

KFC - it's finger lickin' good!



FINAL YEAR PROJECT

Project Title:

An Analysis of KFC's Business Operations and Market Strategies

Company Name:

Kentucky Fried Chicken (KFC)

Industry Supervisor Details:

Name: [Supervisor's Name]

Designation: [Supervisor's Position]

Contact Information: [Email/Phone]

Company Address: [KFC Branch/Head Office]

Brief Description of the Project:

This project aims to analyze KFC's business model, marketing strategies, and operational practices within the fast-food industry. The study will explore KFC's market positioning, customer engagement tactics, supply chain management, and competitive advantages. Additionally, the project will assess KFC's impact in [Your Country/Region] and examine potential areas for improvement.

Team Members:

[Your Name]

[Other Team Members' Names]

6. Submission Date:

[Date of Submission]

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Introduction

Kentucky Fried Chicken (KFC) is a fast-food restaurant that is internationally recognized for its fried chicken. It is a restaurant chain based in the United States which was founded by Colonel Harland Sanders in 1952 and has its head office at Louisville, Kentucky, USA. KFC is a subsidiary of Yum! One of the largest restaurant companies in the world, Brands, Inc. The company is engaged in the food fast industry, which provides products such as chicken based meals mainly of the Original Recipe fried chicken, crispy tenders, chicken sandwiches, and chicken sides.



Background

We tend to visit KFC in Karachi, Pakistan last month and discussed the issues they are facing currently. So, after knowing the problems and challenges KFC is facing in Pakistan, being the students of business administration and marketing strategy, we decided to analyze the problems and provide them with some effective solutions for their better future. The given report displays the problems faced by KFC in Pakistan from year 2020-2024, their analysis and solutions.

We, as a team studied operational and market problems at the KFC branch in Karachi, Pakistan. Being the students of business administration and marketing strategy, we chose to study KFC's regional challenges to develop solutions which would enhance KFC's regional performance.

The issues came to light during observations, market studies and feedback from customers. It emphasizes four main problem domains such as supply chain interruptions, customer service grievances and delivery system flaws alongside employee turnover problems and cost-quality

equilibrium maintenance. The research analyzed KFC Pakistan's operational outcomes spanning the 2020-2024 period.



Literature Review

KFC is one of the famous fast-food restaurants in the world famous for the consumption of fried chickens in various countries. In its many years of operation, KFC has use various principles of business administration and marketing to create a favorable market niche. Literature review in this paper focuses on important features and issues of KFC operational model, franchising, marketing practices, brand image, and customer management.

Business Administration Strategies of KFC

- **Franchising Model and Global Expansion**

KFC has sales and outlets outside the US through franchising, which is an effective way where people worldwide open outlets under the KFC brand name with company regulation. With reference to Haider (2023), KFC operates both company operated and franchised stores that make it easier for it to expand its markets. Praising the opposite, KFC that Franchising policies have been incited to adapt the national business laws and end-users' demands in countries like Pakistan which have led to the growing influence of KFC in the emerging markets (Rehman, 2023).

- **Supply Chain and Operations Management**

This restaurant type must have an effective supply chain management to enhance their performance like KFC. Malik (2022) points that KFC has adopted and implemented new technologies such as Microsoft Dynamics 365 as ERP so as to better manage its inventories, minimize wastage, and optimize suppliers. This digital approach of managing the stocks helps also track the stocks in real-time levels thus helping to minimize the incidences of stock out or over stocking (Gillani, 2020). In addition, focus on local raw materials in the company's supply chain such as those in Pakistan have made KFC less vulnerable to changes in geopolitics and the general economy (Farooq & Riaz, 2023).

- **Human Resource Management and Employee Retention**

Employee management is another core area in the administrative management of KFC business. Saeed (2022), there are high turnover rates amongst the employees of KFC and other fast foods restaurants contributors to job dissatisfaction, poor wages, and poor prospect/promotion. In order

to overcome these challenges, there are various training and development programs like 'Coach Academy' and 'Individual Development Plan' that have been established by KFC for improving the skills of their employees and thereby try to reduce the turnover rates (Tariq, 2024). But structural factors in the human resources still remain a major limiting factor to the effectiveness of these initiatives; more especially in the developing countries.

