



# Delivery Channel Strategy and Menu Vision





# Agenda

- Reality Check
  - ▶ What BIT shows
  - ▶ What U&A shows the QSR channel profile
- Delivery Strategy
- Internal Data Analysis
- Menu Vision- Delivery Combo and Catering Combo
- Order platform management: CSC vs. OOS
- Working progress and timeline





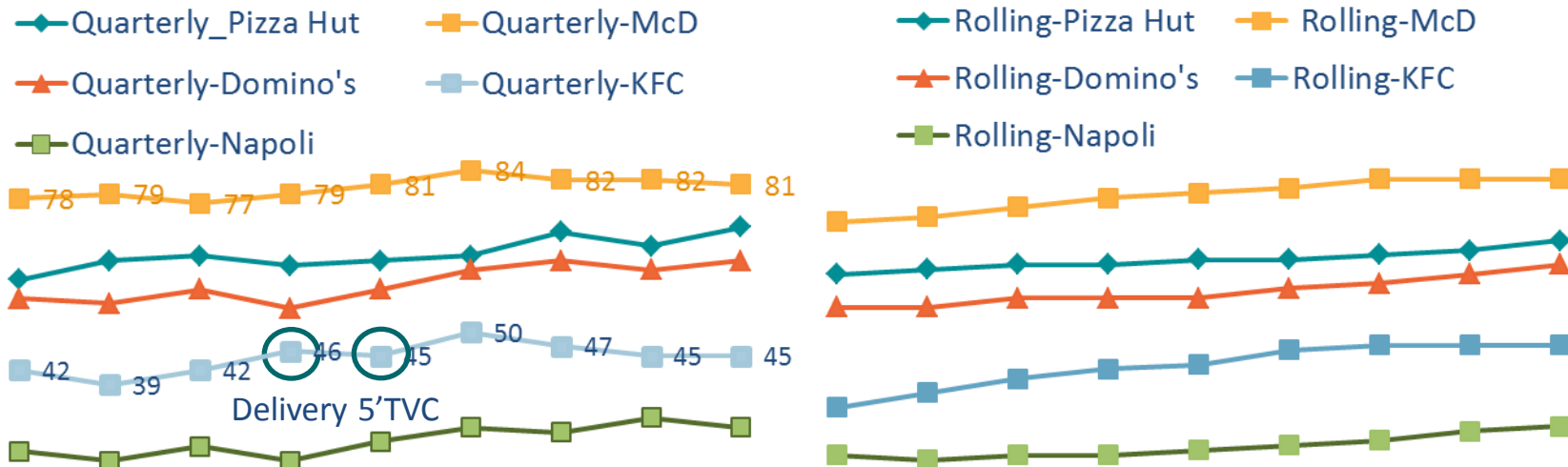
# Reality Check





# Delivery Service Unaided Brand Awareness

KFC delivery service awareness is at 45% in 2013Q2; rolling base at 47%.



(%)	2Q 11	3Q 11	4Q 11	1Q 12	2Q 12	3Q 12	4Q 12	1Q 13	2Q 13
N	602	604	601	601	607	601	601	602	603
Pizza Hut	61	65	66	64	65	66	71	68	72
McD	78	79	77	79	81	84	82	82	81
Domino's	57	56	59	55	59	63	65	63	65
KFC	42	39	42	46	45	50	47	45	45
Napoli	25	23	26	23	27	30	29	32	30

	3Q10~2Q11	4Q10~3Q11	1Q11~4Q11	2Q11~1Q12	3Q11~2Q12	4Q11~3Q12	1Q12~4Q12	2Q12~1Q13	3Q12~2Q13
N	2406	2406	2407	2408	2413	2410	2410	2411	2407
Pizza Hut	62	63	64	64	65	65	66	67	69
McD	73	74	76	78	79	80	82	82	82
Domino's	55	55	57	57	57	59	60	62	64
KFC	34	37	40	42	43	46	47	47	47
Napoli	24	23	24	24	25	26	27	29	30

Source: BIT 2013Q2

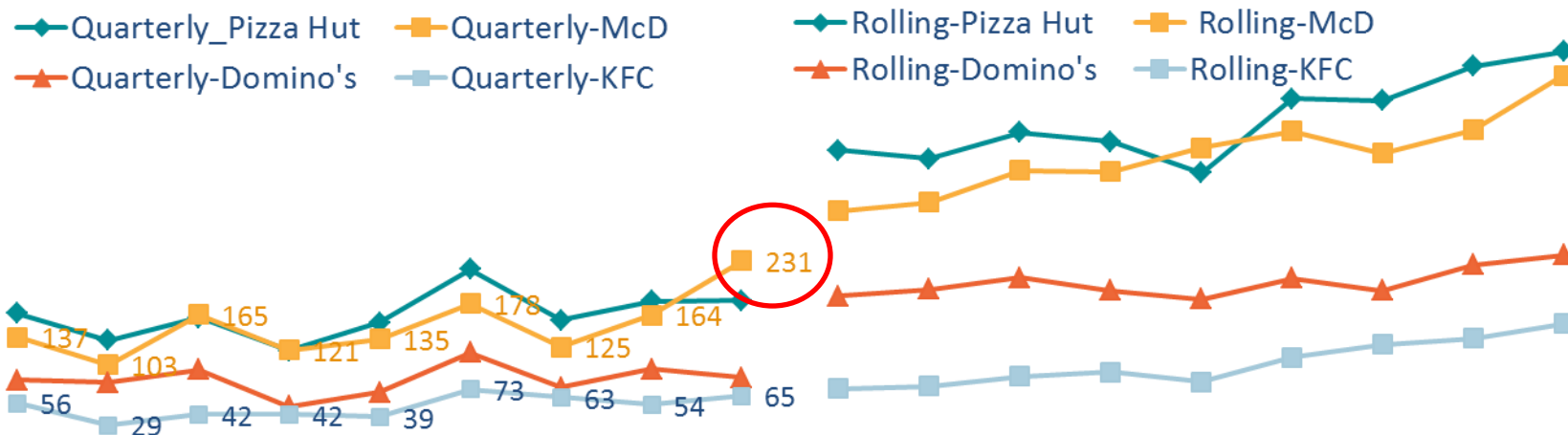
\* Only show brands with unaided awareness 29% above in latest quarter

Base: All WQSR users in P3M

E6: Some western QSR offers delivery service. Do you know which of the western QSRs offers this kind of service?

# Delivery Order Times in P3M by Brand

McDelivery order times showed a jump in 2013Q2 the key reason might be their service charge fee discount changed strategy. (McDelivery order times 2013Q2 increased by +41% compared to 2013Q1.)



