

INDIVIDUAL PROPOSAL



RED ROOSTER TO INDIA

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1. EXECUTIVE SUMMARY

In this individual proposal, I have identified that Red Rooster, a prominent Australian Fast Food Franchise has immense potential to venture into the Indian market teeming with millions of health-conscious chicken lovers. The franchise can strive towards first strategically entering and then gradually expanding its market in India by primarily targeting the Youth and Middle-Aged health-conscious adults. This report initially outlines the brand information on Red Rooster and why India is a viable apt option as a new profitable market for them (food preferences, culture, and purchasing power). Thereafter, some pertinent points have been raised post a comprehensive analysis regarding some essential major forces that the company needs to consider while delving into the Indian marketspace with their new product(s) for segmenting, choosing, and marketing to their prospective target audience. Furthermore, the report justifies how through the market entry strategy of Franchising & Licensing, the company can minimize the risks & maximize the benefits. Finally, an emphatic SWOT Analysis has been conducted to showcase the strengths & opportunities as a potential source of competitive advantage or edge along with the weaknesses & threats that need to be mitigated in order to maximize the value provided to the prospective customers. Hence, this report delineates how Red Rooster can become a household name in India one day, and by doing so eventually facilitate positioning itself as a global brand providing world-class product/service & customer satisfaction.

2.1 PRODUCT SELECTED & BRAND DETAILS

Red Rooster is an eminent *Australian* privately owned fast-food restaurant chain franchise (which is a subsidiary of *Craveable Brands*) that started in the year 1972 in *Western Australia* as a small chicken shop (Meyer, 1996). Today, it is a reliable **quick service restaurant (QSR)** brand in Australia that specializes in serving high-quality healthy **Roast Chicken/Rotisserie Chicken** (in diverse variants), *wraps*, and *salads* as well as other food items like *burgers*, *fish-related products*, *beverages*, and *desserts* (Rooster, 2020). Roasted or roast chicken is invariably what Red Rooster has always been popular for ever since its emanation, it is presented in various forms by the company be it *quarter roasts*, *half roasts*, or *whole roasts*. On top of that, these roasted chicken dishes are furnished with different *seasonings* containing a wide array of herbs & spices. One can also savour the roast chicken with different *sauces & side dishes* such as barbecue sauce, chips & cold drinks, etc (Rooster, 2020). Currently, there are around 360 Red Rooster outlets all across Australia except Tasmania with more than 7500 employees (Murray, 2018).

According to a recent research by *Roy Morgan* (Morgan, 2018), Red Rooster is among the top 10 dine-in & take away QSRs in Australia with a preference of 16.3% from the people with mostly Generation Y & Z, it is the first homegrown or local brand featuring on that list only behind the global QSR juggernauts like *McDonald's*, *KFC*, *Subway*, *Hungry Jack's* (*Burger King* elsewhere) & *Domino's Pizza*. Furthermore, the company has recently undergone a *revamp* to provide *healthier & tastier* chicken under the new brand mantra '**Tender Loving Chicken**' and aspires to go global sooner rather than later to get a strong foothold in the niche market of *Rotisserie* or *Roast Chicken* (Murray, 2018).

2.2 COUNTRY SELECTED & MARKET ENTRY STRATEGY

India is inherently a colossal promising market with expeditious growth opportunities for foreign brands like Red Rooster once they join the fray in the *fast-food & QSR sector* (Austrade, 2020). They can capitalize on the massive opportunity at present lying in India that calls for a reliable brand that can serve high-quality healthy roast chicken, wraps, and salads to millions of health-conscious fitness freaks (Chitnis, 2019). The incumbent Indian market doesn't have any reliable nationwide fast-food chain that specializes in healthy & tasty roast chicken as this sort of food is mostly available in small pan-Indian *food stalls* that are often *unhealthy & unhygienic* (Pilz, Uma, & Venkatram, 2015). Indian fast food industry is ranked 10th globally in terms of nations with the highest per capita spending figures on fast food with 2.1% expenditure of total annual spending (Pilz et al., 2015). Furthermore, according to a latest press release (Chitnis, 2019), the Indian fast food market is expected to grow at a *compound annual rate (CAGR)* of 18% yearly.