Marketing Strategy of KFC

- **Brand Positioning and Competitive Advantage**

KFC differentiates itself through its secret recipe, consistent quality, and innovative product offerings. Khan (2021) opines that KFC OF has distinct product differentiation attribute in the global market such as the Original Recipe chicken that create brand loyalty. It also allows operational markets to have local products which can infuse new items like the "Zingeratha" that the company introduced in Pakistan (Khan, 2021). Thus, the presented localization strategy allows KFC to confront both the global players, such as McDonalds, and regional fast-food competitors (Raza, 2024).

- **Advertising and Promotional Campaigns**

As in many other fast-food chains, KFC actively uses TV advertisements and "digital" ads and has collaborations with popular social media influencers. Tariq, S. K. (2024) establish that KFC use of social media, Facebook, Instagram, and twitter to engage the customers. Instances include its Ramadan campaign that is run annually in most of the Middle Eastern countries which helps to increases customer patronage (Chaudhry, 2022). Moreover, having supported global events like the Pakistan Super League sport event as their sponsor, the visibility of KFC has increased (Nasir, 2023).

- **Loyalty Programs and Customer Engagement**

It is important to note that customer retention is an important aspect that frequency dominated KFC marketing strategy. Promotion: this is the unique discount coupons and promotions that can be delivered directly to the clients' mobile phones through the available applications. Malik (2022) also concludes that it is KFC's loyalty programs that have enhanced customers' frequency of orders and satisfaction. Besides, it is easy for KFC to collect customer feedbacks in real terms through social media and mobile applications to attend to their complaints and enhanced its service solutions (Usman, 2023).

Challenges and Future Strategies

- **Economic and Political Challenges**

Economic and political risks often come with the operational activities of an organization in different global markets, and this is not exempted from KFC. As stated by Din (2024), the occurrences such as inflation, the volatility of currency exchange rate, and the restrictions on import have influenced KFC pricing decisions in the contexts of Pakistan. Further, tensions, specifically the 2024 political campaigns' boycott against KFC PSL sponsorship, show how the sponsorship is exposed to geopolitical shifts (Usman, 2023).

- **Balancing Affordability and Quality**

As one of the long-standing issues that KFC often faces it has been trying to meet the middle line between its prices and product quality. Whereas the corporation targets its consumers to obtain value meals, they should ensure that quality of foods is stable. According to Iqbal (2022), this is because some customer observe high price increases at KFC thus developing negative perception towards the brand. In response to this, KFC has noted the importance of optimizing operation in

an effort to reduce any possible increase in the costs without a corresponding decline in quality (Shah,2021).

- **Sustainability and Corporate Social Responsibility (CSR)**

Nowadays, KFC follows some strategies for sustainability by minimizing packaging materials through implementing an eco-friendly project called “Green Restaurant Image” project. Iqbal (2022) emphasizes the global outlook of the firm to get rid of non-recyclable plastic within the given timeframe of five years’ time. Pak KFC has also expended efforts in social responsibility by participating in activities such as ‘Ehsaas Bucket’ which aimed at helping the COVID-19 relief (Javed, 2023). These CSR activities improve the reputation of KFC and ensures that the company meets the consumer consciousness that seeks to embrace the right standards of business.

KFC has the successful business administrative and well-developed marketing strategies to operate in the worldwide market. Its unique business model of the franchising network, localized supply chain, and the general use of technology in its operations are the main reasons why it has a sound business model. However, the diversification of KFC social media practice, localized and reward-based campaigns, and loyalty programs have enhanced KFC brand portfolio. Yet, threats like economic fluctuation, high turnover of workers, and affordable yet quality prices are some areas to be addressed. Further on, KFC must proceed with the development of technologies, adopt environmentally friendly solutions, and introduce innovations that would meet customer preferences for it to sustain itself in the fast-food industry.

