

PROPOSED STRATEGY AND IMPLEMENTATION OF BONCHON CHICKEN INDONESIA

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Abstract-The main of this research is identifying the competitor, current market condition and analyzing best strategy of Bon Chon. The author used several techniques of data analysis in this research for the data qualitative in this research was gathered through interview and observation. The result of the qualitative data will be conducted by using Industry Analysis, SWOT Analysis, and Value chain Analysis. And for quantitative data, questionnaire analysis will be conducted by using SPSS to test reliability and validity the questionnaire first. And then will be conducted by using multi dimensional scaling to know consumer perception between Bon Chon and other brands fast food, the author takes Kychon, Lotteria, and KFC for the competitors to compare with Bon Chon. The aim in this research is to identifying the current market condition or situation Bon Chon in fast food Industry and to know the characteristic of consumer Bon Chon. Nowadays Fast food has become part of people's lives in this modern era and Indonesia's young generation currently has been influenced by foreign cultures (Western culture). On the other hand, the phenomenon of a new trend of fast food is regarded as a form of mass culture. As time goes by, the demand on Fast Food increase dramatically and all the fast food restaurant in Indonesia started to expand their market by open more outlets in many big cities in Indonesia. However, the trend changes rapidly and it makes the competition in fast food Industry become higher. Nowadays, many Indonesian people being a big fan of "Korean style" and it becomes an opportunity for Korean Fast food Industry to enter the Indonesian market. the result Bon Chon is using the competitive strategy to compete with competitors and still sustain this industry. Although that happened that strategy its not enough, Bon Chon also have to use a focus strategy in their competitive strategy techniques with making new target segmentation for increasing sales and developing the market in Indonesia. In the current condition target market of Bon Chon is middle to upper and doesn't has specification of their segmentation variables such as psychographic, demographics and geographic. And the key strength of Bon Chon is uniqueness of Product its proven by the result of questionnaire that 41.8% strongly agree and 36.9% agree with that statement.

Introduction

Nowadays Fast food has become part of people's lives in this modern era and Indonesia's young generation currently has been influenced by foreign cultures (Western culture). On the other hand, the phenomenon of a new trend of fast food is regarded as a form of mass culture. As time goes by, the demand on Fast Food increase dramatically and all the fast food restaurant in Indonesia started to expand their market by open more outlets in many big cities in Indonesia. However, the trend changes rapidly and it makes the competition in fast food Industry become higher. Nowadays, many Indonesian people being a big fan of "Korean style" and it becomes an opportunity for Korean Fast food Industry to enter the Indonesian market. There are several Korean fast foods that enter Indonesia in 2011 one of them is Bon Chon. Bon Chon is those Korean Fast foods bring the authentic taste from Korea. The most well known fast food that originated from Korea is Bon Chon. Bon Chon serves fresh and high quality raw material and never use frozen for their food. There are many fast food restaurants that have opened in Indonesia before Bon chon enter the Indonesia's market. Bon

Chon has to make the different strategy and has to own its uniqueness to compete in the competitive industry. However, the uniqueness created by Bon Chon still not yet making Bon Chon as a market leader in this Industry. Even though Bon Chon had already opened their outlets in many areas in Indonesia, it could not make Bon Chon increasing the awareness of their brand in Indonesia's population and making Bon Chon as a market leader in Indonesia.



Figure 1 .Bon Chon Gandaria City Out let

Theoretical Foundation

Several theories that are used in this paper will be explained and analyzed further in this chapter. This chapter will give understanding of the theories that the researcher are going to be analyzed business strategy and identify the competitors in current market condition. The theories that are used also limit the focus of analyses.

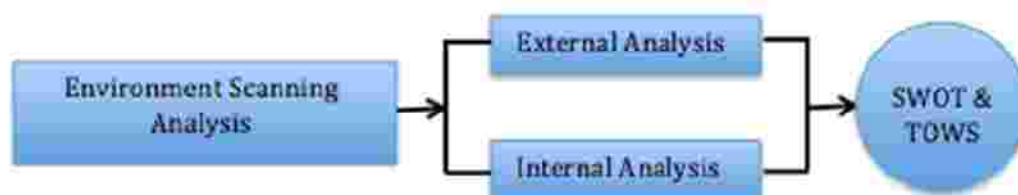


Figure 2. Conceptual Frameworks

Environment scanning is the monitoring, evaluating, and disseminating of information from the external and internal environments to key people within the corporation. Its purpose is to identify strategic factors.

SWOT Analysis is theories to determined internal factor (Strengths and Weaknesses) are the aspect of which are we can control and external factor (Opportunities and Threats) are the uncontrollable aspect in the company.

External Analysis examines opportunities and threats that exist in the environment. Both opportunities and threat exist independency of the firm. They way to differentiate between a strength or weakness from an opportunity or threat.