	2Q 11	3Q 11	4Q 11	1Q 12	2Q 12	3Q 12	4Q 12	1Q 13	2Q 13
Order times	448	367	487	343	431	627	463	541	614
Pizza Hut	166	133	161	120	155	220	158	181	182
McD	137	103	165	121	135	178	125	164	231
Domino's	84	81	97	52	69	118	75	98	87
KFC	56	29	42	42	39	73	63	54	65

	3Q10~ 2Q11	4Q10~ 3Q11	1Q11~ 4Q11	2Q11~ 1Q12	3Q11~ 2Q12	4Q11~ 3Q12	1Q12~ 4Q12	2Q12~ 1Q13	3Q12~ 2Q13
Order times	1553	1571	1702	1644	1628	1889	1865	2036	2218
Pizza Hut	565	549	596	580	524	656	653	714	741
McD	456	472	529	526	569	599	559	601	698
Domino's	305	317	337	314	299	336	314	360	378
KFC	140	144	162	169	152	196	218	229	255

(Quarterly: visits)

(Rolling: visits)

Source: BIT 2013Q2

- Since 2013/1 McDelivery changed the call center to China
- Since 2013/4 McDelivery changed the service charge fee

\* Only show brands 64 times above in latest quarter

Base: Respondents who used WQSR delivery service in P3M

E9: In the past 3 months, how many times have you used (brands mention in E8) for delivery?



# Delivery Service Market Share by Order Times

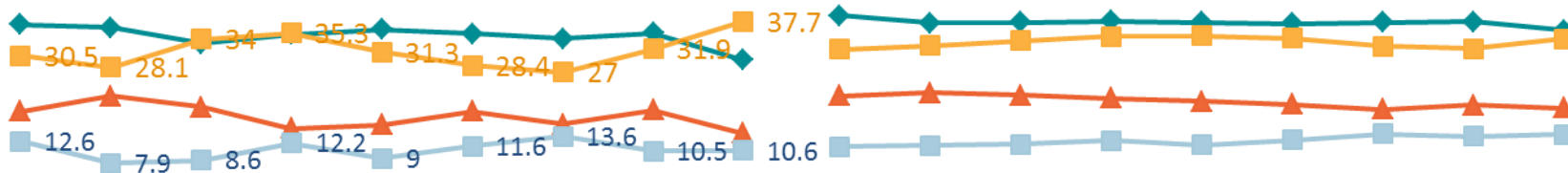
KFC delivery ranked number 4.

(Rolling: %)

(Quarterly: %)

◆ Quarterly\_Pizza Hut    ■ Quarterly-McD  
▲ Quarterly-Domino's    ■ Quarterly-KFC

◆ Rolling-Pizza Hut    ■ Rolling-McD  
▲ Rolling-Domino's    ■ Rolling-KFC



(%)	2Q 11	3Q 11	4Q 11	1Q 12	2Q 12	3Q 12	4Q 12	1Q 13	2Q 13	3Q10~ 2Q11	4Q10~ 3Q11	1Q11~ 4Q11	2Q11~ 1Q12	3Q11~ 2Q12	4Q11~ 3Q12	1Q12~ 4Q12	2Q12~ 1Q13	3Q12~ 2Q13
Order times	448	367	487	343	431	627	463	541	614	1553	1571	1702	1644	1628	1889	1865	2036	2218
Pizza Hut	37.1	36.4	33.1	35	36	35.1	34.1	35.2	<b>29.6</b>	36.4	34.9	35	35.3	35	34.7	35	35.1	33.4
McD	30.5	28.1	34	35.3	31.3	28.4	27	31.9	<b>37.7</b>	29.4	30.1	31.1	32	32.2	31.7	30	29.5	31.5
Domino's	18.8	22.1	19.8	15.2	16	18.8	16.2	19.1	<b>14.2</b>	19.6	20.2	19.8	19.1	18.4	17.8	16.8	17.7	17
KFC	12.6	7.9	8.6	12.2	9	11.6	13.6	10.5	<b>10.6</b>	9	9.2	9.5	10.3	9.3	10.4	11.7	11.2	11.5

Source: BIT 2013Q2

\* Only show brands with unaided awareness 10% above in latest quarter

Base: Respondents who used WQSR delivery service in P3M

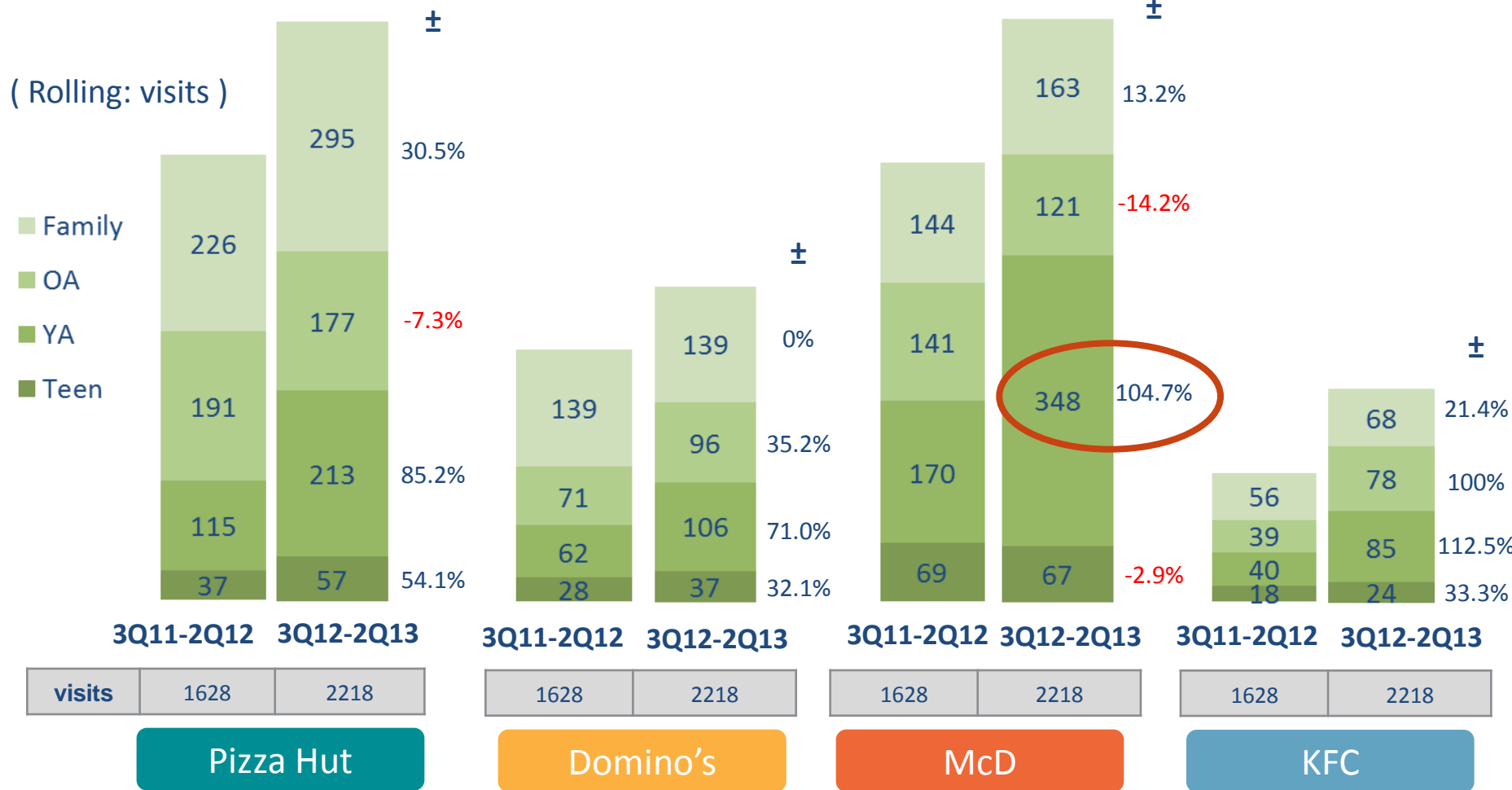
E9: In the past 3 months, how many times have you used (brands mention in E8) for delivery?