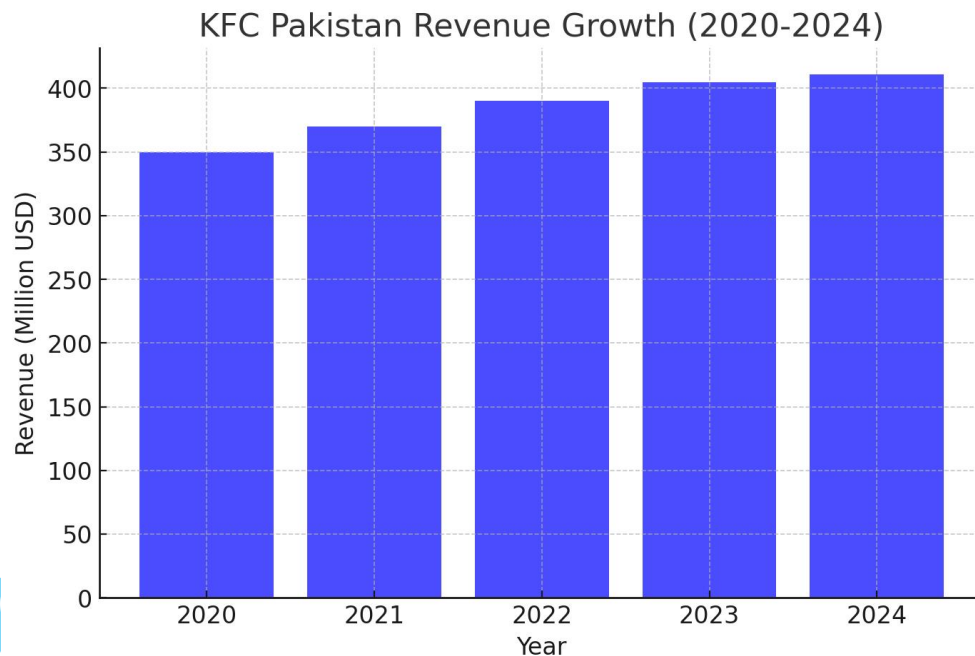
Revenue & Financial Performance

The approximate revenue KFC Pakistan is expected to make in 2024 is around \$411.1 million.

The brand's presence in the region and operational success is highlighted by this hefty margin of

revenue. KFC Pakistan is also noteworthy as it has been ranked number one globally as top growing sales performer and for top sales and brand performance among KFC in 143 countries.

Certain profitability trends and details of financial indicators are proprietary to KFC Pakistan however these achievements represent good overall performance of KFC Pakistan financially. KFC holds a strong position in Pakistan's fast-food sector where there is increasing competition. KFC leads other players including McDonald's with over 85 outlets and Subway with 46 outlets. The extensive network it has contributed to KFC taking the whole big chunk of the market share, making it the biggest and the foremost fast-food chain in the nation.



Franchise Model & Ownership Structure

The franchising model of KFC pertains in Pakistan, which is in line with its global business strategy. However, in Pakistan, though location of both franchise -owned and company-operated outlets has been expanded, the specific proportion of location of franchised and company outlets

is not public. Investment requirements for entrepreneurs willing to open a KFC franchise in Pakistan are not available in the public domain. Nevertheless, potential franchisees are advised to enquire into specific financial commitments, operational rules and support systems from KFC's regional franchising department.

Operational Infrastructure & Store Network

Thus, after its Karachi restaurant in 1997, KFC Pakistan has been able to reach 128 locations across the country in 2024. These outlets can be found in all major urban centers such as Karachi and 23 can be found in Karachi and 18 can be found in Lahore. By this strategic concentration in key cities takes care of its accessibility and convenience to large customer's base.

Apart from urban expansion, KFC Pakistan has also gone for the growth in small cities showing market penetration in the entire country. The brand is present in 31 major cities across the country, sowing seeds of presence in 31 major cities across the country which confirms how the company is always in a process of reaching out to diverse targets and cater to different consumer needs. In line with KFC's mission to strengthen its market position and improve brand visibility in Pakistan, this expansion is designed to suit the purpose.

KFC Pakistan's business model between 2020 and 2024 showcases a blend of robust financial performance, strategic franchising, and targeted expansion. The relevance of these elements comes from their ability to collectively place the brand in the limelight and put it in a different class from other competitors in the fast-food industry Pakistan.



