



ISP500 – FOUNDATIONS OF INFORMATION SYSTEMS

Kentucky Fried Chicken (KFC)

SEMESTER MAC – JUNE 2020

Group: CS2593C

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Table of Contents

Introduction	1
Background of the Business	1
Information Systems in the Business	2
Business Process Analysis	3
Business Process Activities	3
Porter's Value Chain	5
Porter's Competitive Forces Model	6
Business Solutions	10
Proposed Business Solutions	10
Demonstration of Business Solutions	11
Conclusion	15
Total Marks	16

1. Introduction

1.1 Background of the Business

Harland Sanders, founder of the original Kentucky Fried Chicken, born in 1890, just outside Henryville, Indiana. After a series of jobs, in the mid 1930s at the age of forty, Colonel Sanders bought a service station, motel and cafe at Corbin, a town in Kentucky. He began serving meals to travelers on the dining table in the living quarters of his service station because he did not have a restaurant. It is here that Sanders began experimenting with different seasonings to flavor his chicken which travelers loved and for which he soon became famous. He then moved across the street to a motel and restaurant, which seated 142 people. During the next nine years he developed his secret recipe of 11 herbs and spices and the basic cooking technique which is still used today. Sander's fame grew. In 1939, his establishment was first listed in Duncan Hines' "Adventures in Good Eating". KFC has popularized chicken in the fast-food industry, diversifying the market by challenging the hamburger's proven supremacy. Harland became a popular figure in American cultural culture by branding itself as "Colonel Sanders" and its logo remains commonly used in KFC advertisements to this day.

The aims and objectives of KFC are not only to sell chicken to make money and make a profit, they are to expand as a business whether that's to be a world wide business or just to open up a few more restaurants around the country to provide a better and faster service for the customer, to beat competitors/rivals such as McDonalds, burger king, pizza hut etc. The mission of KFC is to sell food in a fast, friendly environment that appeals to pride conscious, health minded consumers.

KFC offers world famous menus in there restaurants, which work as there main motives in doing business in the world. Every day, nearly eight million customers are served around the world. KFC's menu includes Original Recipe® chicken — made with the same great taste Colonel Harland Sanders created more than a half-century ago. Whether you're taking back lunch or bringing back dinner, KFC has all your favorite chicken, salads, sandwiches, snacks, sweets and sides. The example of KFC Product includes Zinger burger, Colonel burger, Rice Plate, Dinner Plate etc.

1.2 Information Systems in the Business

The information system was used almost in all instances of KFC. The following are the key areas where their information system is used:

- Recording sales data (the product sold, time it was sold , cost of the product, number of products sold and amount sold)
- Calculating the daily pay for staff members depending on their number of hours.
- Analysing the performances of the shift supervisor and other staff members (this is done automatically in the computer where it calculates the total sales and divides it by the number of hours giving a sales per hour figure)
- Generating the daily, weekly and monthly reports on the performance of the business.

The sales are done on a cash or credit card basis but everything is automated. The order data (the product sold, time it was sold, cost of the product, number of products sold and amount sold) all goes into the server once it is approved and it is stored there. The staff members collecting the data from customers can only input data and once an order is placed modifications to the order can only be done by the authorisation from managers. The data stored on the web server can only be accessed by managers of that store (operational level management), the executor management and the administrative level management.

2. Business Process Analysis

2.1 Business Process Activities

In every company there will be the business process that will conduct their company to success. The business process is very important because it will help the company to gain income and profit from it. In KFC the at least got three main business process that will be:

1) Operation process

In the operation process, KFC will conduct any order that has been taken from the customer based on the customer choice type of order. The customer can choose either to take away or drive through the process. After the take order process is complete the kitchen will make the food based on the order.

