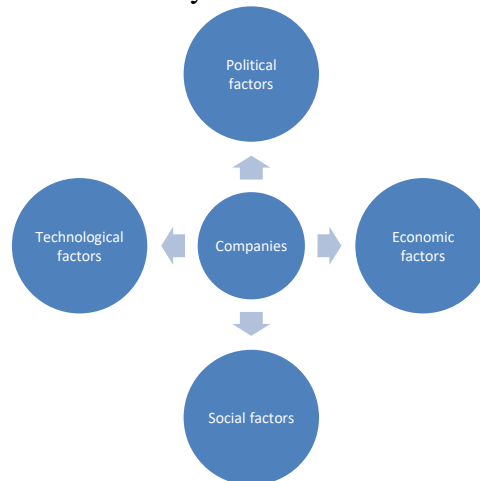
2.3 Methodology and tools for strategic analysis

2.3.1 PEST analysis

PEST analysis (Political, Economic, Social, and Technological Factors Analysis) has been used to assess the external business environment of the food service industry and to understand the impact of the macro-environmental factors such as political, economic, social, and technological factors faced by the industry on the business. This analysis reveals the

opportunities and threats facing the food service industry and helps to formulate more adaptive marketing development strategies. The PEST analysis model is shown schematically in Table 1.

Table 1: Schematic of the PEST analysis model



2.3.2 SWOT analysis

SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats Analysis) is used to provide an in-depth analysis of a catering company's internal resources and the competitive environment to identify strengths and weaknesses, capture potential opportunities, and respond to possible threats. SWOT analysis provides a comprehensive assessment of a business, helping to formulate a more effective competitive strategy and overall marketing development strategy. The theoretical model of SWOT analysis is shown in Table 2.

Table 2: Theoretical model for SWOT analysis

Internal environment	Strengths	Weaknesses
External environment	SO Strategy Rely on internal strengths and take advantage of external opportunities.	WO Strategy Capitalise on external opportunities to compensate for internal disadvantages.
Opportunities	ST Strategy Use internal strengths to avoid external threats.	WT Strategy Reducing internal disadvantages and avoiding external threats.
Threats		

3. Research methodology

The purpose of this chapter is to present the research methodology of this paper. The research design, data collection, and data analysis are used to provide strong support for the research in this paper.

3.1 Research design

This study adopts the literature research method and data analysis method, aiming to provide practical suggestions and guidance for the further development of Yum! Brands by conducting an in-depth analysis of the marketing situation of Yum! Brands. At the same time, this study also contains part of the fundamental research to sort out and summarise the academic results of brand marketing theory and to lay a theoretical foundation for subsequent analysis.

3.2 Data collection

This paper collects academic results on brand marketing theories and relevant data of Yum! Brands from the Internet and major academic websites through the literature research method, analyzing the main content of these data to grasp the operation and development status of Yum! Brands.

3.3 Data analysis

The data analysis methods used in this paper mainly include PEST analysis and SWOT analysis, to analyze the macro-environment faced by Yum! Brands, the company's strengths and weaknesses, and the opportunities and threats it faces, and then to help Yum! Brands choose the appropriate marketing strategy.

4. Research results

4.1 Yum! Brands marketing status

4.1.1 Overview of Yum! Brands

Yum! Brands, founded on 7 October 1997 and headquartered in Louisville, Kentucky, USA, is a fast-food chain with David Gibbs as its Chief Executive Officer and Chairman. Yum! Brands is a fast-food chain with restaurants in more than 150 countries and territories, operating in four categories: KFC, Pizza Hut, Taco Bell, and The Habit Burger Grill.

Yum! Brands is a leading global restaurant company, the company's motto is the pursuit of excellence, people-oriented, the Group has more than 35,000 restaurant chains in more than 110 countries and regions around the world, and more than 1 million employees, restaurant cuisine categories such as cooking chicken, pizza, Mexican-style food, seafood, Chinese hot pot, Chinese roasted duck and so on.