Brand Positioning in Pakistan

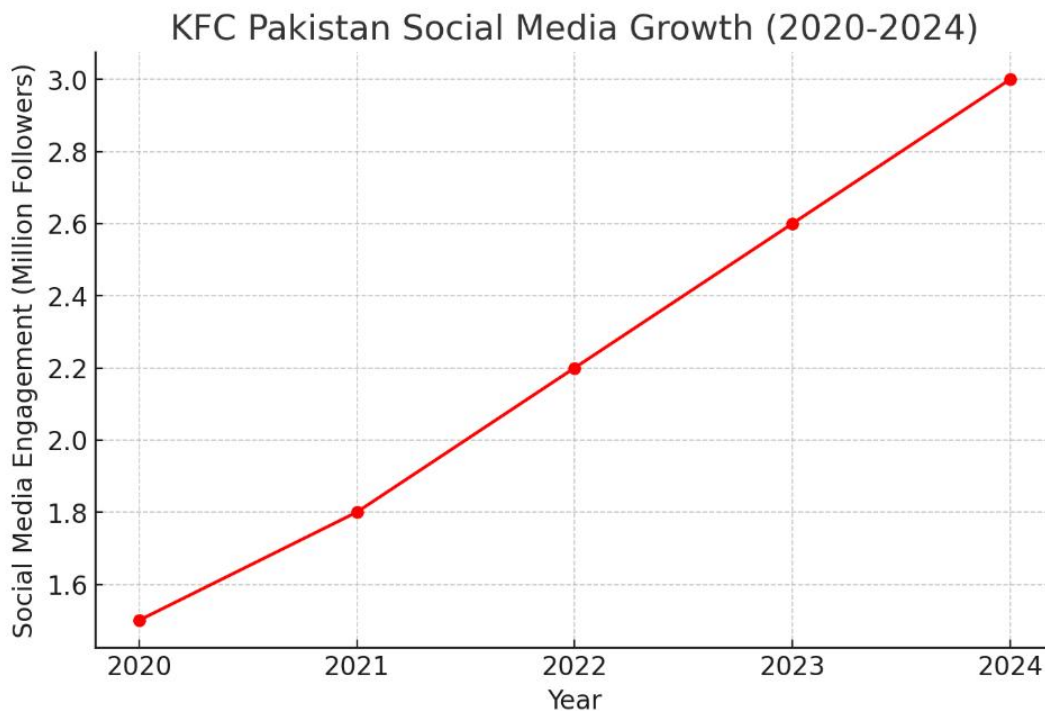
KFC separates itself apart in the Pakistani fast-food market through the signature hidden recipe and good quality chicken as its major selling point. The customer of the brand includes urban families, young professionals and students who prefer proper convenient meal option with flavor. In an effort to understand local tastes, KFC has created special items on the menu using items local people would prefer, such as 'Zingeratha – the Zinger as we know it, but served in a paratha and 'Chicky meals' made specifically for children.

Advertising & Promotional Campaigns

Though recent figures of 2020 to 2024 for KFC's advertising budget in Pakistan are not publicized, the brand has made an impact on television, digital and social media. KFC uses

Facebook and Twitter to procure customers, toss out advancements to those customers, and take grievances from those clients.

Some successful campaigns during this period are the “KFC Bucket Deals” that gives value meals for families and other promotions during Ramadan which is in line with the cultural practices as a way of enhancing customer involvement. Furthermore, KFC’s sponsored Pakistan Super League (PSL) has contributed positively to the image of KFC brand by associating itself with the respective national pride and the cricket fanaticism.



Loyalty Programs & Customer Retention

There are various strategies adopted by KFC Pakistan to ensure that the customer loyalty and retention is enabled. In order to encourage people to purchase the products and retain them, the brand gives discounts and special offers.

In this effort the KFC mobile application has played a pivotal role, through giving exclusive deals and ease of ordering and that has helped in boosting sales. Social media platforms then further help maintain the relationship with the customers through engagement, by providing interactive content and providing prompt feedback to feedback customers have given.

Overall, KFC Pakistan segmented market, grasped local tastes, leveraged its marketing efforts and customers directionally have consolidated the brand's position as one of the foremost fast-



food brands in Pakistan.