The market entry strategy that would be ideal for Red Rooster to enter the Indian market is invariably **Franchising & Licensing** because of the *minimal costs, risks, and commitment* associated with this *safe & sensible* blended strategy to tap into a completely unidentical *foreign market* (Kotler & Keller, 2016). Moreover, this formidable strategic approach is very likely to prove beneficial as it is already an adept food chain that can harness the domestic *knowledge* and *expertise* of potential Indian licensees to succeed in a *robust* market where people have always loved to check out new *national & international delicacies* (Goyal & Singh,

2007). Additionally, as per an *empirical research* journal (BB, Chaithra, Kavya, & Roopika, 2015) the food franchises are relishing a *bull market* in the rapidly growing Indian retail sector and franchising is exactly what the market *needs* today.

3.1 ANALYSIS OF INDIA'S BROAD ENVIRONMENT

3.1.1 Demographic Environment

India is the *second-most populous country* in the world with a population of over 1.35 billion out of which 52% population is under 30 making it the country with invariably the highest number of young people with over 600 million of them (Government of India, 2018). According to a *New York Times* article (Bajaj, 2012), Indian youth loves to embrace *western brands* and indulge in shopping experiences offered by *western-style malls*. Food is already the largest retail consumption category in India, accounting for approximately 31% of the country's consumption basket, compared to 9% in the *US* and 25% in *China* (Cattini, 2017). When it comes to the fast-food & QSR sector, both males & females equally prefer fast-dining while staying abreast of the new trends in the market. India is also witnessing rapid *urbanization*; by 2025, it is projected that around 540 million Indians will live in the cities, an increase by nearly 110 million vis-à-vis today (Jeffrey, 2017). Therefore, India's *blossoming young population & increasing urbanization* along with *rising incomes* makes it a lucrative market for Red Rooster to pounce on. Moreover, India is the *largest democracy* in the world with a rich *diversity* in terms of *religions, cultures & traditions* but chicken is a *staple* diet that unites all so Red Rooster can retain their *core products & modus operandi* without tweaking much in India.

3.1.2 Economic Environment

As a matter of fact, on an average, Indians spend around 18% of their monthly income on *eating out & ordering outside* food with their incomes doubling over the past decade (Tandon, 2018). *Economic Growth* (in the recent past barring 2020) has facilitated more *purchasing power* of the Indians and this has attributed to their *changing preferences & better affluent lifestyles*. In terms of the significance of the Indian food market, it is 6th largest in the world, with 70% of sales coming from the retail sector of which food & beverage commodities are an integral component (Chitnis, 2019). According to a *National Restaurant Association of India* (NRAI) report (Tandon, 2018), the food services sector is expected to reach 4,98,130 *crores* (Indian Rupees) in 2021 from 3,09,110 *crores* in 2016 which is a staggering increase by nearly 61% in five years. Apparently, Indians love to eat something special from outside on *weekends* and *special occasions* (Banerjee & Bhari, 2018). Interestingly amid all this, many Indian customers are now moving towards *healthy eating options* as precisely, about 5 million Indian people have been deemed to fall into this category in the last few years and as a result several food service outlets have now began to offer healthier dishes on their menus to cater to their *needs, wants & desires* (Rajput et al., 2018). Moreover, this segment is growing by approximately 10-15% annually and thus promises to be an enviable sector to invest for anyone including foreign fast-food chains like Red Rooster (Chitnis, 2019). Red Rooster can thus strike a chord with the millions of health-conscious *middle-class Indian Youth* by

rendering them tender, healthy, and tasty roast chicken and other delectable chicken dishes. However, to succeed in India they need to ensure that the prices of their products are absolutely *reasonable* and *appropriate* according to the *market conditions* in India (market price of similar commodities, market demand, etc) (Majumdar, 2010).