4.1.2 Yum! Brands business status

Yum! Brands owns several restaurant chains globally, but the most common in China today are KFC and Pizza Hut. With a global turnover of more than \$14 billion in 2011, most of which was generated in China, which has become the most important business region for Yum! Brands. Over the past 10 years, Yum has opened 300-500 new shops in China each year, and the number of new shops has been steadily increasing, with the inventory and pace of shop openings far outpacing those of competitors. Yum's full-year 2021 revenue was \$9.85 billion, up 19% year-over-year; fourth-quarter revenue was \$2.29 billion, up 1% year-over-year; full-year system sales were up 10%, and same-store sales were down 1% for the year, and down 11% in the fourth quarter.

KFC is the market leader in China's Western fast food market, with its system sales up 14% year-on-year and same-store sales up 7% year-on-year in the third quarter of 2022. KFC has over 9,200 shops in China, accounting for 22.8% of the total number of Western fast food shops in China, and KFC's market share in 2021 was 28.5%, placing it in the number one position in the Western fast food category.

Pizza Hut is the second largest brand in China's Western fast food market, with its system sales increasing 9% year-on-year and same-store sales increasing 4% year-on-year in the third quarter of 2022. Pizza Hut has 2,258 shops in China, accounting for 5.6% of China's total Western fast food shops, and Pizza Hut's market share in 2021 was 10.6%, placing it in second place in the Western fast food category. To sum up, KFC and Pizza Hut occupy a large share of the Chinese market but also face competition from local and other international brands.

Taco Bell, a subsidiary of Yum! Brands, is an American Mexican-style fast food chain that mainly offers tacos, salads, and other foods. Taco Bell once entered the Chinese market in 2003 but withdrew from China in 2008 due to poor operation and unsuitable flavors, etc. In 2016, Taco Bell officially returned to China, with the first shop landing in Shanghai, but its brand awareness is still far less than that of KFC and Pizza Hut, which puts a lot of pressure on Taco Bell. Although it has a good reputation in the U.S. market, this American fast food has not been favored by too many consumers in China.

Yum! Brands has also launched a Chinese fast food chain brand in China: Oriental White. The food and services offered include breakfast, afternoon tea, rice, noodles, buns, dim sum, snacks, desserts, and beverages.

In May 2004, Yum China opened a low-profile restaurant in Shanghai Dahua, and as of 2013, Yum China had nearly 30 shops in Shanghai, Beijing, Guangzhou, and Suzhou, among other cities. In March 2022, Yum China announced in its annual report for 2021 that it would terminate the operation of the Oriental White brand by the end of 2022 and permanently close the last five Oriental White shops due to "the brand being severely impacted by the COVID-19".

Yum China's Chinese food business segment of the other two brands - Little Sheep and Huang Ji Huang presence is also not strong, there is brand aging, low consumer recognition, and other issues, compared to sister brands KFC, Pizza Hut, Chinese food business as a whole in the group's internal structure appears to be very weak, reflecting neither the scale advantage nor the brand advantage. According to the Yum China 2021 report, as of 31 December 2021, Little Sheep has more than 240 shops in the world, of which 220 shops are franchised, more than 360 shops less than the number of Little Sheep shops in the heyday. Huang Ji Huang, the expansion of shops is almost at a standstill, the latest data show that it has 651 shops across the country, compared with the acquisition before the completion of no significant change, the market response is also relatively tepid, almost forgotten by consumers. In terms of performance, Yum China did not separately disclose data for the two brands. But the statement can be seen, Yum China 2021 total revenue of \$9.853 billion, a net profit of \$525 million. Among them, KFC and Pizza Hut contributed about \$7 billion and \$2.109 billion in operating income respectively, accounting for 92% of the group's total revenue. Revenue contribution from other brands including Little Sheep, Huang Ji Huang, Lavazza, and COFFii & JOY was lower, with restaurant revenue from other brands amounting to only US\$53 million in 2021.