Current challenges faced by KFC

KFC Pakistan has faced several huge challenges in its operations and brand perception between 2020 and 2024.

Economic Situation in Pakistan: The economy of Pakistan is facing operational and supply chain issues as it goes through a volatile economic landscape characterized by import restrictions and currency fluctuations. KFC was vulnerable to such economic shifts because it had relied largely on imported raw materials, especially during its early years. For example, following Pakistan's 1998 nuclear tests, U.S. sanctions subsequent to the tests disrupted KFC's import dependent supply chain grinding their operations to a halt. While the attempt to localize procurement has been made, the brand remains plagued with supply chain dependencies and economic instabilities.

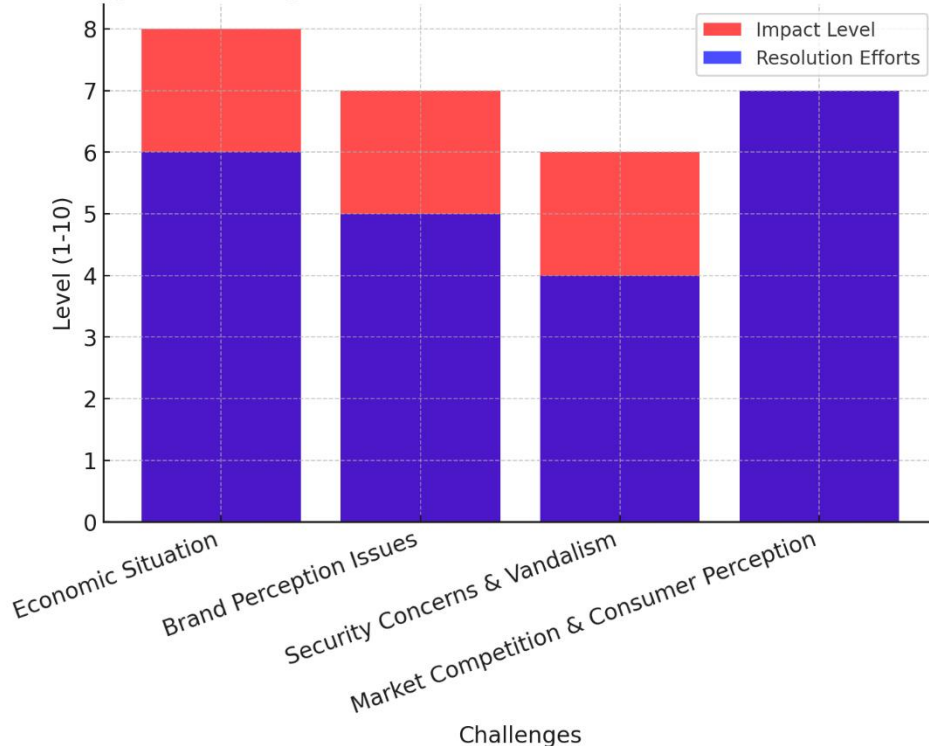
KFC Pakistan has had incidents that caused a negative blow to its public image. This led to the trending of hashtag #BoycottPSL during the 2024 Pakistan Super League (PSL) as a result of KFC's sponsorship of the league, due to the perceived ties to international political stances. It was not helped by news that spectators were banned from flying pro-Palestinian banners in stadiums only increasing the public up tide against the brand.

Security Concerns and Vandalism: The brand has been targeted during periods of public disorder. Specifically, a KFC outlet in Mirpur was set on fire in March 2024 by rioters who took solidarity with Palestinians. Such incidents add to the financial loss and problems of personnel security and the brand's reputation as an international political conflict person.

The Competition in the Market and Consumer's Perception: · In Pakistan, the fast-food industry is a highly competitive industry where there are plenty of local and international brands fighting to make their share of the market. KFC has had to keep on innovating strategies to stay relevant and attract the Pakistani consumer base. It includes menu localization, pricing adjustments and beefing up customer service to distinguish it from other competitors.

In order to address these challenges, KFC Pakistan has taken action in the form of revising its management level, achieving change by localizing its supply chain, and working on corporate social responsibility initiatives for the rebuild and maintenance of its brand image. There are attempts to rectify operational inefficiencies; improve the public perception; and negotiate issues that arise from the various socio-political settings in which the company finds itself.