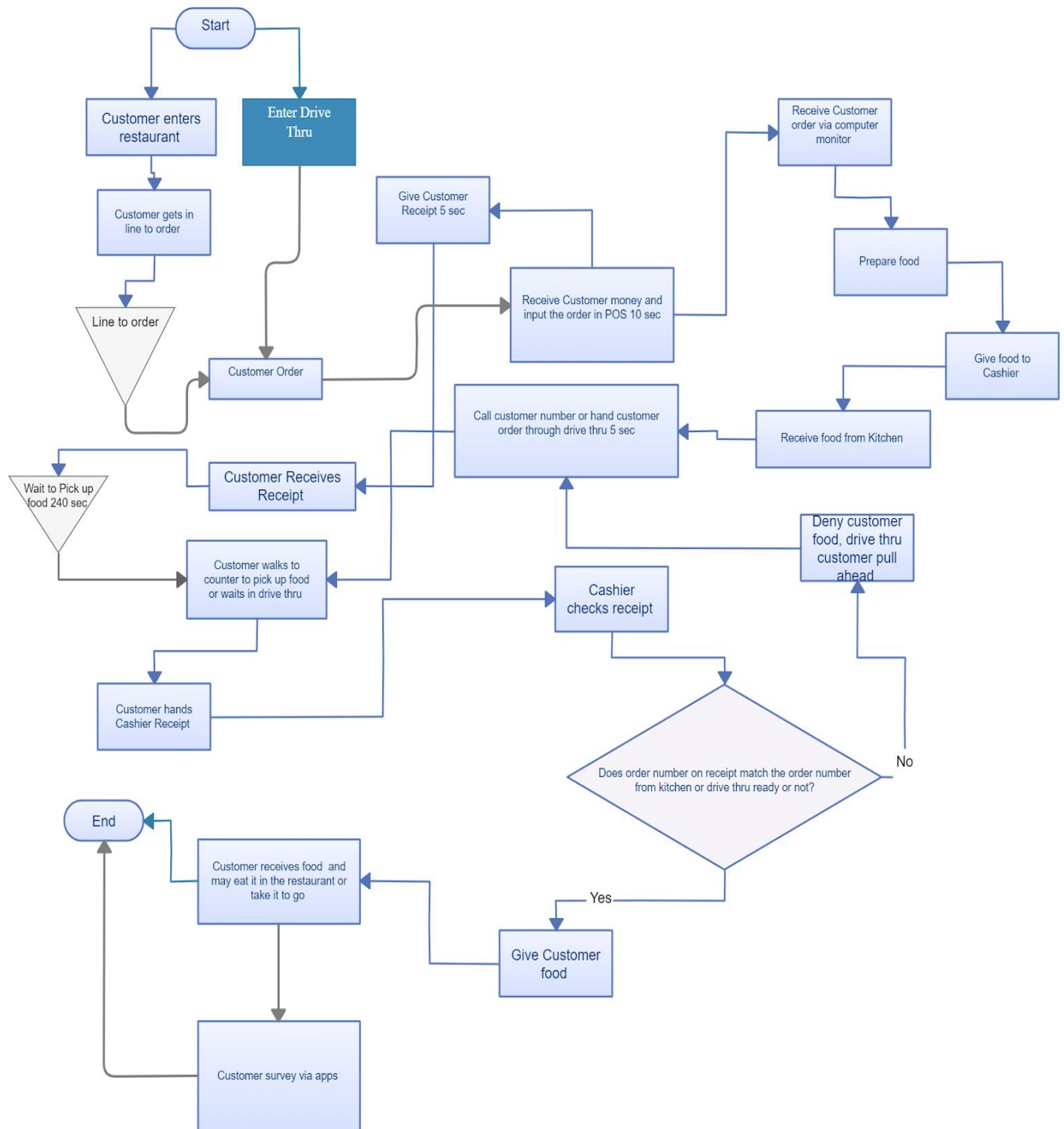
2) Accounting process

In the accounting process, it happens between the cashier and customer. For the transaction process it will gain the profit and income to the company to stay strong and gain any supply from the supplier. The customer can choose either want to pay by payment or just using the debit card. This will create the receipts for customers and the company.