3.1.3 Socio-Cultural Environment

The majority of Indians are *Hindu*, a religion that accounts for 79.8% of its population (Jeffrey, 2017). Apart from *Hinduism*, India also has other religions like *Muslim*, *Sikhism*, *Christianity*, *Buddhism*, *Jainism* & *Zoroastrian*, etc. The fact that Red Rooster mostly sells *Chicken* products (which is actually the most consumed meat in India (Parija & Durisin, 2019)) and hardly deals with *Beef* or *Pork* cuisines (just one or two which can certainly be removed from its Indian Menu swiftly) means that it can operate seamlessly without offending any religious community or facing any backlash or wrath from any section of the society. All the religions in India except Jainism are *omnivores* so they eat meat along with vegetarian food. Moreover, India is the most diverse multi-cultural nation in the world with several religions, *traditions*, *beliefs*, *customs*, *practices*, etc among its people. The Religious & Communal festivals are aplenty dispersed all across the calendar from Hindu festivals like *Dussehra* & *Kali Puja* (Hindu Goddess Kali) to other festivals like *Ramadan* (Muslims), *Baisakhi* (Sikh), and also national holidays like *Independence Day* & *Holi*, etc. While some religious festivals are strictly vegetarian, there are many other occasions where Indians devour *chicken*, *mutton*, and *lamb* (no *beef* as it is against the religious beliefs of Hindus and no *pork* because it goes against the religious sentiments of Muslims and others find it disgusting) so there is ample room for Red Rooster to find their feet in this foody nation (Garg, 2014). Red Rooster can also introduce a few *Indian delicacies* in their menu, for instance, ***Healthy Chicken Kebab***, ***Chicken Tikka Masala***, et al to get closer to the Indians and make them feel that it *truly cares for them & is there for them!*

3.2 MARKET SEGMENTATION & TARGET MARKET

To maximize value to their customers and remain highly competitive, Red Rooster should deploy a combination of **Geographic & Demographic** Segmentation techniques to choose their target market. Under Geographic segmentation, it would be ideal to consider the *metropolitan cities* initially in highly populated Indian states that love non-veg like *Delhi*, *Mumbai*, *Bangalore*, *Kolkata*, *Hyderabad*, etc, and then gradually expand to other less populated cities. For Demographic segmentation, accentuating on factors such as *income*, *culture*, and *generation* would be *crucial* and *rewarding*. Red Rooster should aim to attract the *vivacious youth* (transcending all genders) in India i.e., **Millennials (Gen Y)** and also **Gen Z** as their major customers who earn more than *Rs 50,000* (Indian Rupees) monthly or perhaps belong to a family that is from the economic strata of the *bourgeoisie* or *upper middle class* and above in India. *Gen X* can also be an enticing prospect for them as there are many health-conscious *hale & hearty* middle-aged Indians who refrain from unhealthy oily food and prefer healthy wholesome food be it veg or non-veg. However, since they mostly prefer to eat *home-cooked* food as often as they can and order or have food from outside rarely & generally when there is a *compulsion* or *special occasion* (Khan, 2008), it wouldn't be a great idea to solely

zero-in on them. Furthermore, Red Rooster can also leverage the vibrant Indian culture of *family togetherness & celebration for every occasion* (festivals, special personal dates, etc) to segment based on *cultural events & festivities* that are celebrated with aplomb (Garg, 2014). Thus, by initially targeting the *well to do young Indians in metropolitan cities* with their wide array of healthy & tasty rotisserie chicken and other chicken dishes (Khalil, 2019), Red Rooster can kickstart their business in India and gradually with time expand to encompass other generations as well all across India and perhaps beyond it also, to other adjacent countries having quite identical cultures, traditions, practices & food preferences like **Pakistan, Nepal, Sri Lanka, Bangladesh**, etc (Sardana, Thatchenkery, & Anand, 2011). Now, let's explore this proposition more through a comprehensive SWOT analysis of this potential venture!

4.1 INTERNAL ANALYSIS OF RED ROOSTER'S MOVE TO INDIA

4.1.1 Strengths

- Red Rooster has something *uncommon* and *exceptional* to offer to the Indian fast food market in the form of rotisserie chicken that it excels in. Millions of health-conscious Indians especially the millennials would be fascinated to explore what this healthy & tasty chicken is all about!
- Chicken is the speciality of Red Rooster and among all the meats in India, Chicken is the most *widely consumed* meat with an *annual consumption growth rate* of over 12% that is now resulting in its *high import* to meet the demands (Parija & Durisin, 2019).
- *Low cost of raw materials* and *cheap & abundant* labour in India at their or their local partner's disposal with *minimal training* required for *making & selling* its products in an enormous market means that establishing a *name & fame* would be relatively *cheaper & easier* for an ambitious company like Red Rooster as compared to other big attractive countries like *USA, Brazil or China* (Sardana, Thatchenkery, & Anand, 2011).
- Their menu contains some fantastic items like *Chicken Wraps, Spicy Chicken Wings, Chicken Salad, Crispy Chicken Burger*, etc that are bound to be a huge hit among the Indians, and they can also incorporate a few Indian dishes (Biryani, Tikkas) to suit the tastes of the local people more.
- Their *free & fast delivery service* along with *frequent promotional offers & discounts* promises to immensely *elate & satiate* the Indians who love *exciting offers & freebies* (Majumdar, 2010).