4.2 Yum! Brands PEST Analysis

PEST analysis is a macro-environmental analysis method used to analyze four macro-environmental factors affecting an organization: political, economic, social, and technological. Changes in the macro-environment affect the development of the catering industry, from the perspective of most catering enterprises, after a comprehensive analysis of their internal and external environments, it can enable catering enterprises to better grasp their strengths and

weaknesses, and then play their strengths, which can help enterprises to design a marketing strategy in line with their development.

4.2.1 Analysis of the political and legal environment

The catering industry, for most businesses, is largely influenced by the political environment, so every catering company should pay attention to it. In China, the catering industry is mainly managed by the Ministry of Commerce, while local market supervision authorities are responsible for regulation. In addition, industry self-regulatory organizations such as the China Restaurant Association and other industry associations are involved in setting industry standards and improving industry norms, such as hygiene management and practitioner qualifications.

Laws related to the catering industry in China include a series of regulations such as the Food Hygiene Law and the Food Law. To promote the development of the catering industry, the Ministry of Commerce issued relevant guidance in 2016, clearly stating that the catering industry has an important impact on livelihood issues, employment, and other issues, and makes a great contribution to economic development.

With the normalization of the new Crown Pneumonia epidemic in 2020, the Commerce Bureau, the Health and Welfare Bureau, and the General Administration of Market Supervision have issued new guidelines to impose new requirements on catering establishments in terms of staff management, food purchasing, environmental hygiene, and customer services, to give full play to the catering industry's important roles in safeguarding the people's livelihood, increasing employment and boosting consumption.

In recent years, China's catering industries have all followed the economic development trend, actively transformed, and achieved good results. Introducing advanced technologies such as cloud computing and the Internet, optimizing the management level, actively stationing on e-commerce platforms or cooperating with other Internet platforms, realizing Internet marketing, ordering, and payment, promoting the development of takeaway business, and realizing the integrated development of online and offline. At the same time, the catering industry should strengthen its integration and development with other industries, continuously innovate its services, management, and products to enhance its competitive advantages, improve the catering product service system, refer to international standards, and establish a food traceability system, etc.

The development and regulation of the catering industry in the Chinese market is affected by the political environment. Catering companies should actively adapt to the economic development trend, introduce new technologies, innovate their service models, and improve their competitiveness, as well as comply with the relevant laws, regulations, and guidelines, to contribute to meeting consumer needs, ensuring food safety and promoting the sustainable development of the industry.

4.2.2 Analysis of the economic environment

The catering industry is an industry that is relatively unaffected by large economic fluctuations, and it is highly resilient to risk. Despite the impact of the Epidemic on the catering industry, the industry recovered rapidly after the Epidemic and achieved a record-high revenue of \$4.8 trillion in 2021. This fully demonstrates the vitality and resilience of the catering industry.

Consumer demographics and needs in the catering industry are diversified and personalized. Modern consumers have higher requirements for food safety, health, and

localization, and are increasingly interested in special dishes and unique dining experiences. Therefore, catering enterprises need to flexibly adjust their business strategies according to the needs of different consumer groups and provide diversified dishes and services to meet a wide range of consumer preferences.

The catering industry still has much room and potential for growth in terms of the supply chain, mechanization, digitalization, and innovation. By optimizing supply chain management, catering companies can reduce costs, improve efficiency and safeguard food safety and quality. In terms of mechanization, expanding the scale of chain shops can enhance brand influence and market share. The application of digitalization will enhance the convenience and efficiency of catering services, such as online ordering and takeaway platforms, enabling consumers to have a more convenient dining experience. At the same time, catering enterprises should also actively explore innovation and push the boundaries to develop new dishes and new catering modes, to continuously attract consumers and maintain a competitive edge.

4.2.3 Analysis of the sociocultural environment

The social and cultural environment of the catering industry is constantly changing. Firstly, the structure of the consumer population shows a trend of diversification, youthfulness, and aging. The new generation of consumers, such as the post-95s, has become the main consumer group, placing more emphasis on dining experience, health, individuality, and innovation. At the same time, silver-haired people (aged 50-90) have become an important consumer group, with higher demand for comfort, safety, nutrition, and local culture.