# Brand P3M delivery visits share life stage profile – yearly comparison

McDelivery gained order growth from YA

Pizza Hut + Domino's + KFC + McD total brand visits	3Q11-2Q12	3Q12-2Q13	+/- %
Family	565	665	+17.7%
Old adults	442	472	+6.7%
Young adults	387	752	+94.3%
Teenager	152	185	+21.7%



Source: BIT 2013Q2

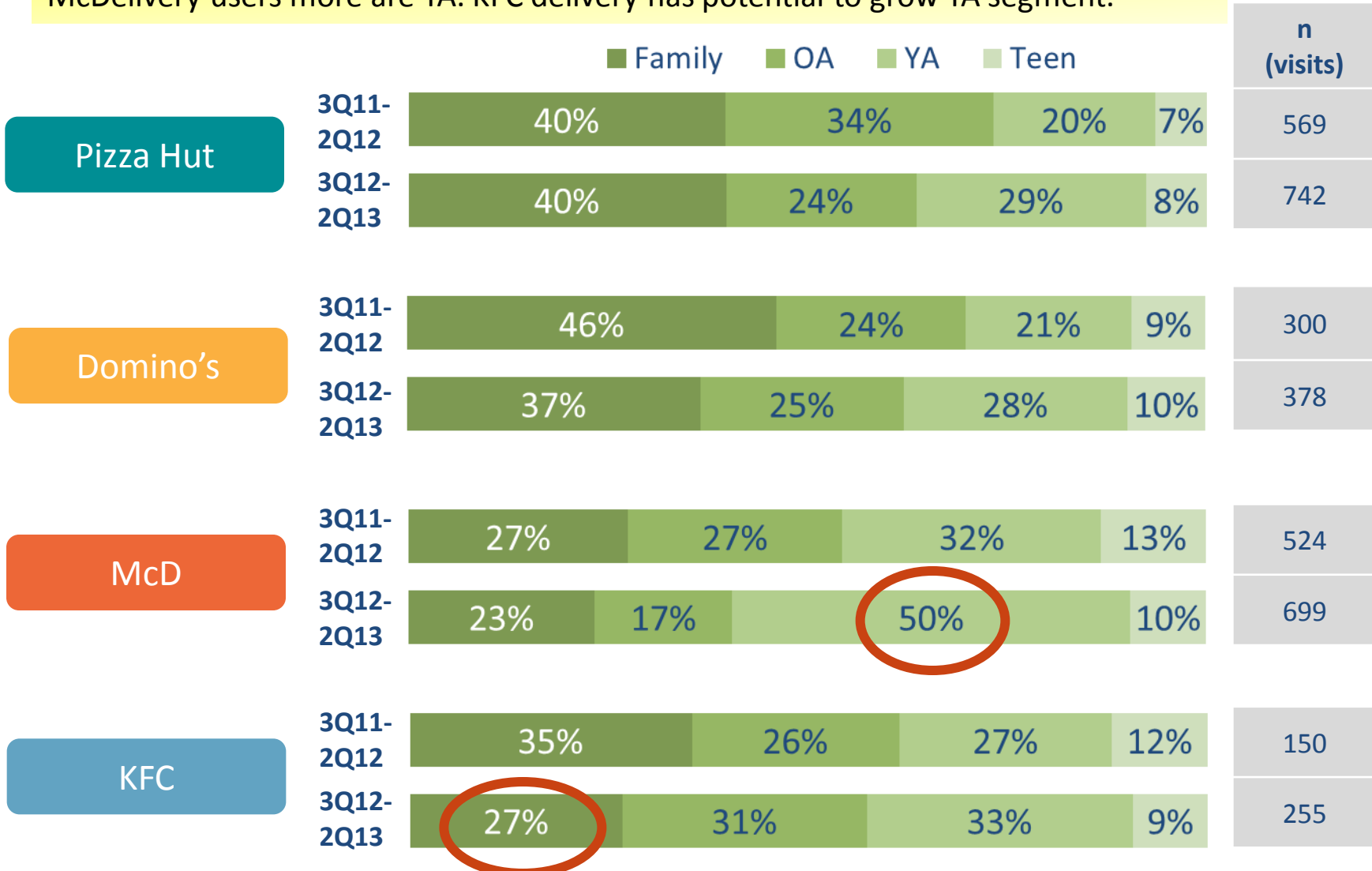
Base: Respondents who used WQSR delivery service in P3M

E9: In the past 3 months, how many times have you used (brands mention in E8) for delivery?



# Brand P3M delivery visits share life stage profile – yearly comparison

McDelivery users more are YA. KFC delivery has potential to grow YA segment.



Source: BIT 2013Q2

Base: Respondents who used WQSR delivery service in P3M

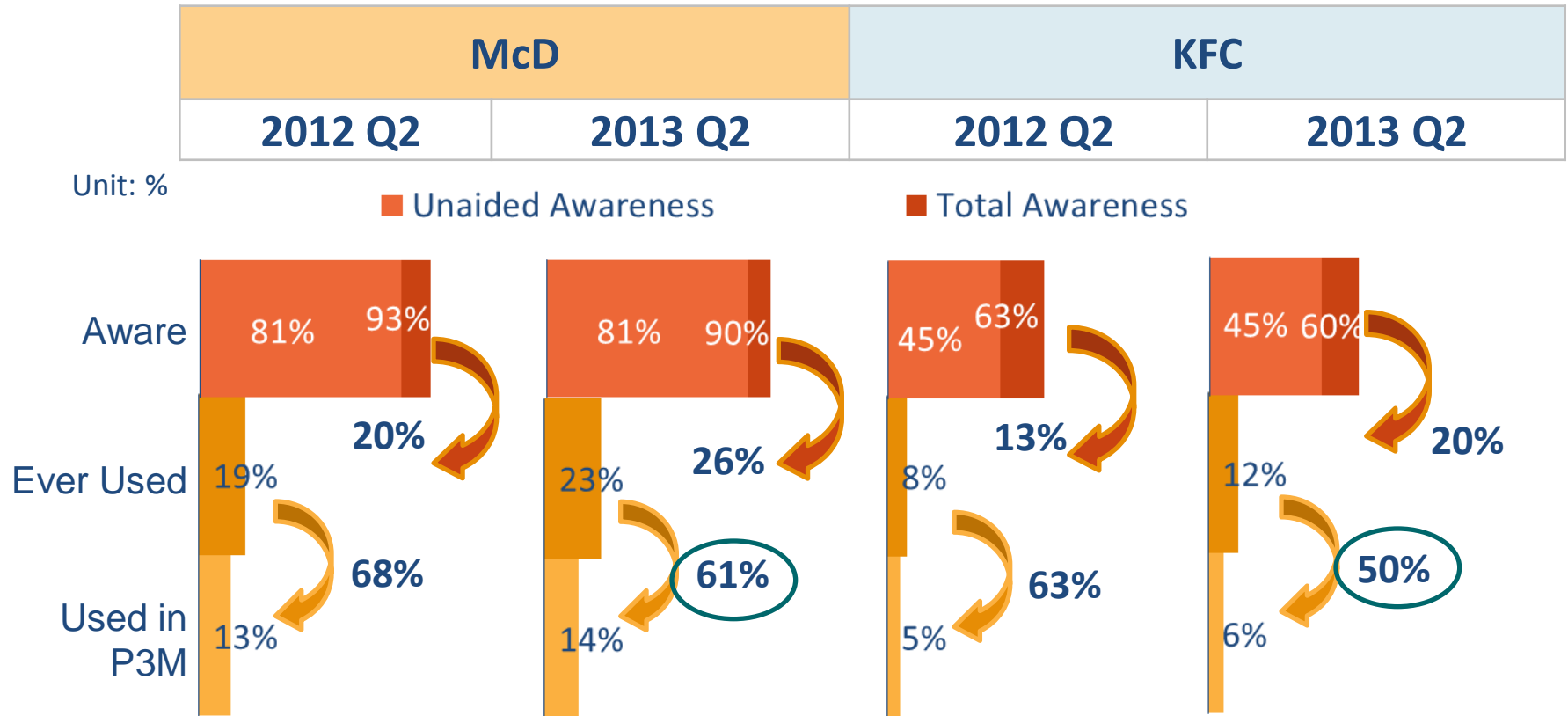
E9: In the past 3 months, how many times have you used (brands mention in E8) for delivery?