3) Marketing process

In the marketing process, this process for the customer only. The company provides an application system to manage any survey that has been made by customers. This application will give extra services to customers like rebates or coupon discounts. In that application system got the survey form to be filled and answered to gain the feedback from customers.

Flowchart:

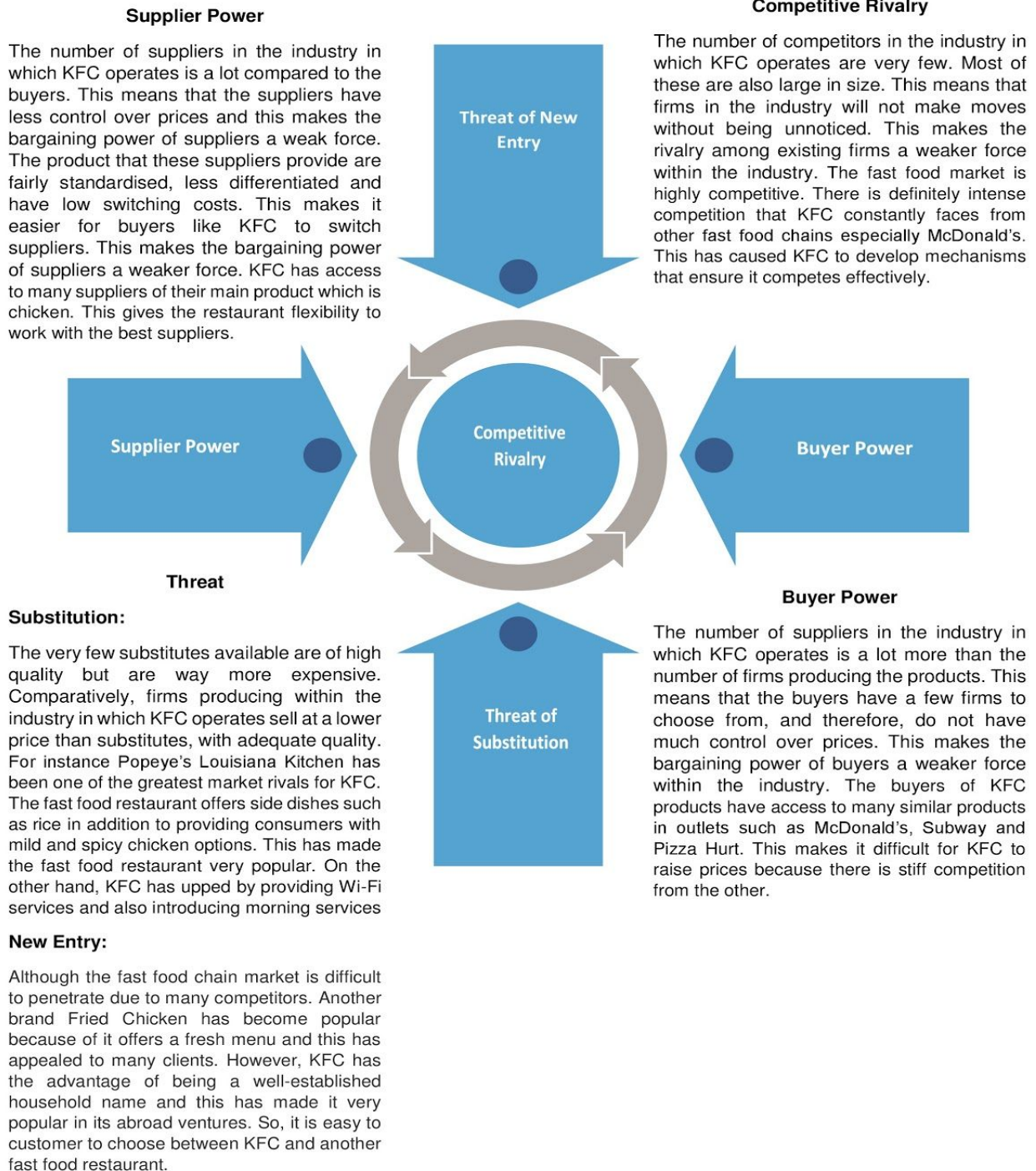


2.2 Porter's Value Chain



2.3 Porter's Competitive Forces Model

Porter's Five Forces FOR KFC



Porter's Five Force Analysis

1. Threat of Entry of New Competitors (Medium)

Fast food industry requires a large level of investments, marketing, and product development before a new entrant can make a place in the industry. The existing brands like KFC and McDonald have their brand image so strong that they have built up a huge loyal customer base. The ability of the existing brands to ensure the same product taste, restaurant ambiance, and excellent customer service worldwide has further raised the entry barriers to this industry. Thus, the threat of new entrants is medium for KFC.

2. Bargaining Power of Suppliers (Low)

The main raw materials of KFC include chicken, soft drinks, and potatoes. Due to the very frequent and bulk orders, there are a large number of suppliers who are ready to agree to the terms of KFC and supply it with its required raw products. Due to lack of product differentiation, the large size of orders, and a large number of suppliers; the suppliers do not hold bargaining power against KFC and cannot attempt to raise their prices. Thus, the suppliers of KFC do not have any bargaining power over it.

3. Bargaining Power of Customers/Buyers (High)

The buyers of KFC are its customers who walk into its restaurants every day. These customers have an array of choices to go to now e.g. McDonald, Subway, Pizza Hut, and so on. Therefore, KFC cannot raise the prices and force the customers to purchase their products at higher rates. The customers will simply shift to another competitor. Thus, the customers of KFC have a number of choices. Therefore, the bargaining power of customers against KFC is high.

4. Threat of Substitute Products or Services (High)

There are a number of restaurants that are offering products similar to those of KFC. One of them is Uncle Jack Fried Chicken has become a strong substitute for KFC. Even though the restaurant does not offer many selections like KFC, the offered price is much more affordable. Secondly, in many nations in which KFC operates, it is facing substitution by local restaurants such as Marrybrown in the Asia and Africa region and on plan to enter European market. KFC has tackled this issue by offering free Wi-Fi service at its restaurants and introducing the morning menu of breakfasts. Thus the threat of substitutes is high for KFC.