Secondly, there has been a shift in consumer attitudes. In the past, filling their stomachs might be the only goal, but consumers now pay more attention to improving their quality of life. In addition to paying attention to the price and taste of food and beverage, they also attach importance to service quality, environmental ambiance, cultural connotation, and other aspects, in pursuit of a comprehensive dining experience.

Thirdly, consumers' awareness and acceptance of food culture are increasing. Diverse information channels have made them prefer local specialty foods while also being willing to try foods from different regions and countries, creating a diverse and integrated food culture. This has pushed catering companies to continuously innovate and introduce more special and diversified dishes.

Finally, with the development of Internet technology, the way consumers dine has undergone significant changes. The emergence of online ordering and offline pick-up methods, such as takeaway platforms, self-ordering machines, and smart cabinets, has brought consumers a more convenient and faster dining experience, saving time and costs. At the same time, the popularity of social media, short videos, and other platforms allows consumers to share their dining experience and feelings, increasing the social fun of dining.

4.2.4 Analysis of the technological environment

The technological environment of the catering industry is characterised by the following aspects:

1. Digital transformation: digitalization has become an important tool for the catering industry to improve efficiency, reduce costs, meet consumer demand, and enhance competitiveness. From accurate customer marketing to the selection of new restaurant locations, digital applications permeate the entire catering chain. Through mobile applications, online ordering, digital payments, and other technologies, catering companies can better interact with

consumers, provide personalized services and customized recommendations, and improve customer satisfaction.

2. Artificial Intelligence Applications: artificial intelligence technology is playing an increasingly important role in the catering industry. Catering companies use AI systems, such as robots and AI smart customer service, to provide customers with faster, smarter, and personalized services. Through data analysis and algorithm application, AI can also help catering companies make dish recommendations and provide personalized menu choices based on consumer preferences and historical consumption records. In addition, AI can optimize ingredient management and supply chain to help catering companies better control costs and improve product quality.

3. Enabling IoT technology: IoT technology has opened up many new opportunities for the catering industry. Through IoT technology, catering companies can trace and monitor ingredients to ensure food safety and quality. The application of sensors and smart devices enables automation and intelligence of restaurant equipment, improving restaurant operational efficiency and customer satisfaction. In addition, IoT technology can connect to smart restaurant systems to enable monitoring and management of restaurant environment, foot traffic, and other data, helping catering companies to better optimize operations and improve service quality.

4.2.5 Summary of paragraph

The catering industry is an industry that is strongly influenced by the political, economic, sociocultural, and technological environment. The political and legal environment plays a key role in the regulation and supervision of catering enterprises, which need to follow the relevant regulations and guidelines, actively adapt to the economic development trend, introduce new technologies, and improve competitiveness. The economic environment has a certain impact on the catering industry, but it is highly risk-resistant. Digital transformation, supply chain optimization, and innovative development are development opportunities that catering enterprises should grasp. Changes in the social and cultural environment have diversified and personalized consumer demand, and catering enterprises should flexibly adjust their business strategies to provide diversified dishes and services. Advances in the technological environment have brought about digital transformation, artificial intelligence applications, and IoT technology empowerment, providing catering enterprises with new ways to enhance efficiency and meet consumer demand. All in all, F&B enterprises should pay close attention to changes in the macro environment and continue to innovate and optimize to meet consumer demand, ensure food safety, and promote the sustainable development of the industry.

4.3 Yum! Brands SWOT Analysis

The theory of SWOT analysis is widely used in two aspects: first, competitor analysis, and second, enterprise development strategy. In SWOT analysis, "S" stands for Strengths, "W" stands for Weaknesses, "O" stands for Opportunities, and "T" stands for Threats. Through this analysis method, enterprises can fully understand their strengths and weaknesses, as well as the external competitive environment. SWOT analysis helps enterprises to clarify the influence of internal and external factors and helps them to find development opportunities and solutions to problems. This comprehensive strategic assessment provides strong support for enterprises to make informed decisions.