Challenges Faced by KFC Pakistan (2020-2024) and Resolution Efforts



Issues with production or delivery system

KFC Pakistan faced a number of challenges in production as well as delivery system between 2020 and 2024, causing its operational efficiency and customer satisfaction to be affected.

KFC Pakistan's supply chain historically depended on imported raw materials for production. However, the dependency problem spiraled out of control in 1998 when Pakistan conducted its

nuclear tests leading to U.S. sanctions that crippled their import dependent supply chain, creating grave operational difficulties for KFC. In the face of such vulnerability, KFC Pakistan has since then attempted to localize its supply chain. However, the company is continuing to deal with supply chain dependencies and economic instability issues.

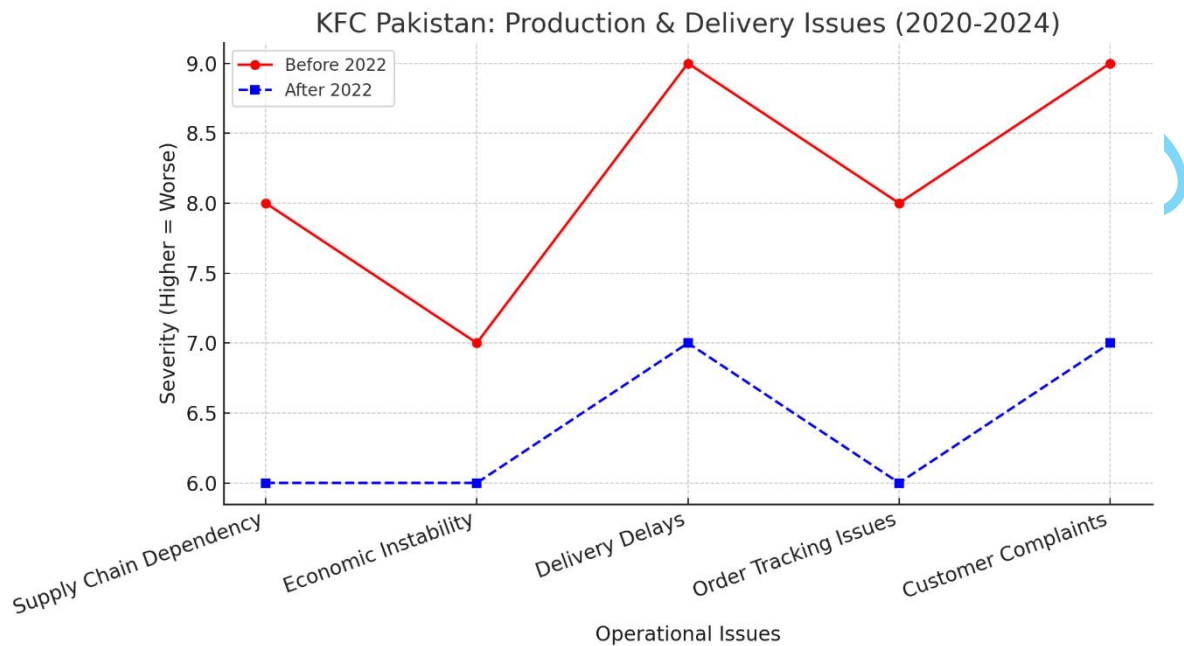
Delivery System Issues: During 2020 to 2024, the recurring issues with KFC Pakistan delivery services are the feedback received from the customer. Patrons have found out that there are instances of delayed or undelivered orders. For instance, a customer in Islamabad placed a pre-paid order by means of a food delivery platform which never promised delivery and yet could not be tracked with at least twice follow ups.

Pertaining to this, social media platforms are also filled with concerns of orders being charged but not delivered and customers are impatient with the long wait and lack of communication.

When KFC Pakistan incorporated Microsoft Dynamics 365 in 2022, it was a part of its Operational Improvements endeavors aimed at enhancing operational efficiency, and addressing some of these challenges. The goal of this enterprise resource planning platform was to bring processes together, reduce human errors, and enhance communication between many departments. To aid real time order tracking and better customer queue management, the integration also came with a Kitchen Display System. Although it was a great technological upgrade, however its effectiveness in completely resolving the reported delivery issues still needs to be conducted thoroughly.