5. Rivalry Among Existing Firms within the Industry (High)

The fast food business is one of the most competitive businesses today. KFC is also facing intense competition in its business from other players in the industry mainly McDonald which is taking it head on for the top position in the global market. Although there is product differentiation in some products, most of the products are common such as fries, soft drinks, coleslaw, salads etc. As a result, each competitor tries to come up with schemes to attract customers. KFC has introduced a membership card for kids that not only give them discounts at KFC but also at a number of other outlets such as Sunway Lagoon, Zoo Melaka, and MPH Bookstore (Smarau, 2013). Thus, the competitive rivalry for KFC is intense.

Strategies For Competitive Advantage

1. Cost leadership strategy

Produce products and services at the lowest cost in the industry. With how many suppliers there are for KFC to work with, they could make an agreement to lower the price for bigger bulk purchase. This makes KFC sell their product at a much lower price because of the lower cost.

2. Differentiation strategy

Offer different products, services, or product features than your competitors. Because of how many options for potential customers to go to, KFC would need to create a much more unique menu to compete with other competitors. With how famous food delivery is nowadays, KFC could encourage the customer to use their service by making a protocol to deliver to the customer by a certain time.

3. Innovation strategy

Introduce new products and services, add new features to existing products and services, or develop new ways to produce them. With competitors in fast food industries and also KFC substitutes pose a high threat, KFC needs to innovate their products and services. The world is more and more encouraged to buy healthy food, KFC could try to provide a healthy food and water set.

4. Operational effectiveness strategy

Improve the manner in which a firm executes its internal business processes so that it performs these activities more effectively than its rivals. Such improvements increase quality, productivity, and employee and customer satisfaction while decreasing time to market. With how competitive this industry is, KFC would need a very talented and intelligent manager from low to top. They could invest on the promising and loyal manager to learn much more about the industry and expand their knowledge.