4.3.1 Yum! Brands Strengths Analysis (S)

1. Yum! Brands is a global food and beverage company with a portfolio of brands covering a wide range of cuisines, styles, prices, and consumption scenarios to cater to the needs and preferences of different market segments. For example, KFC is the largest fast food brand in China, offering a diverse range of chicken products and other Western fast food; Pizza Hut is the largest casual dining brand in China, offering pizza and other Western formal dining; Taco Bell is the leading Western fast food brand in China, specializing in Mexican-inspired food; Little Sheep is a household name in China's hot pot restaurants; Huang Ji Huang is China's leading Chinese casual dining chain, famous for its stewed pot cooking style; Lavazza is a world-renowned coffee brand offering high-quality coffee and authentic Italian cuisine.

2. Yum! Brands has industry-leading product development and innovation capabilities. The company employs a team of top food and beverage professionals globally to provide continuous product updates and optimization for each of its brands. KFC, for example, continues to introduce localized specialties in China, such as "Old Beijing Chicken Wrap" and "Spicy Chicken Wings", to fully satisfy the taste needs of local consumers. In addition, Yum! Brands also focuses on keeping up with the times by developing digital operations and building an omnichannel marketing strategy to meet the diversified needs of consumers.

3. In terms of supply chain management, Yum! Brands has a complete system to ensure the quality and stability of the products of each brand. In the upstream of the supply chain, Yum has large-scale planting and breeding bases and raw material suppliers to ensure the freshness and safety of ingredients; in the downstream of the supply chain, Yum has a strong logistics and distribution capability, which allows it to quickly deliver ingredients from the place of production to each shop.

4. Yum! Brands has a good reputation for talent development and employee benefits. The Group has a comprehensive talent development system that provides employees with professional training and development opportunities. In addition, Yum Brands attaches great importance to employee welfare, providing competitive salaries and a good working environment. This good corporate culture and employee benefits enable Yum Brands to attract and retain excellent talents, laying a solid foundation for the company's long-term development.

4.3.2 Yum! Brands Weaknesses Analysis (W)

1. Yum's growth in China has slowed, same-store sales have declined, and the group is facing the challenges of a saturated market and increased competition.

2. Yum's exploration of the Chinese food sector has been a losing battle, with brands such as Oriental White, Little Sheep, and Huang Ji Huang failing to meet expectations, resulting in operating losses and brand damage.

3. The Yum! Brands Group's layout in the coffee sector is ambitious, but its performance is yet to be seen. Brands such as KFC K Coffee, COFFii & JOY, and Lavazza are not yet recognized and competitive enough to compete with rivals such as Starbucks in the market.

4. Yum! Brands is still facing fierce competition from emerging technology industries, such as Meituan and Ele.me. With the rapid development of mobile Internet, the penetration and conversion ability of digital marketing channels has become the core competitiveness of enterprises, and Yum Group has shortcomings in this regard.

4.3.3 Yum! Brands Opportunities Analysis (O)

1.The catering industry has been growing steadily. In 2022, China's catering industry achieved a revenue of 4.4 trillion yuan, with per capita catering consumption amounting to 3,160 yuan, an increase of 18.6% year-on-year. In 2023, China's catering industry is expected to achieve a revenue of 4.8 trillion yuan, a year-on-year increase of 9.1%. The per capita catering consumption amount was RMB 3,430, an increase of 8.5% year-on-year. With the improvement of consumption capacity, the income level of the catering industry continues to rise.

2.People are eating out more frequently. The accelerated pace of society has made people more conscious of the cost of time, so most people are more inclined to dine out after work rather than spend time cooking at home.

3.Takeaway platforms are growing by leaps and bounds. Takeaway platforms are particularly popular with business workers because they are focused on the cost of time, and the frequency with which business people spend money on takeaway platforms is increasing as they can satisfy their dining needs without having to go out to eat through takeaway platforms.

