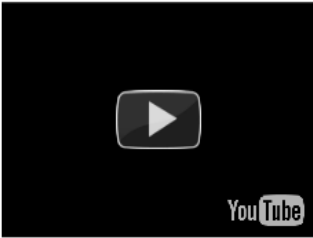


QUESTIONS?



### STRATEGIC IMPLEMENTATION

**one**  
Differentiate products faster

**two**  
Improve on "three key attributes"

**three**  
Focus on developing other brands

### AGENDA

- Industry Analysis
- Key Issues
- PEST
- SWOT
- Value Chain
- Financial Analysis
- Key Success Factors
- Recommendations

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**Yum! CHINA**

Audrey Monteiro  
Ahmad Al-Zaben  
Mariya Zabigaylo

Mustafa Amer  
Rizwan Merchant  
Zareen Bukhari

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### KEY SUCCESS FACTORS

- Supply chain management
- A talented workforce
- Product innovation capabilities

Sam Su, Chairman & CEO of Yum! Brands China Division  
- The man behind the magic

### INDUSTRY ANALYSIS

4 Major Players

### KEY ISSUES

- A highly competitive market
- Decrease in customer satisfaction
- Lack of brand development

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### FINANCIAL ANALYSIS

Sales Growth

Operating Margin

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### SWOT

**Strengths**  
Local customization  
Growing middle class

**Weaknesses**  
Decreasing customer satisfaction

**Opportunities**  
Growing middle class

**Threats**  
Yum! rival: it

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### PEST

- Political**: Government plans
- Economic**: Rapid industry growth
- Social**: Health concerns, Career Attitudes, Values, Socio-economic Structure

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### VALUE CHAIN

**Primary Activities**  
Supply Chain Management  
Distribution  
Marketing

**Secondary Activities**  
Human Resources Management  
R&D

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# AGENDA

- *Industry Analysis*
- *Key Issues*
- *PEST*
- *SWOT*
- *Value Chain*
- *Financial Analysis*
- *Key Success Factors*
- *Recommendations*

# INDUSTRY ANALYSIS

## STRATEGIC GROUP MAP - QSR INDUSTRY IN CHINA

- Over 3,600 restaurants throughout China
- Quick Service Restaurant (QSR) industry with McDonald's being one of their main competitors

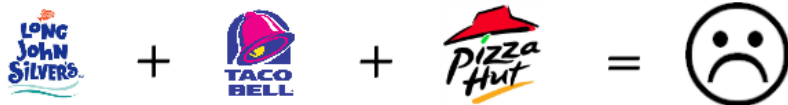
### 4 Major Players



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# KEY ISSUES

- 1) *A highly competitive market*
- 2) *Decrease in customer satisfaction*
- 3) *Lack of brand development*



## Yum! China KFC Brand: Customer Survey Data

Exhibit 12: Three key attributes

Attributes	2007	2008	2009	2010	% Change
	KFC	KFC	KFC	KFC	
Good Taste	73%	70%	68%	67%	-8.22%
Menu Variety	65%	63%	64%	62%	-4.62%
Innovation	67%	65%	65%	62%	-7.46%

Source: Company Data

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# PEST

*Political*

- Government plans

*Economic*

- Rapid industry growth

*Social*

- Health concerns
- Career Attitudes
- Values
- Socio-economic Structure

# SWOT

## *Strengths*

- Local customization

## *Weaknesses*

- Decreasing customer satisfaction

## *Opportunities*

- Growing middle class

## *Threats*



# VALUE CHAIN

## *Primary Activities:*

- Supply Chain Management
- Distribution
- Marketing

## *Secondary Activities*

- Human Resources Management
- R&D



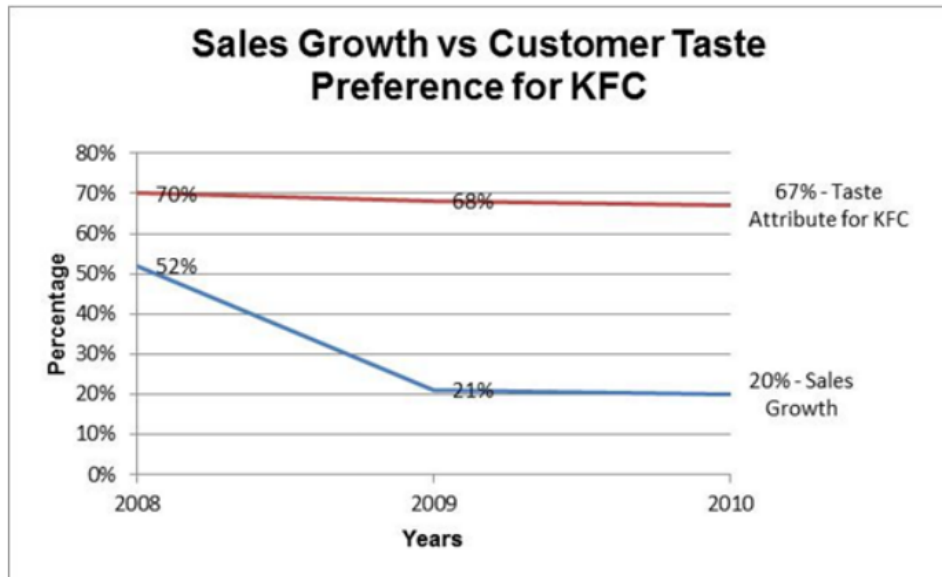
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# FINANCIAL ANALYSIS

YUM! Brands Financial Data - China Region				
	2010	2009	2008	2007
<b>Sales</b>	\$ 4,033,000	\$ 3,352,000	\$ 2,776,000	\$ 1,823,000
<b>Annual Growth</b>	20%	21%	52%	

*Sales Growth*



YUM! Brands Financial Data - China Region				
	2010	2009	2008	2007
<b>Revenues</b>	\$ 4,088,700	\$ 3,407,000	\$ 2,840,000	\$ 1,887,000
<b>Operating Profit</b>	\$ 747,500	\$ 596,000	\$ 471,000	\$ 371,000
<b>Operating Margin</b>	18.3%	17.5%	16.6%	19.7%

*Operating Margin*

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