# Delivery Service Conversion Rate – McD / KFC compare with same period last quarter

The conversion rate of ever used to used in P3M needs to be strengthened to shorten the purchase cycle.



## Source: BIT 2013Q2

Base: Respondents who used WQSR delivery service in P3M , n=603 in 2Q13

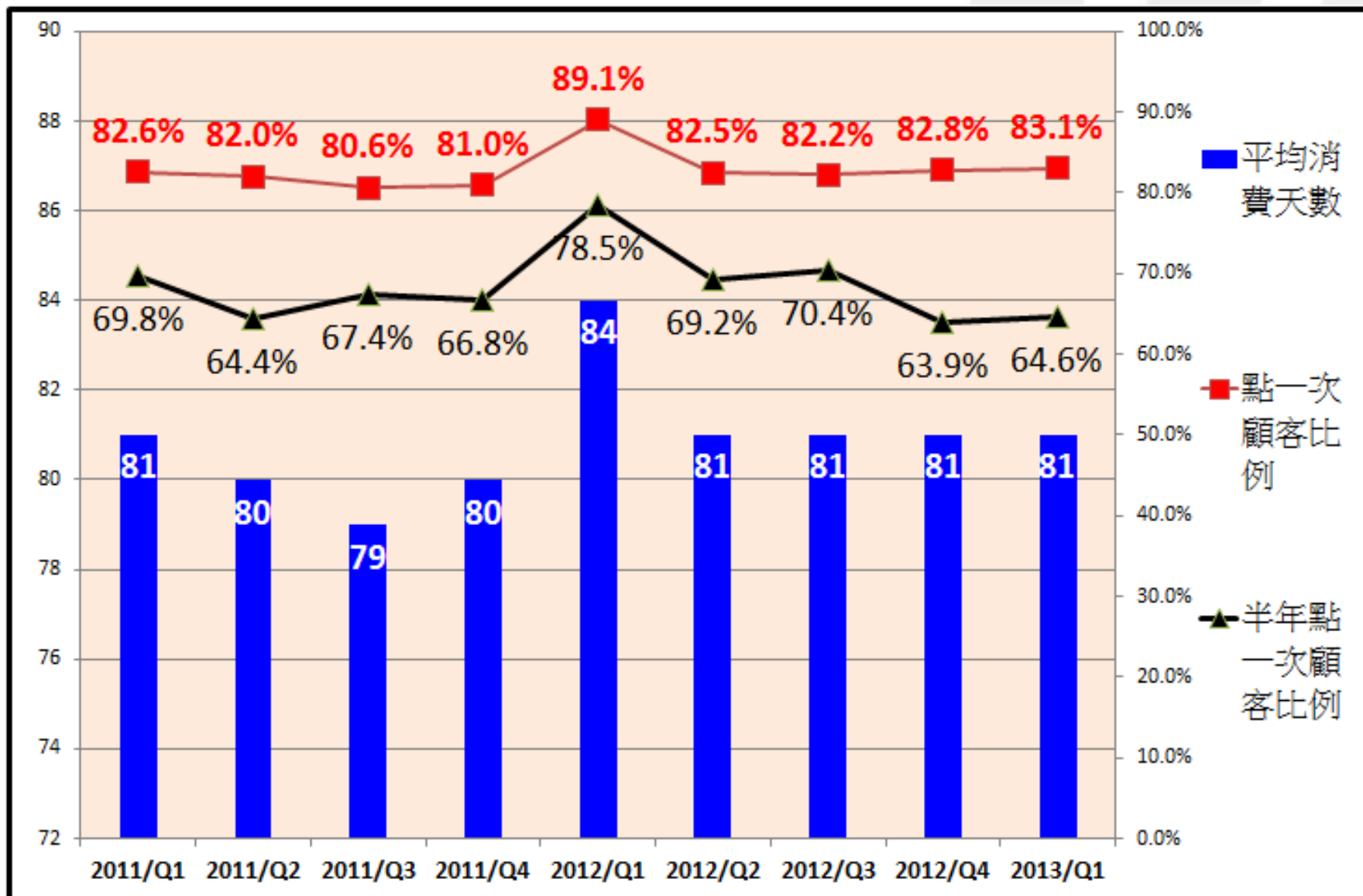
E6: Some western QSR offers delivery service. Do you know which of the western QSRs offers this kind of service?

E7: Does (Read out BRAND) currently offer delivery service?

E8: From which of the following brands have you used its delivery service?

E9: In the past 3 months, how many times have you used (brands mention in E8) for delivery?