PESTLE analysis is a concept in marketing principles. Moreover, this concept is used as a tool by companies to track the environment they're operating in or are planning to launch a new project/product/service etc. PESTLE is a mnemonic that in its expanded form denotes P for Political, E for Economic, S for Social, T for Technological, L for Legal and E for Environmental.

Michael Porter's Five Forces is a framework used to evaluate the competitive environment in which a product or a company operates and this framework is reliable for industry analyses and business strategy development. The five forces Porter used to analyze an industry were identified as competitive rivalry within the industry, barriers to entry, threat of substitutes, the power of buyers and the power of suppliers (Figure 2.4).

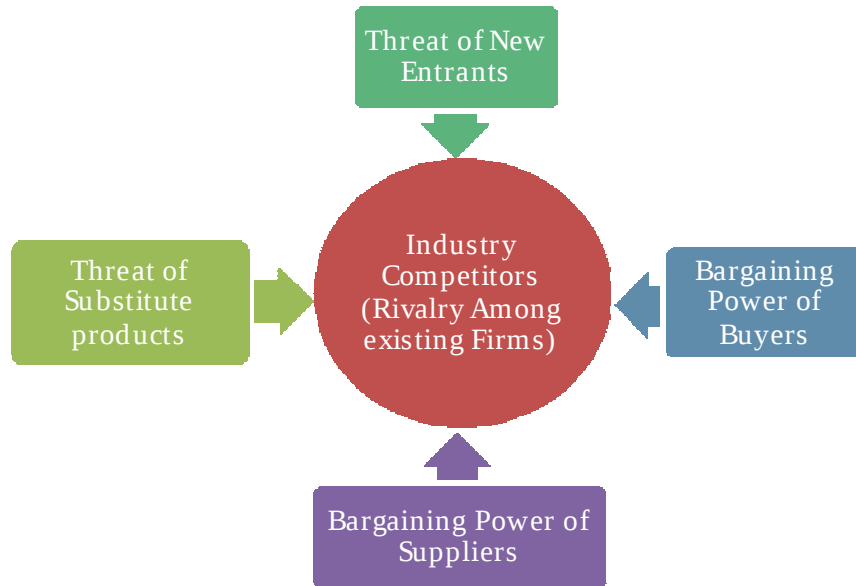


Figure 3. Porter's Five Forces

Porter's competitive strategy is competitive strategy techniques for analyze industry or company and competitor to make competition among companies and survive in the competition. Competitive strategy that has a company's ultimately falls into one of two headings. By applying this strength in either a broad or narrow scope, three generic strategies result are cost leadership, differentiation, and focus.

Internal Analysis examines strength and weakness. The internal analysis defines to identify internal factor in organization or company.

Resources are an organization's assets and are thus the basic building blocks of the organization. Include tangible assets such as its planted building, equipment, finances, location, and human assets, in terms of the number of employees, their skills, motivation and intangible assets such as its technology (patents and copyrights), culture and reputations.

Value Chain is a linked set of value- creating activities that begin with basic raw materials coming from suppliers, moving on to a series of value added activities involved in producing and marketing a product or service and ending with distributors getting the final goods into the hands of the ultimate consumers.

TOWS Matrix is the alternative strategies generated from SWOT Table. It illustrated how the external opportunities and threats facing a particular corporation can be matched with the company's internal strength and weaknesses.

Methodology

In this research the author used six steps of process to bring out a good result of research, starting with Phenomenon and ends with conclusion & recommendation.