4.Increased demand for catering standards. Consumers' dining needs are no longer just about filling their stomachs; they pay more attention to the dining environment, service, and experience. With rising income levels, consumers are demanding more from restaurants in terms of food, service, dining experience, and setting, and are willing to pay higher prices for a good dining experience.

4.3.4 Yum! Brands Threats Analysis (T)

1.Challenges from competitors. Globally, competitors including McDonald's, Burger King, and SUBWAY have joined the fast food market to compete with Yum Brands for market share. In certain regions, these competitors have gained a certain degree of market share, posing a challenge to Yum!

2.Food safety issues. Food safety is the lifeline of the catering industry, and Yum! Brands has had numerous food safety issues that have triggered a crisis of trust among consumers. Food safety incidents can hurt brand image and reduce consumers' willingness to buy.

3.The Impact of Emerging Technologies. The development and innovation of technology continue to drive change in the restaurant industry. The application of emerging technologies such as artificial intelligence, big data, and mobile payment may have an impact on Yum Brands' business model. For example, the rise of emerging businesses such as unmanned restaurants and takeaway platforms may divert Yum Brands' customer base.

4.Changing consumer tastes. Changing consumer tastes and preferences are making the restaurant industry more competitive. Yum! Brands needs to pay close attention and continue to innovate to maintain its market leadership.

4.3.5 SWOT matrix analysis

According to the combination of the four SWOT elements two by two, we can get four strategic combinations: ① WO strategic, ② WT strategic, ③ SO strategic ④ ST strategic. The details are shown in Table 3 below.

In the SWOT combination matrix of catering enterprises, combined with the previous research, at this stage, Yum! Brands faces the rapid development of takeaway platforms, which has new development opportunities. At the same time, the company itself has differentiated competitiveness. Therefore, in the process of development, Yum! Brands should give full play

to its advantages and avoid its disadvantages. For example, it can publicize through good word of mouth and continuously increase its market share.

Table 3: Yum! Brands SWOT matrix

	S (Strengths)	W (Weaknesses)
	1. Multiple brands to suit different needs. 2. Possess industry-leading product development and innovation capabilities. 3. Have a complete system in supply chain management. 4. Good reputation for talent development and employee benefits.	1. Slower growth, lower same-store sales. 2. A failed quest in the Chinese food field. 3. Ambitious Layout in Coffee, but Performance Remains to Be Seen. 4. Faced with stiff competition from the emerging tech industry.
O (Opportunities)	SO strategic	WO strategic
1. Steady development of the catering industry. 2. People eat out more frequently. 3. Rapid development of takeaway platforms. 4. Increased demand for catering standards.	1. Take advantage of our product development and innovation capabilities to develop more new dishes that meet the high demand of the market's catering standards. 2. Introducing more nutritious and fast-set menu products on the OTO platform. 3. Brands create more comfortable dining environments to attract people who dine out frequently.	1. Enrich the dishes to attract more customers to dine. 2. Increase marketing investment in offline channels in the Chinese food sector. 3. Increased online marketing.
T (Threats)	ST strategic	WT strategic
1. Challenges from competitors. 2. Food safety issues. 3. Impact of emerging technologies. 4. Changes in consumer tastes.	1. Introducing more innovative and diverse dishes and dining experiences that meet the changing tastes of consumers. 2. Enhance supply chain transparency and security to increase consumer confidence in food safety.	1. Optimizing internal processes and management to improve operational efficiency. 2. Repositioning, improving the menu, improving services, etc. to enhance the competitiveness of the Chinese food business.

According to these four strategic principles and combined with the specific situation of Yum's development, it is proposed that Yum can adopt the following response principles in marketing:

First, SO strategic (Strengths + Opportunities): Yum should develop new dishes that meet high demand through its product development and innovation strengths, introduce more nutritious and fast-set menu products, and improve the dining environment to attract people who frequently dine out.

1. Take advantage of product development and innovation capability to develop more new dishes that meet the high demand of catering standards in the market. Yum Brands has been widely recognized by the public in China and can leverage this advantage to expand its market scale and develop new dishes to increase its market share.