4.1.2 Weaknesses

- It would face *tough competition* initially from *very cheap food stalls & vendors* scattered all around India serving similar food items.
- Red Rooster has *no experience* whatsoever of the Indian market competition or scenario (often involving unfair practices). They need to find a reliable partner in India to *commence & aide* their venture otherwise they will definitely *flounder & ultimately falter*.
- The price of Red Rooster's trademark chicken needs to be tremendously *reduced* without compromising the *quality & quantity* to compete in the Indian market at its early stage (of business in India) otherwise many people may not get *attracted* to it or perhaps won't be *able to afford* it or *eager to attain* it.
- The quality of Red Rooster products has come under *tremendous scrutiny* lately before their *brand overhaul* (Khalil, 2019). They need to ensure that they hit the ground running in India with *formidable business strategies and products* otherwise it can be a very *ruthless market* to first *survive/ sustain* & then *flourish*.

4.2 EXTERNAL ANALYSIS OF RED ROOSTER'S MOVE TO INDIA

4.2.1 Opportunities

- Indians are getting highly health-conscious and are shifting more & more towards *healthy, scrumptious & nutritious* food both home-cooked & from outside (Cattini, 2017). Red Rooster thrives on healthy chicken recipes and hence they can gain quick traction among these people.
- The young people of India that account for more than 52% of its population (600 million) love trying out new delicacies especially from emerging or newly available national and international companies (Austrade, 2020).
- India's food industry is in the *ascendancy* with a *Compound Annual Growth Rate* (CAGR) of 18%. This is propitious for any new or existing fast-food brand including Red Rooster (Chitnis, 2019).
- Currently, no *existing* major *nationwide popular force (brand)* as a potential *rival* or *competitor* in this realm could play into the hands of Red Rooster. The closest they have is perhaps *KFC*, but it is *quite different* & also known to be a bit *expensive* for many Indians with a low or decent income, and relatively speaking In Australia, Red Rooster's products are *healthier & cheaper* as compared to KFC (Morgan, 2013) so they can follow the same template and get going in India. Hence, Red Rooster can definitely rollick in their niche market once they sustain the initial challenging period in India.
- It opens up a glorious opportunity to expand their business to other neighbouring countries like **Bangladesh, Pakistan**, et al with more or less similar lifestyles & food culture.

4.2.2 Threats

- Amidst the *COVID-19 pandemic* businesses everywhere have suffered drastically, it would take some time for things to get back to *normalcy*. This *uncertainty* may prove *detrimental* to any immediate future plans of expansion for Red-Rooster.
- Albeit the local food stalls prevalent across India are mostly unhealthy & unhygienic but the fact that they offer *cheap and tasty* (added flavours & substances) chicken dishes some quite akin to roast chicken like *Tandoori Chicken* means that Red Rooster needs to compete against them and beat them which can be daunting given the *political & social backing* that the local food stalls get (Chitnis, 2019).
- If the brand or its products are not accepted by the people of India, then Red Rooster can look down the barrel of some significant losses despite mitigating it to a great extent via *Franchising & Licensing*.
- *Foreign Rate Exchange fluctuations* coupled with *Steady Development* in Developing countries like India resulting in a *spurt in labours' wages*, etc are some imperative factors that can *decrease the level or amount of profitability* for Red Rooster if & when they *succeed* in India (Banerjee & Bhari, 2018).