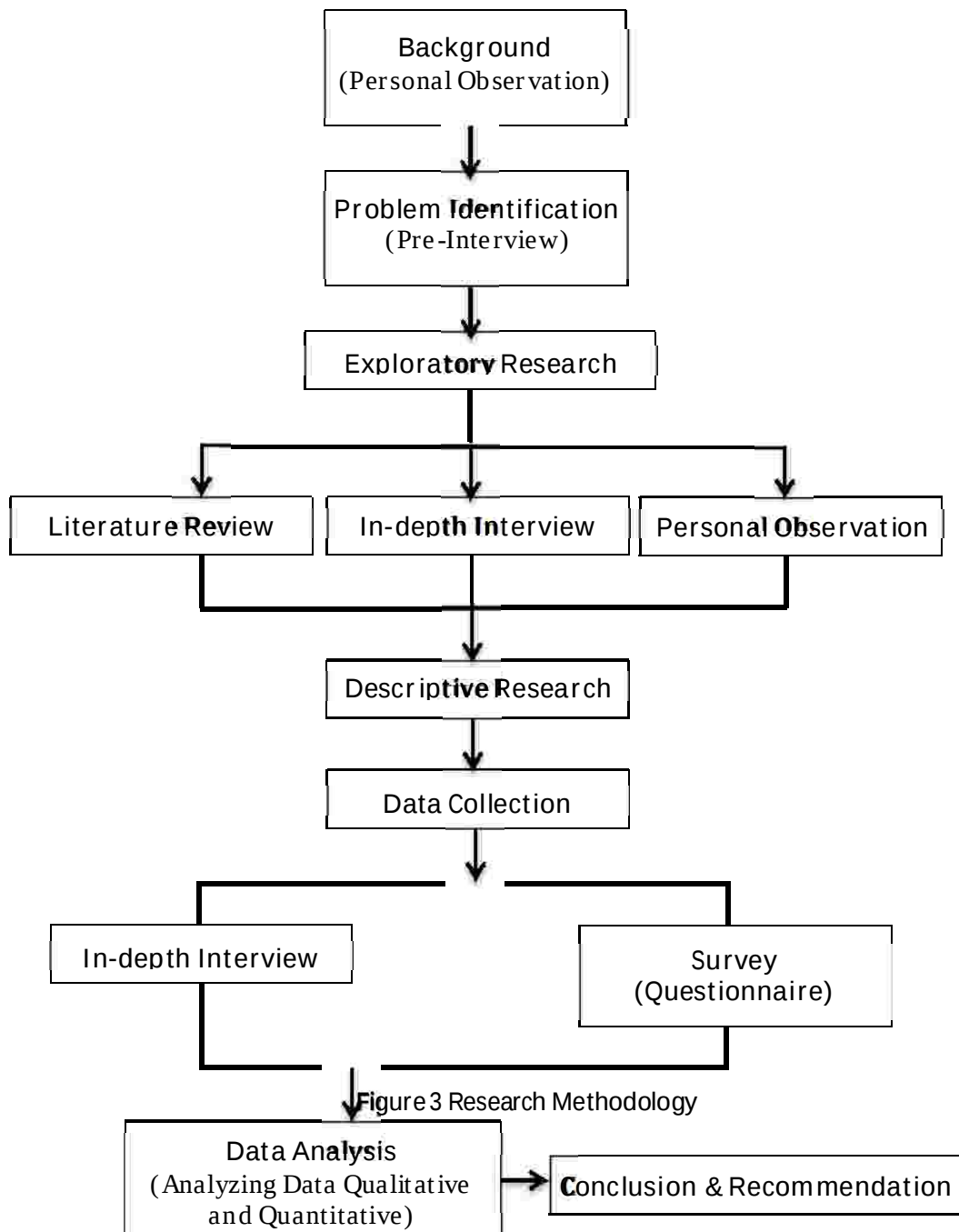


Figure 3 Research Methodology

Background was conducted through personal observation with the staffs of Bon Chon. The author began the research by looking at the background that occurs in Indonesian fast food industry that exists at the moment. Proceeding, Problem Identification was the first step which is done by the author in conducting the research, the author conducted some pre-interview with staff marketing manager of Bon Chon to find problems being faced by Bon Chon in dealing with current market conditions. Exploratory Research was used to gather a preliminary understanding of the problems that exist in Bon Chon and establish structures to determine the process to be performed in the

research. The author used three methods such as literature review, in-depth Interview and Personal Observation. Descriptive Research was conducted through multiple sources of Questionnaires. After descriptive research, necessary information is gathered in Data Collection steps where personal observation, interviews with staffs of Bon Chon, and questionnaire will conduct. And last step in this research is Conclusion and Recommendation; the finding from analysis will be concluded in conclusion and recommendation.

Data Collection and Analysis

In this research the author used Interview, personal observation and questionnaire to gather the information and to complete the data for this final project. First, the author decided to do interview with chief of Marketing, operational, human resources, staff and consumers of Bon Chon Company on purpose to get further information about the Bon Chon Company related conceptual framework. Second, The author used personal observation to obtain the data and give a thought about the condition of Bon Chon. And lastly the author used questionnaire, the purpose of this questionnaire is to know the customer perception related differentiation Bon Chon and others Fast Food restaurants and to know the characteristics of the consumer. The author distributed the questionnaire for people who ever consumed and purchasing Bon Chon. And the target population of this research is male or female, who lived in DKI Jakarta, who ever consume Bon Chon and others Fast Food Brand such as Kychon, Lotteria, and KFC. According to Journal and theory of stimulus factors there are many variable in restaurant attributes such as location, atmosphere, service, product, and price. All of questions in questionnaire are breakdown in some question related to the variables. The purpose of this questionnaire is to know the customer profile and what the most factor that directly affect as stimulus factor for consumers.