# Delivery Purchase Cycle – Internal Data



Source: KFC Internal Data; 2013Q2 data needs to be updated



# Different consumer compositions across channels

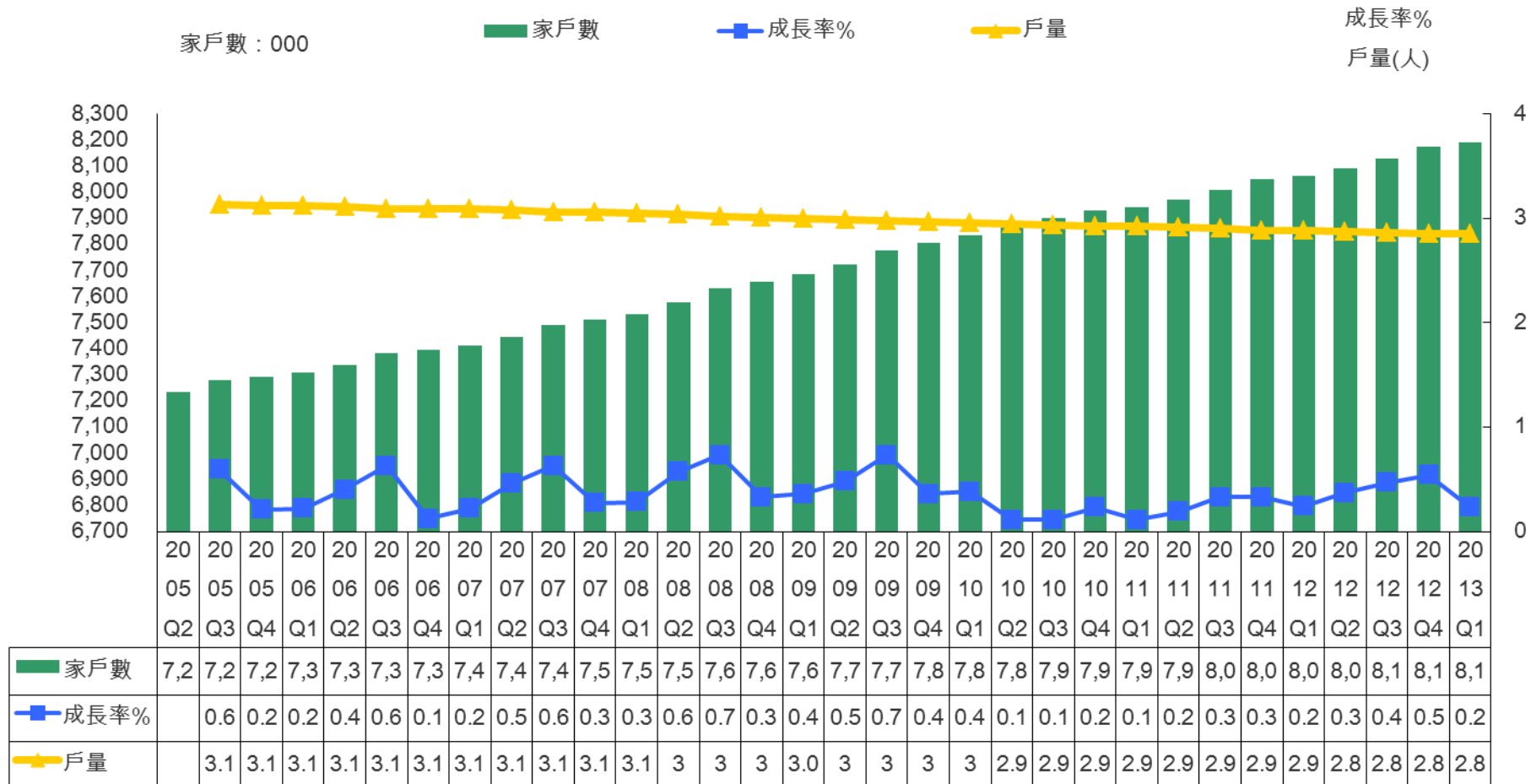
	%	Total	Dine-in	Take-out	Drive-through	Delivery
WEIGHTED SAMPLE('000)		(7742)	(3483)	(2135)	(550)	(231)
ACTUAL SAMPLE		(1446)	(681)	(417)	(108)	(58)
<b>Frequency</b>						
<i>MEAN (per week)</i>		<i>0.40</i>	<i>0.38</i>	<i>0.36</i>	<i>0.31</i>	<i>0.27</i>
<b>Group size</b>						
1		28	14	33	16	5
2		24	30	19	20	11
3		23	29	20	20	19
4 and Above 4		25	27	28	44	65
<i>MEAN</i>		<i>2.50</i>	<i>2.76</i>	<i>2.51</i>	<i>3.13</i>	<i>3.99</i>
<b>Group Composition</b>						
<b>NET - Family</b>		<b>47</b>	<b>46</b>	<b>56</b>	<b>64</b>	<b>63</b>
Children		35	36	39	50	35
Spouse		31	31	36	48	34
Parents		5	3	9	6	24
Junior other than children		3	2	4	4	9
Elder other than parents		1	1	2	-	5
<b>NET - Social</b>		<b>27</b>	<b>42</b>	<b>12</b>	<b>25</b>	<b>46</b>
Colleague / friend / classmates		16	26	8	11	35
Boyfriend / Girlfriend		13	18	5	13	15
<b>Ave. spending</b>						
Individual		127	129	133	126	149
Group		348	339	371	385	501

- QSR group-size and composition across DT and Delivery tell:
  - Delivery** is with big group size. 65% is more than 4. Group composition both from family and social.
  - Group size 3 accounts for 19%
  - Note: U&A was done last year and McDelivery delivery threshold was 399 and service charge 70.



# Number of people per household

- People per household is 2.8.





## The current challenges and GOAL

- Different channel users have different menu needs while our current menu offers mainly focus the menu across all channel.
- Delivery is an important and strategic channel to grow. The menu design needs to establish clear strategy to satisfy different consumers.
- Delivery threshold amount and service charge strategy against competition and household composition and KFC delivery position are not fixed.
- Two ways of ordering delivery service, on-line or call center, are not set specific strategy to attract delivery consumers

Define a clear menu strategy and role for Delivery (including OOS and Call Center), Catering based on consumers needs and behavior in order to drive sales