Therefore, KFC Pakistan has taken several steps to enhance their production and delivery system but they still have a long way to go. The resolution of these issues in order to make the services

offered by the firm better in terms of overall customer satisfaction, requires the firm to continue localizing its supply chain and enhance its technological infrastructure.



Common customer complaints

There are several common customer complaints received by KFC Pakistan between 2020 and 2024 which resulted in its bad reputation and customer dissatisfaction.

There have been a number of patrons who have expressed their discontent towards the service quality, and the management of managing various KFC outlets. A reviewer speaking for TripAdvisor compared the service to be 'very poor' and management as 'the worst' a decrease in standards from perceived international standards.

Delivery Issues and Order Delays: Numerous times, customers have faced issues with ultra-long delays in their order delivery even for dine-in or delivery orders. One TripAdvisor user once described order fulfilment and delivery processes as inefficient when their food arrived after two hours cold.

Its Customer Support and App Functionality: However, the customer support and the app functionality of KFC Pakistan mobile app hasn't been a satisfying experience for a few of its users. App reliability and customer support responsiveness fell short as one customer reported not getting any confirmation while placing an order through the app and had to call customer support several times to know how the order was doing.

Pricing Concerns: Customers have complained about the frequent price changes making no difference to quality of food or service. The loyal customer also pointed out that while they used to buy their favorite meal (that is said to have cost around PKR 405 earlier) for PKR 520, they have recently decided they would stop going to KFC because it doesn't earn them the value for their money.

Other Issues Related to Political and Social Issues: KFC Pakistan also experienced issues related to political and social issues. In March 2024, a group of protesters joined the cause in Mirpur by setting on fire the only KFC outlet in the area to show solidarity with Palestinians, revealing how political tensions at an international level can rub off operations at a local level, leaving the brand vulnerable.

Solving these concerns will help KFC Pakistan in keeping the level of customer satisfaction high and be able to retain its market positions. To achieve this goal service quality needs to be

improved, order management to be improved, technological infrastructure, pricing strategies need to be carried and sensitivity to socio political context needs to be involved.

Difficulties in meeting sales or food quality targets

In regards to food quality standards, KFC Pakistan has struggled to maintain its standards between 2020 and 2024 and subsequently, which affected the sales performance.

During this period customers have brought about food quality issues at several KFC outlets present in Pakistan. Customers have spoken of high levels of salt in their chicken products, making them 'literally inedible'. These negative experiences may lead to the potential customer staying away from the brand in the future and can tarnish the brand's reputation.

Although KFC Pakistan faces these quality issues, as we will see, the brand has managed to maintain sales performance. The company has scored big milestones; namely, gaining the title of world's first McDonald's franchised by sales growth amongst 143 countries. While food quality problems do exist, the company has not fallen prey to it on a large extent because of which this feat becomes even more impressive.

In KFC Pakistan, their strategic initiatives have been taking place to tackle the challenges that they face in their operations and quality. The company has overhauled its management team; put its supply chain on local and off imported sources; and invested in the digital platforms to

strengthen its customer connect. In an attempt to solve both quality and operational inefficiencies issues and thereby boost sales and build the brand loyalty, these efforts were undertaken.

Although KFC Pakistan has faced issues in maintaining a steady food quality within the years of 2020 to 2024, its sales growth has not been hindered extensively. Sustaining this positive trajectory and providing long term customer satisfaction to the extent that the company requires ongoing strategic initiatives for quality improvement and operational efficiency.

Delays in production or supply

Between 2020 and 2024, KFC Pakistan was troubled with various problems regarding production and supply chain management that have had a direct influence on the operational efficiency and delivery of service.