2. Launch more nutritious and quick-set meal products on the OTO platform. Use the self-media platform to promote their products, enhance the advantages of the company's categories, and actively develop product sales channels to expand the distribution coverage of products in shops.

3. Each brand creates a more comfortable dining environment to attract people who frequently dine out. Focus on the operation of each chain shop to achieve rapid proliferation of brands and products through standardized management and unified operation, taking into full consideration of the market demand and distribution of potential customer groups, open shops in convenient traffic and mature business districts provide a good business environment for the chain shops. Provide systematic training to the staff of the chain shops to provide customers with quality service.

Second, the ST strategic (Strengths + Threats): Increase consumer confidence in food safety by launching innovative and diverse menus and dining experiences, while improving supply chain transparency and security.

1. Introduce more innovative and diversified dishes and catering experiences that meet the changing tastes of consumers. Continuously deepen interaction and communication with consumers, integrate and innovate resources, and provide consumers with more personalized and customized catering services.

2. Enhance the transparency and safety of the supply chain and increase consumer confidence in food safety. Intelligent technological means, such as the Internet of Things (IoT) and blockchain, can effectively enhance the transparency and security of the supply chain. With the support of IoT technology, all ingredients entering the food production line can be tracked and traced throughout the whole process. Consumers can scan the QR code on the commodity and enquire about the whole process information of the ingredients from the manufacturer to the logistics provider and then to the retailer, which makes the source of the food more clear and transparent, and the consumers are more assured about the safety of the food.

Thirdly, WO strategic (Weaknesses + Opportunities): attract more customers to dine by enriching the menu, increasing marketing investment in offline channels, and increasing online marketing.

1. Enrich the menu to attract more customers to dine. Through regular updating of the menu, constantly push out new ideas to meet the needs of different customers' tastes. The richness of the dishes is not only limited to the diversity of flavors, but should also pay attention to the nutritional matching of the dishes, for example, the proportion of meat, vegetables, and fruits should be reasonable, pay attention to the freshness of the ingredients, and provide customers with seasonal and delicious dishes so that customers can feel the change of the seasons brought about by the changes in food.

2. Increase marketing investment in offline channels in the Chinese food sector. Yum China is committed to the development of local restaurant chain brands in China, to create a stronger influence, we must increase marketing investment in the field of Chinese food in the offline channel, aiming to create a more outstanding brand image and unique brand concept, so that consumers for Yum China's products and services to produce a deeper emotional identity.

3. Increase online marketing. Every time the menu is updated and seasonal dishes are introduced, customers can be notified through online communication software. At the same time, post pictures and descriptions about the upcoming new dishes on social media platforms to attract more attention. Live streaming is also a great way to promote the restaurant by creating and inviting customers to come and taste the new dishes online, which will make customers feel more engaged and curious about the restaurant through publicity.

Fourth, WT strategic (Weaknesses + Threats): Yum China has lost many battles in the marketing of its Chinese food brands and should enhance the competitiveness of its Chinese food brand business by optimizing its internal processes and management, as well as repositioning and improving its dishes and services.

1. Optimise internal processes and management to improve operational efficiency. Yum China's Chinese food brands should actively explore new management strategies, deepen the industry chain, give full play to their unique advantages, and tap the potential to enhance the overall competitiveness of Chinese food brands, starting from optimizing operational processes and improving internal management to expanding market share.

2. Repositioning, improving dishes, improving services, etc. to enhance the competitiveness of the Chinese food business. Yum China should conduct a comprehensive review of the Chinese food business process, examine the way to integrate the local Chinese catering culture with the Western food operation, actively invest in the research and development of Chinese dishes, and launch dishes that are more in line with the tastes of the Chinese people by cooperating with the professional catering R&D team. In addition to the cultural roots of Chinese food, Chinese food service pays more attention to interpersonal communication and interaction. Unlike Western food service, in Chinese food, serving, service, and communication become a natural and harmonious atmosphere, and each link is full of human touch rather than procedural operation. When Yum China develops Chinese restaurants, it also needs to improve its service, to let customers feel the warmth of Chinese food service, so that people feel that they are not only here to eat, but also to enjoy a culture and atmosphere.