5. Customer orientation strategy

Concentrate on making customers happy. Web based systems are particularly effective in this area because they can create a personalized, one-to-one relationship with each customer. From this, they could make a survey for that certain region to improve and personalize the product to even for the certain country. Even though the threat is medium, this could make the local and new competitors suppressed on their expansion because KFC has already made the local customer loyal to them. Industry competitors also could be affected by this action because of their loyal customers attracted by KFC personalized products.

3. Business Solutions

3.1 Proposed Business Solutions

Price Competition

It is simpler to battle the foe you know than one you don't know. With winds of rivalry lashing each industry, restaurants must put away a great deal of cash, individuals, and time to battle their opponent. They will think that it's intense, challenging, but then strangely reassuring to take on familiar opponents, whose ambitions, strategies, weaknesses, and even strengths resemble their own. Managers can undoubtedly compare their courses of action and ability and also the price competition with their other opponent by following stock costs constantly.

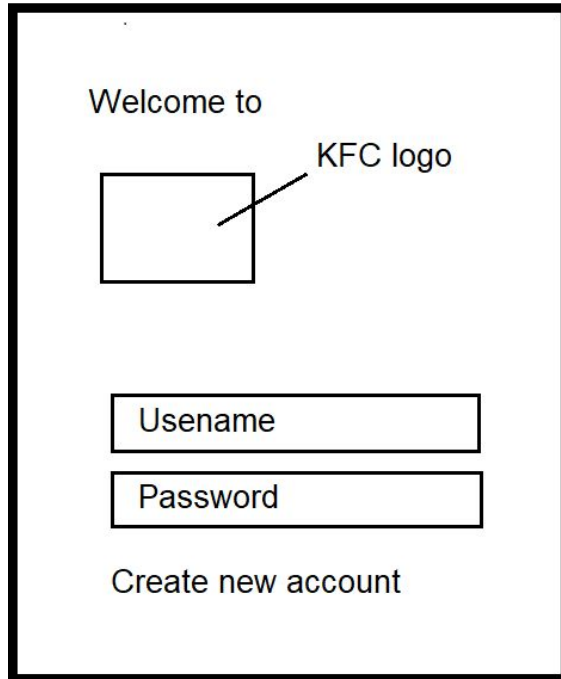
If you're planning to set the price above the price of your competitor, then you'd need to bring in new features and improvements in your product that would justify the increased price. Estimating below your rival's cost relies upon your assets. On the off chance that you can expand the volume without influencing the creation cost by and large, at that point this may be a decent technique for you. Be that as it may, there's the danger of lessening overall revenue and you probably won't have the option to recover your sunk expense and even face bankruptcy. Along these lines, it's really important that you evaluate each step of your competitor while establishing the price for your product.

At the point when you set a price equivalent to your rival, at that point the separating factors cease to exist. The center shifts to the product itself, and on the off chance that you can offer more (and better) features at the same time, it's a success win for you, and your rivals will fall behind. Along these lines, serious estimating is a game to play. Serious estimating insight requests that you have inside and out information on your market and target crowd.

In conclusion, a great deal of effort goes into the way toward building up the cost dependent on rivalry. According to a recent survey, minor varieties in prices can lower or raise overall revenues by more than 20-25%. Serious value examination is fundamental to serious evaluating procedures.