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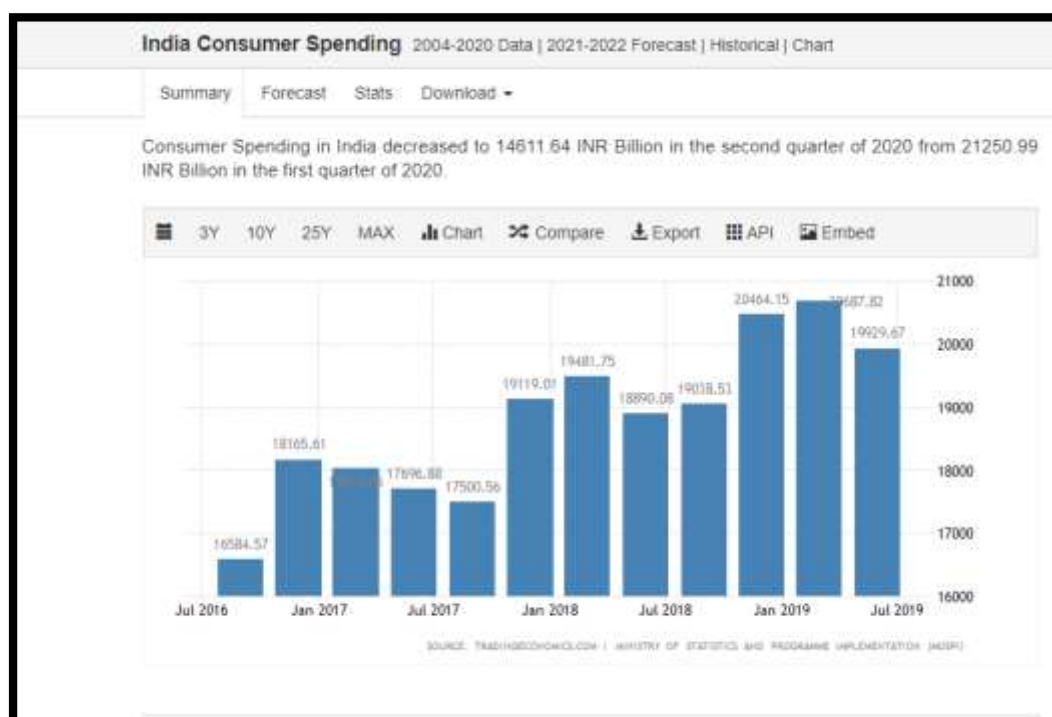
APPENDIX

The following supplementary statistical information corroborates the fact that India is indeed a very enticing prospect for Red Rooster:

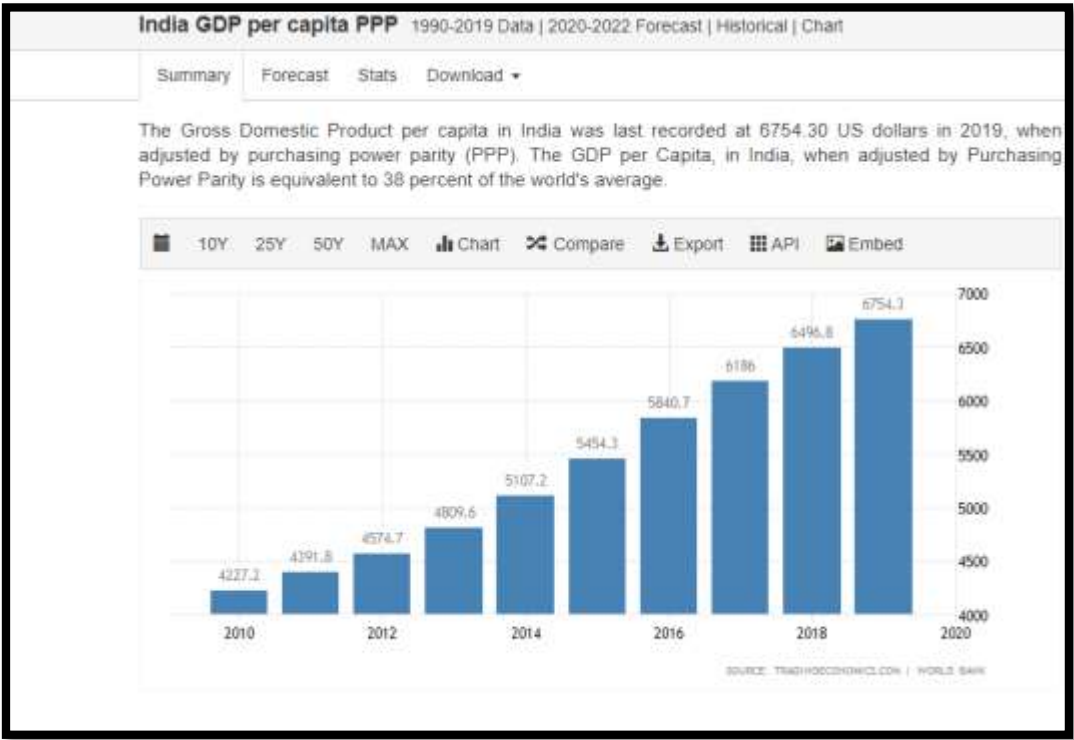
1. Percentage of Income Spent on Food in India, Source: World Health Organization



2. Indian Consumer Spending



3. Indian GDP Growth Per Capita



4. Foreign Direct Investment (FDI) in India