4.4 Conclusion and recommendations

Through the macro-environmental analysis, the analysis of the competitive environment, and the industry analysis, we can learn that in the Chinese market, Yum! However, the number of competitors in the catering industry is also increasing, so Yum must continue to enhance the competitiveness of its brands and products, as well as raise technical barriers.

With the increasing consumption power of the post-95s, Yum Brands Group needs to focus on the needs of this consumer group and carefully design consumption scenarios to suit them and provide diversified dishes to meet the personalized needs of the post-95s consumers to enhance the competitiveness of the business.

After conducting a SWOT analysis, Yum Brands should clarify its strengths and weaknesses and adapt SO's product management strategy to give full play to its strengths, resolve its weaknesses and promote the sustainable development of the enterprise. Through continuous innovation and optimization of business strategies, Yum Brands will be able to cope

with the fierce market competition, maintain its leading position, and achieve business growth and sustainable development.

5. Conclusion

This paper analyses Yum's localized marketing environment in China through PEST and SWOT analysis. The PEST analysis covers the impact of macroeconomic, legal, sociocultural, and technological factors on the firm. The SWOT analysis examines the internal conditions of the firm in terms of strengths, weaknesses, opportunities, and threats. The results are shown below:

1. Through PEST analysis, Yum Brands should actively adapt to policies and regulations, ensure food safety, and improve its service level to enhance its competitiveness; with strong risk resistance, digital transformation, supply chain optimization, and innovative development are opportunities it should grasp; with diversified and personalized consumer demand, it should flexibly adjust its business strategy to provide diversified dishes and services; and it should introduce digitalization, AI, and IoT technologies. The introduction of digitalization, artificial intelligence, and IoT technologies will enhance efficiency, satisfy consumer demand, ensure food safety and drive the sustainable development of Yum!

2. Through SWOT analysis, Yum! Brands, as a global restaurant company with multiple brands, has multiple strengths and weaknesses. In terms of strengths, Yum Brands has multiple brands covering different cuisines, styles, prices, and consumption scenarios, catering to the needs of different market segments. It leads in product development and innovation capabilities and has a good reputation for supply chain management and talent development. These strengths enable Yum Brands to attract and retain talented people, laying a solid foundation for the company's long-term development.

However, Yum! Brands also faces some disadvantages. Its growth in China has slowed down, same-store sales have declined, and it faces the challenges of market saturation and increased competition. Yum's failed attempts to explore the Chinese food sector and the fact that it is not yet competitive enough to compete with its major rivals in the coffee sector are also among Yum's disadvantages. In addition, fierce competition from the emerging technology sector and changing consumer tastes also pose a threat to Yum!

Despite some disadvantages and threats, Yum! Brands also has opportunities to seize. The steady growth of the catering industry, the increase in the frequency of people eating out, the rapid development of takeaway platforms, and consumers' demand for higher catering standards provides Yum! Brands Restaurant Group with growth opportunities. Through its product development and innovation strengths, Yum! Brands can develop more new dishes that meet the market's high demand for catering standards. At the same time, it can introduce more nutritious and quick-set menu products and improve the dining environment to attract people who frequently dine out. There is also an opportunity to utilize technologies such as the Internet of Things (IoT) to enhance supply chain transparency and security and increase consumer confidence in food safety.

All things considered, Yum! Brands should give full play to its strengths and attract more customers to dine in by innovating and continuously increasing its market share. At the same time, it should optimize its internal processes and management to improve operational efficiency, and reposition and improve its cuisine and services to enhance the competitiveness of its Chinese food brands. Leveraging technologies such as the Internet of Things to enhance supply chain transparency and security and increase consumer confidence in food safety.

Through these strategic responses, Yum Brands can better meet the challenges of its competitors, seize market opportunities and achieve sound long-term growth.

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