3.2 Demonstration of Business Solutions

First page



Welcome to

KFC logo

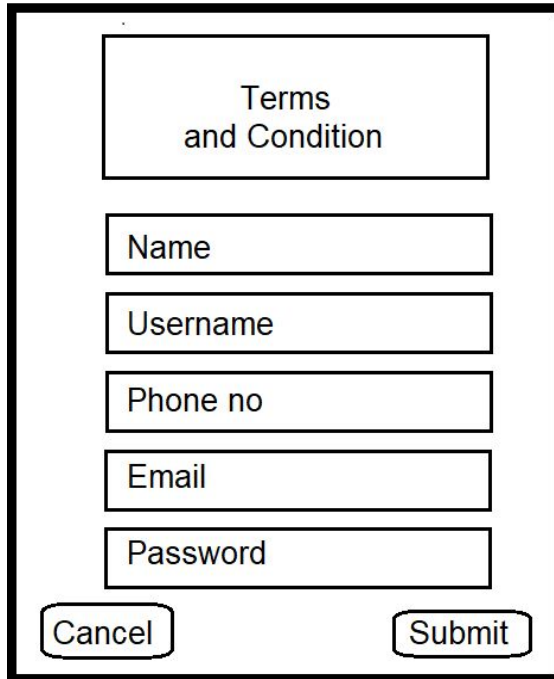
Username

Password

Create new account

The first page of the account creation process. It features a 'Welcome to' message, a placeholder for the KFC logo (indicated by a line and the text 'KFC logo'), and two input fields for 'Username' and 'Password'. A 'Create new account' button is located at the bottom.