In Indonesia fast food restaurant grows rapidly and Bon Chon is one of well-known fast food business restaurant in Indonesia. Most of the respondents of this research questionnaire participated are woman, aged between 17-21 and students with monthly income between 1.000.001 – 3.000.000 IDR. The questionnaire was distributed in Jakarta to 122 peoples.

The aim of this research is to identifying the current market condition or situation Bon Chon in fast food Industry and to know the characteristic of consumer Bon Chon. The indicator that was affected to know that divided into five indicators such as Atmosphere, service, location, product and price. The important of Bon Chon was evaluated generally, respondents showed a positive respond to the each question. Product is most affected factor because the uniqueness taste of the sauce in their chicken menu and their chicken is already selected before the cooking process it the reason why the chicken is more delicious and different with other competitors. Services in Bon Chon overall get good response from the consumer because the staffs in Bon Chon outlet provide good information about the product knowledge, friendly with customer and their always helping. Atmosphere in Bon Chon has positive response because Bon Chon provide a comfortable place, always keep clean, and has an attractive appearance in the restaurant. Bon Chon has affordable price and the customer also agree that the amount of money that they spend is comparable with the food quality they get. Location has doubt response because the customers hesitate about the accessibly of Bon Chon. So the Bon Chon must to improve the strategy to make positive response about the location indicator.

Bon Chon has used the differentiation strategy in their strategy to compete with competitors and still sustain this industry. Although that happened that strategy its not enough, Bon Chon also have to use a focus strategy in their competitive strategy techniques with making new target segmentation for increasing sales and developing the market in Indonesia. In the current condition target market of Bon Chon is middle to upper and doesn't has specification of their segmentation variables such as psychographic, demographics and geographic.

Conclusion and Recommendation

Conclusion

After analyzed the data on the previous chapter, the author would explain the conclusion on this research as follows:

1. Bon Chon served fresh and high quality raw material and never use frozen for their food. Bon Chon always serves with high quality high standard chicken its make the highest price in their product. Every chicken has to be measured, cleaned, and prepared perfectly before it shipped to every outlet. The system makes the standard quality of Bon Chon being the same for every outlet. Bon Chon also has its own standard of frying, which called Healthier fried chicken the special frying techniques. That special frying system that used by Bon Chon will get off fat from chicken's skin so it makes the chicken that serves in Bon Chon become Zero Trans Fat.
2. From the questionnaire result, the product of uniqueness in Bon Chon is most affected the consumer purchase intention. The strongest correlation is the uniqueness taste of Bon Chon; this shows that Bon Chon strength influence consumer's willingness to buy. This situation is the key strength of Bon Chon to make increase sales in this company especially for chicken menu.
3. After doing some other analysis tools, PESTE Analysis, Porter's 5 forces, Value Chain activities, the current focus that Bon Chon uses is differentiation strategy, they used this strategy to compete with other competitor in the fast food industry.
4. From the dimensional scaling, the result of this test Bon Chon get highest score in Product, service and price indicators. It means two of the indicator such as location and atmosphere get lowest score when Bon Chon compare with the competitors.

Recommendation

According to the conclusion of this research that has been presented before, there are several recommendations for Bon Chon to develop the market in Indonesia:

1. Bon Chon should use differentiation focus strategy in their competitive strategy techniques with making new target segmentation for increasing sales and developing the market in Indonesia. Expand the target market and making new target segmentation for the middle to low class and providing lower cost product to cover the target.
2. According to the questionnaire result, most of the customers buy Bon Chon are doubt about the location and they hesitate about the accessibility of Bon Chon and this is highly affected for their development market in the future. The consumer can prove this in questionnaire result easy to access Bon Chon outlet is a factor that considered important. So they should increase the promotion activities such as TVC, make a booming promo in Social media and also give information knowledge about Bon Chon in their social media.
3. From dimensional scaling the author recommend Bon Chon to concentrate with two lowest indicators such as location and atmosphere because this is conclude the competitor of Bon Chon is superior in that indicator and it makes Bon Chon weaknesses. Bon Chon can make a unique interior in their outlet or making a unique concept in their outlet to attract consumer, and provide Wi-Fi. With their concept distinguished among competitor and will be very hard to be copied by new comers.
4. In order to gaining strong freshness positioning value, the author recommend Bon Chon showed to the consumers process of production like the frying, clean and show it in the LCD TV or monitor that can make strong evidence their chicken not cooked earlier and kept it in warm environment like the other, but Bon Chon use direct frying.
5. Through Blogging and web the author recommend Bon Chon would like to give information and educate the society about the Bon Chon who not like the other chicken food. They should

educate how healthy Bon Chon is and it will attract to visit blogging and blog through the link that we will give in the social media interactions. Moreover, the contents can be issues about fast food so that customers can move to Bon Chon cause of its differentiation.

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