# Delivery Strategy





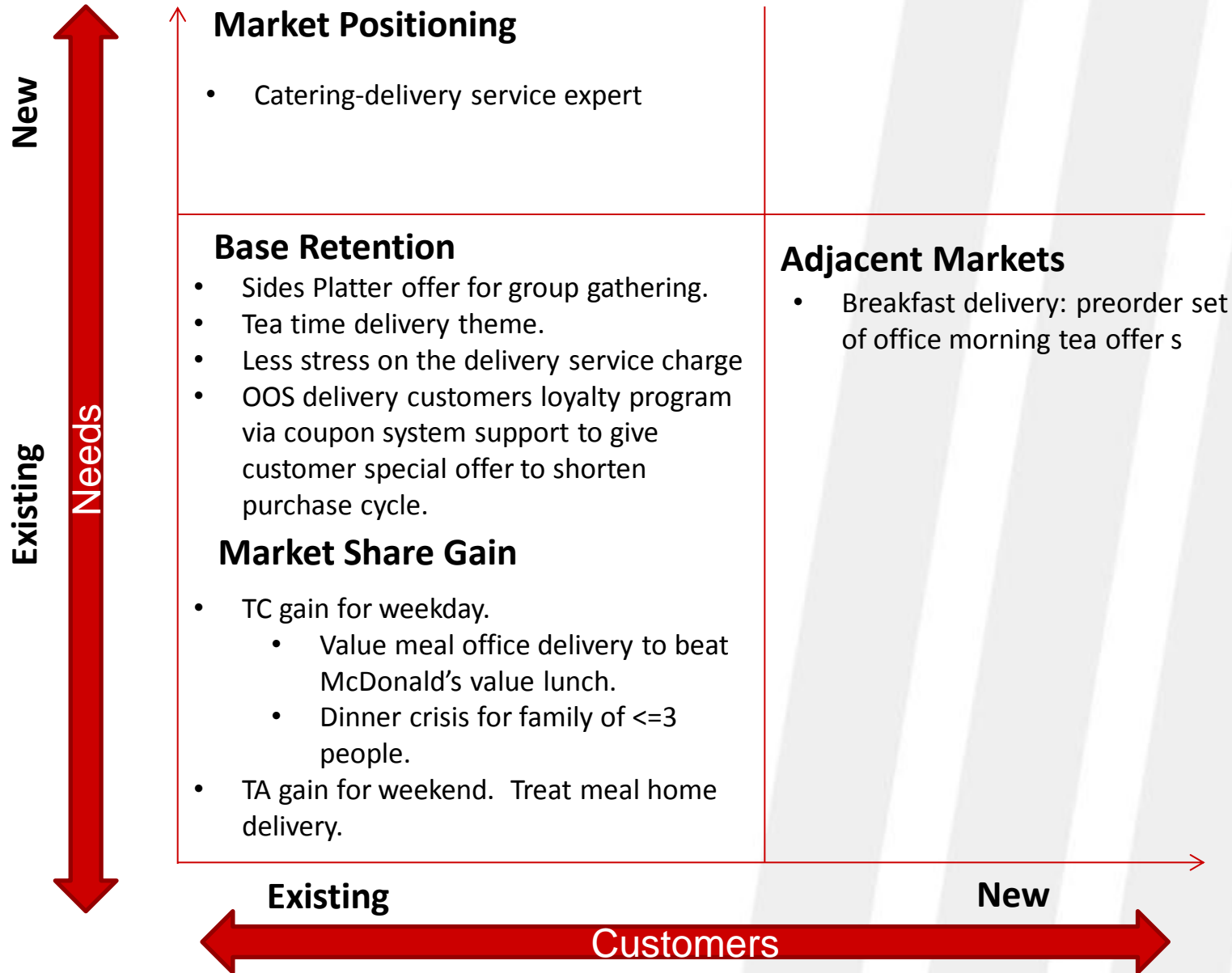
# Growing Delivery

- Bold vision
  - ▶ Western fast food home food service expert – You can enjoy Western fast food right at your home.
- Key goals
  - ▶ Being the number 3 in WQSR delivery market player
  - ▶ Delivery channel sales account for 10% of KFC sales. (Current: Around 7%)
  - ▶ Delivery customer purchase cycle shorten from 81 to 79-days in a year.
  - ▶ KFC delivery unaided awareness rolling 50%.
- Strategies
  - ▶ Gain TC and shorten purchase cycle.
  - ▶ Grow On-line ordering customer base.
  - ▶ Catering delivery service WOM.
- Resources
  - ▶ Need to strengthen KFC delivery service brand unaided awareness.
  - ▶ Lower down the delivery service charge barrier to drive orders frequency.
  - ▶ Enhance [www.4128000.com.tw](http://www.4128000.com.tw) and 4128000 phone number recall.





# The Growth Box







# KFC Delivery Re-branding

- What KFC Delivery means to consumers?



想吃 就吃到

Why buy me?



Who am I?

KFC美味在你家

Who am I for?

給你更多自由





# Data Analysis





# Menu Mix Across Channel 2013 YTD July

Menu Group	Channel			
	Delivery	Dine IN	DT	Take Away
Bucket Combo	47.4%	21.9%	37.9%	35.3%
Individual Combo	17.1%	41.1%	27.9%	24.9%
ET	7.2%	4.9%	12.5%	11.8%
Coupon	6.1%	8.2%	6.6%	9.5%
Catering	6.0%	0.1%	0.1%	0.3%
Delivery Combo	4.9%	0.1%	0.2%	0.2%
Other	2.2%	1.1%	1.9%	2.0%
Burger ALC	2.1%	2.0%	2.2%	2.3%
COB ALC	1.8%	3.1%	2.7%	3.6%
Sides - Non Protein	1.6%	2.8%	1.7%	2.1%
Sides - Protein	1.4%	3.0%	1.4%	2.5%
Cold Drink ALC	1.0%	3.9%	1.0%	1.4%
Breakfast Combo	0.5%	5.0%	3.0%	2.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

- Delivery channel accounts for 58.3% group-size.
- Dine-in customers are more individual combo consumption 41.1%.
- DT and Take away channel are similar in menu mix composition. While DT is more from bucket combo and individual combo.

### Implication and move forward:

- Delivery channel are targeting on “group-size”.
- Delivery COMBO will focus on \$600-\$999 TA for group-size > 6 people.
- Potential to grow individual combo sales in delivery channel.





# Trade zone and weekday/weekend sales %

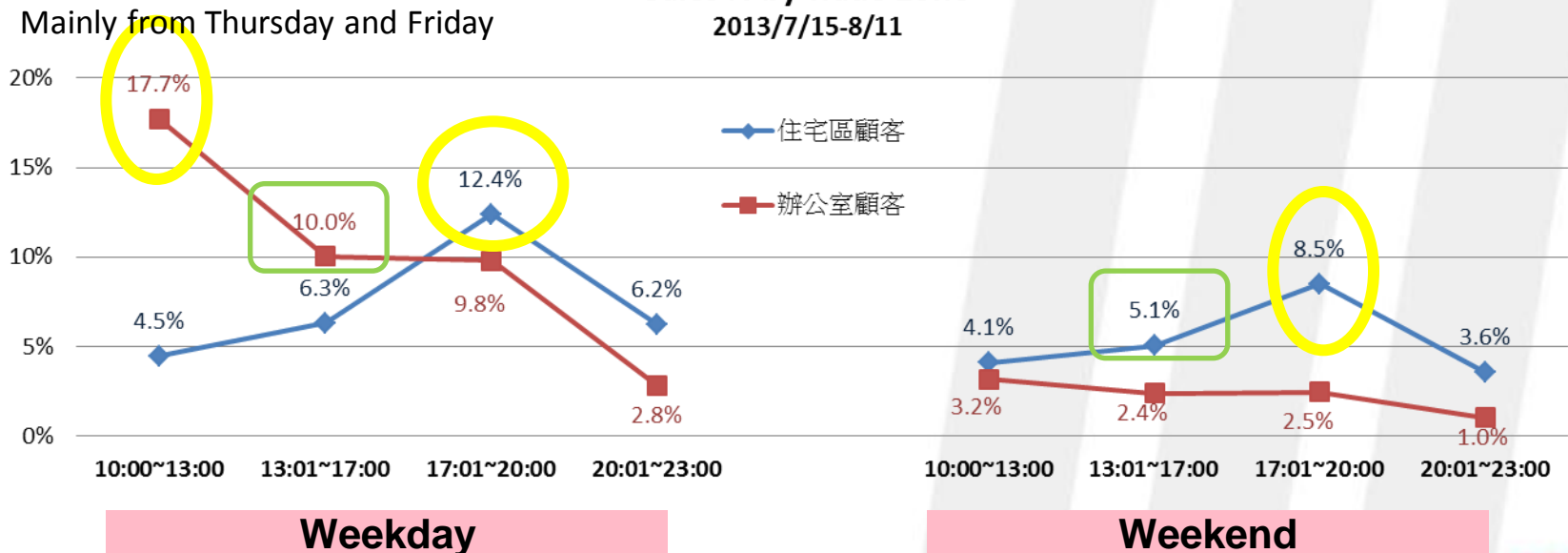
- Week day sales mainly from office and residential customers contribute the weekday and weekend dinner .

### Thinking:

- Monday to Wednesday office delivery, weekday office snacking delivery and weekend lunch time are potential to grow.