Create new account



Terms and Condition

Name

Username

Phone no

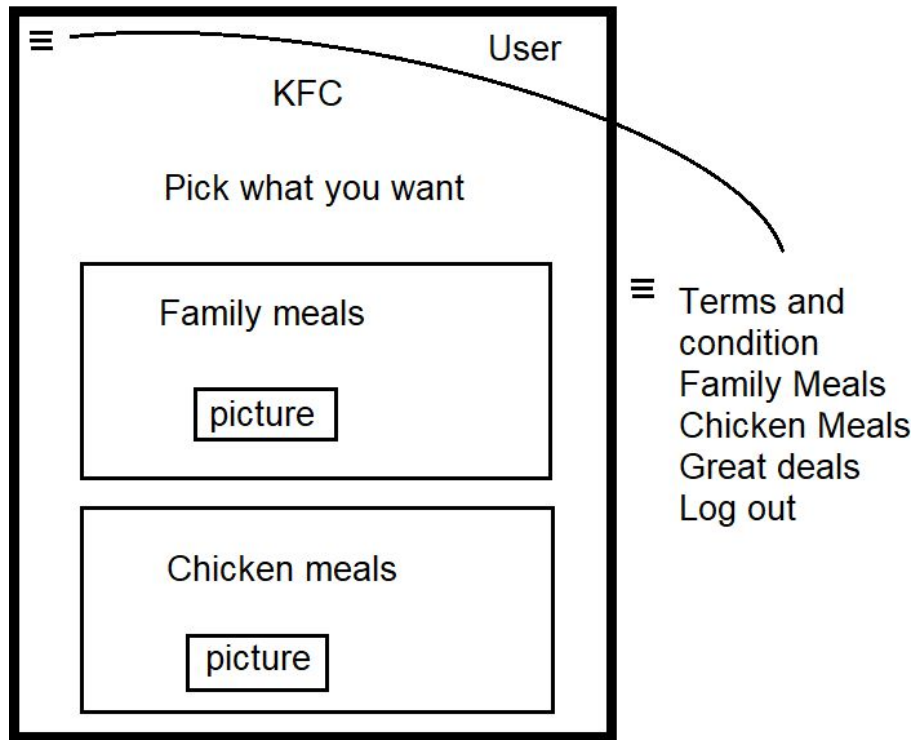
Email

Password

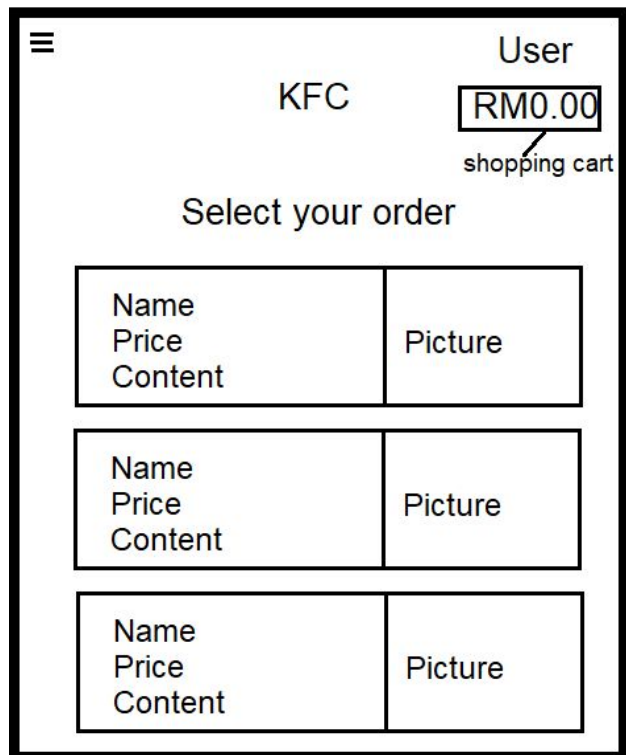
Cancel Submit

The 'Create new account' page. It starts with a 'Terms and Condition' box. Below it are five input fields: 'Name', 'Username', 'Phone no', 'Email', and 'Password'. At the bottom, there are two buttons: 'Cancel' and 'Submit'.

Main page



Menu



Great Deals

☰

KFC

User

shopping cart

RM0.00

Select your order

Big mac

30% off

~~RM15~~ RM10.50

Picture

-Big-sized burger with coke

ChesseBurger

50% off

~~RM20~~ RM10

Picture

- Big-sized cheeseburger with coke

After select order

☰

KFC

User

Choose your payment method

Delivery

Self-collect

Cancel

If self-collect method

☰

KFC

User

QR Code

Redeem before:(time payment)

Total price paid: RM0.00

OK

If delivery method

☰

KFC

User

Go to map and locate your live location

Use live location

or

Enter address

Submit

After finished ordering

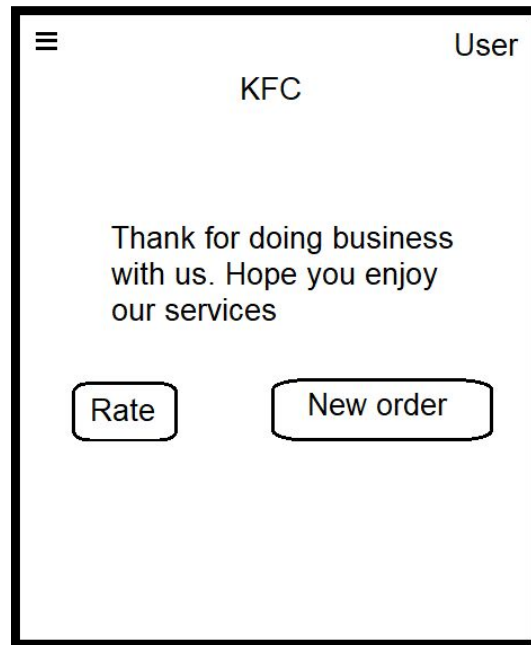


Figure 1 : low-fidelity prototype

4. Conclusion

According to the analysis, KFC is the best fast food restaurant in the world and they are growing rapidly because they have good strategy planning in the competing business world. They introduce different menu so they can attract the customer and launching new fast food product as a part of their strategy planning and also they are using technology for their growth so KFC is looking forward for their business. But the successfulness of the company is depends on the information system itself, the way they kept information through system properly and the way they manage it so that the data of everything in kfc can be refer in order to make a proper decision making for a long-term.

Total Marks

Sections	Marks	Full marks
1.1 Background of the Business		10 marks
1.2 Information Systems in the Business		10 marks
2.1 Business Process Activities		10 marks
2.2 Porter's Value Chain		10 marks
2.3 Porter's Competitive Forces Model		10 marks
3.1 Proposed Business Solutions		20 marks
3.2 Demonstration of Business Solutions		20 marks
4. Conclusion		10 marks
Total marks		100