	Weekday	Weekend	Total
Residential	29.4%	21.3%	50.7%
Office	40.3%	9.0%	49.3%
Total	69.7%	30.3%	100.0%

Sales % by Trade Zone  
2013/7/15-8/11



\* 住宅區與辦公室是Call Center所詢問送達地方是住家還是辦公室，填答比率待查

# TA distribution

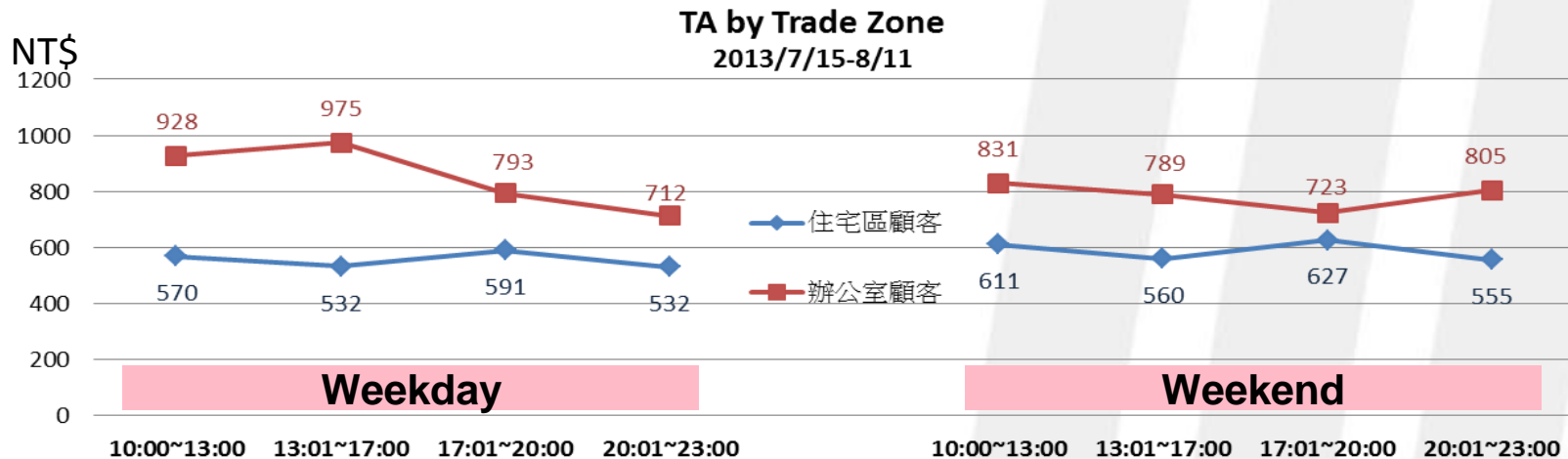
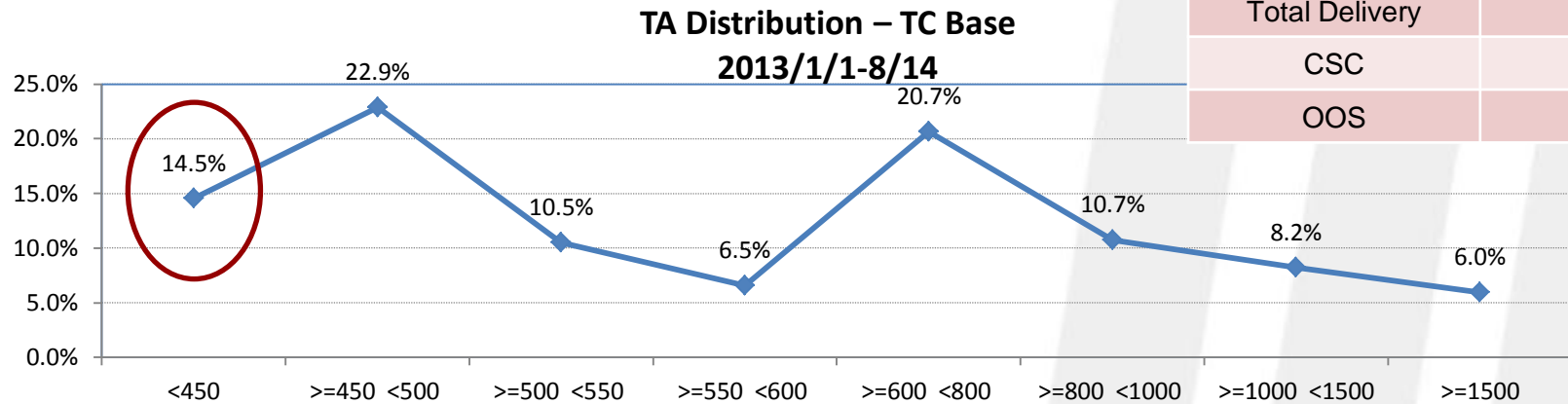


- \$450 delivery threshold and \$700 OOS incentive result in two TA range peak. <\$450
- TA < 450 accounts for 14.5% TC. And the residential TA is also very high during weekday to \$532.

## Thinking and move forward:

- Week day TA is very high. The opportunity to grow family of 2-3 people TC to solve dinner crisis during weekday.

	TA (7/15-8/11)
Total Delivery	665
CSC	685
OOS	600





# From delivery DUS comparison, 2012 Dec menu restructure did not bring positive impact on delivery

2012	Jan-Feb DUS (除以外送店93家)
五塊雞桶	5.49
六塊雞歡聚餐	1.57
八塊雞歡聚餐	3.09
十塊雞歡聚餐	1.92
外送用咔啦雙拼桶699元	1.27
手扒雞sogood同樂餐	0.57

2013	Jan-Feb DUS (除以外送店91家)	
五塊雞桶 NT\$189	3.63	4.59
5塊雞歡聚餐-配餐 NT\$249	0.96	
8塊雞歡聚餐-小拼 \$399	2.16	-30.1%
10塊雞桶餐-中拼 \$549	0.92	
咔啦雙拼桶-大拼 \$699	0.79	-37.8%
手扒雞同樂餐-小拼 \$429	0.35	-38.6%

Delivery DUS +/-1%

-16.4%

-30.1%

-30.1%

-37.8%

-38.6%

- The large group-size ( $\$ > 300$ ) DUS declined by -30%~-38%.
- Delivery exclusive offer “Zinger+ Bucket” dropped by -37.8% which was more serious than other large group-size meal

### Implication:

- The sides attractiveness is very important. Especially heavier impact on delivery.



DUS=1.27



DUS=0.79



DUS=0.57



DUS=0.35





# 2011 Catering Campaign

## 2011 Mother's Day Catering



4.34M

## 2011 Moon Festival Catering



Preorder time from 3 days to 2hrs  
5.56M

## 2011 Xmas Catering



Combined DM and one no.4128-0000  
12.05M





# 2012 Catering Campaign

- In the past, Catering needed to introduce new LTO product when in 4 festival seasons

## Thinking:

- Catering is an occasion needs while need long-term consistent strategy to build KFC catering image; not only focus in festival seasons.

### 2012 CNY Catering



12.06M

### Mother's Day Catering



5.86M

### Moon Festival Catering



7.49M

### Xmas Catering



13.7M  
TVC Support







# Big Group-size Menu Vision (Delivery/ Catering Bundles)





# Menu differentiation

- SIDES play an important role in DELIVERY channel especially the treat meal and catering occasion

	Value	Complete Meal	Treat Meal	Catering
Burger				
Bucket				
Sides	Single serve		Sides Platter	Bountiful amount per serve
Salad				
Drink				
Dessert				
Soup				

Align with group-size and individual combo layer menu strategy





# Delivery Menu Vision – Permanent

- Main meal + Platter Concept
- 外帶預約自取滿700送一瓶裝百事可樂再，再加碼送兩顆原味蛋撻
- 外帶預約自取滿450送一瓶裝百事可樂

Treat Meal		
<b>Group size 5-6</b>  <b>\$600-999</b>  Cos 35%	 <p>8*COB \$299 Cos:34.25%</p>	<p>大四喜拵盤 <b>\$299 Cos: 34.91%</b></p>  <p>L 4 Corns 8 nuggets 2 Fries(L) 4 PCC (L)</p>
	 <p>8*COB 1*烤半雞 \$ 429 Cos: 36.65%</p>	<p>小三元拵盤 <b>\$199 Cos: 34.27%</b></p>  <p>L 3 Corns 1 Fries(L) 3 PCC (L)</p>
	 <p>18*COB \$629 Cos: 36.63%</p>	





## Catering Menu Vision – Permanent

- Build KFC signature Party Box image- long term, not only focus in festival seasons.
- Office happy hour, school/ college activity/ Social gathering.

Catering	
<b>Group size 9人以上</b>  \$1299 Cos: 37.27%	        18*COB \$629 Cos: 36.63%  20個Nugget \$169 Cos: 35.54%  18個原味蛋撻 \$360 Cos: 38.85%  9份小薯 \$149 Cos: 36.09%
<b>Add-on Drink</b>	  可以15元加購中杯飲料，至多可加點9杯，中杯飲料封模服務



## Delivery/ Catering Menu Vision- Other

- Monday- Wednesday lunch- Individual meals/ XL boxes group ordering
  - ▶ BOX meal is a very good individual pack meal for office lunch delivery. Need to utilize the advantage of the XL box and variety/ abundant meal
  - ▶ Example: Monday lunch 週一不BLUE- Back to office: Buy 5 XL Box get 1 free



- Dinner crisis delivery during weekday
- Breakfast/ Snack Time Delivery
  - ▶ Weekdays, office breakfast and afternoon tea set delivery.
  - ▶ Breakfast delivery is run in big pre-ordered (Need to calculate the cost of COL and other related cost)





# Order platform management: CSC vs. OOS





# Service charge and delivery threshold (Working Progress)



- Currently, we are studying the way of copying McDelivery's service charge model: Fix service charge and take out delivery threshold
  - ▶ To fight against competition from McDelivery
  - ▶ To avoid the cannibalization of our internal take-out customers
  - ▶ The service charge can be transformed into many ways of delivery promotion schemes such as 滿450送兩顆蛋塔



▲「麥當勞歡樂送誓師大會」由百名外送員共同宣誓敲滿千萬戶決心，讓消費者輕鬆享受想吃就點的方便服務！

【台北訊】麥當勞持續提供顧客全天候物超所值的美味及方便服務，自2008年開始提供歡樂送服務以來，麥當勞是**全台唯一提供24小時外送服務的連鎖餐飲品牌**。為展現歡樂送敲滿千萬戶的企圖及決心，麥當勞於今（16）日舉辦「麥當勞歡樂送誓師大會」，百名外送員排列象徵黃金拱門的M字LOGO，宣誓「24hr歡樂送」想吃就點的便利服務。而為回饋消費者長期支持，即日起「24hr歡樂送」降低門檻，外送費全面半價35元，點餐還另加贈價值55元的「四塊麥克雞塊」，超值又划算！  
※ 四塊麥克雞塊限於上午10:30到凌晨4:00供應，產品數量有限，送完為止。

2013-07-16

- Finance is supporting on calculation of fixed service charge dollar amount to find the break-even price point
- “Delivery service charge promotion” to test the impact. Plan to be done in October 2013 to check the effectiveness.

- Since 2013/1 McDelivery changed the call center to China
- Since 2013/4 McDelivery changed the service charge fee





# Grow OOS

- Short-term (already applied):
  - ▶ Bounce back coupon to advertise OOS.
  - ▶ Tray paper advertisement
- Long-term start from year 2014 Jan:
  - ▶ Continuous precise digital marketing to attract on-line 影音網/ 線上遊戲網站.
  - ▶ CSC consumers will get an OOS incentive once they register their order through OOS and they can consume the incentive when next time they place order through OOS.
  - ▶ Office building Kiosk OOS advertisement with QR Code.

The advertisement is a vertical banner for KFC. At the top, it says "想吃炸雞不用出門 現食專送到家" (Want to eat fried chicken without going out, home delivery of fresh food). It includes a QR code for online ordering and a phone number "4128-000". Below this, it states "訂餐金額滿\$450, 免收外送服務費\$70" (Order amount over \$450, free delivery fee of \$70). There are two coupon sections, each with a "折" (Discount) and "送" (Gift) offer. The first coupon offers a \$50 discount on any single order (D-42) and a free Pepsi (1.25L) for orders over \$50 (D-43). The second coupon is identical. The bottom of the ad lists terms and conditions in small text.

優惠券使用注意事項:  
1. 限電話訂餐使用, 網路訂餐與餐廳點餐不適用  
2. 限下次消費使用, 使用時請事先告知服務人員優惠券編號  
3. 優惠券不可併用, 該次使用的優惠券請交由外送員收回  
4. 肯德基保有修改優惠及活動辦法的權利  
5. 炸雞不可指定部位  
6. 圖片僅供參考, 產品以實物為準

單筆訂單不限金額 折 50元  
KFC 優惠券編號 4128-000  
\$50 OFF  
訂餐金額滿\$450, 免收外送服務費\$70  
有效期間: 2013/9/1~2013/10/31

單筆訂單滿\$50 送 可樂1瓶(1.25L)  
D-43  
PEPSI  
訂餐金額滿\$450, 免收外送服務費\$70  
有效期間: 2013/9/1~2013/10/31

單筆訂單不限金額 折 50元  
KFC 優惠券編號 4128-000  
\$50 OFF  
訂餐金額滿\$450, 免收外送服務費\$70  
有效期間: 2013/9/1~2013/10/31

單筆訂單滿\$50 送 可樂1瓶(1.25L)  
D-43  
PEPSI  
訂餐金額滿\$450, 免收外送服務費\$70  
有效期間: 2013/9/1~2013/10/31



# OOS Menu Order Structure needs be restructured in a clear way of identifying meals needs/occasions



- Currently, our menu structure is not well-designed for consumer's decision tree. The OOS menu structure needs to be refined according the all menu vision across day-parts are finalized.



# Working Progress/ Timeline





## Working progress and Timeline

- Delivery service charge and threshold pre analysis and final proposal before 8/31.
- Delivery DM layout study and ordering behavior in-depth interview – In house study before mid-September.

### Long-term (since 2014)

- Continuously radio KFC delivery awareness building and sustaining.
- Digital marketing to grow/ build/ retain OOS customer.
- Packaging is a key area to revisit. In particular the catering occasion.
- KFC Delivery Branding revisit.
- Different trade zone different DM strategy/ Or offer design.





**Thank You!**