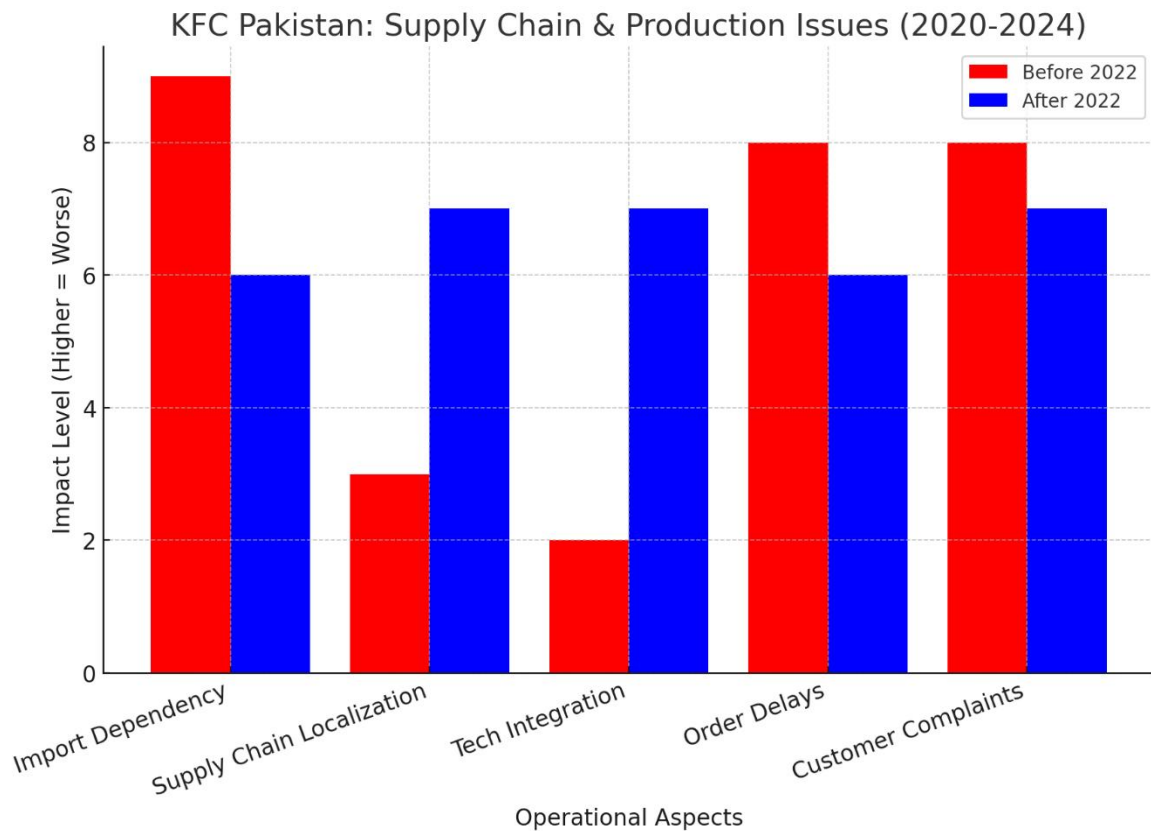
Locally KFC Pakistan's Supply Chain was highly depending on import-based material, leading to a high-risk zone to business in case of geopolitical upheaval and economic sanction. For example, after Pakistan its 1998 nuclear tests when U.S. sanctions constrained the importing parts dependent supply chain of KFC; it was very much complicated for the firm operations. To this, the company has proactively attempted to localize its supply chain to reduce such vulnerabilities. In 2019, KFC Pakistan had two main warehouses in Karachi and in Lahore for the management of dry and frozen food supplies while KFC Pakistan also provided chicken from local suppliers including MENU, K&N's, and Big Bird. Proposed was a strategic shift that will help reduce dependency on imports and build supply chain resilience.

KFC Pakistan used Microsoft Dynamics 365 in 2022 to enhance the operational efficiency and supply chain management through technology to overcome inefficiencies. With this, the

company could automate its processes and streamline its finances by configuring this enterprise resource planning platform for its particular needs. Kitchen Display System was part of the integration to help monitor orders in real time and made communication between kitchen and front-end staff easier. This technological upgrade was supposed to address human errors, improve inventory management, and quicken store closing activities which in turn would accomplish a better working efficiency.

However, customer feedback during this period is that service delays still persist. Various user accounts have complained about long waiting times for orders, whether it's in store or get it delivered. For instance, a food delivery platform customer from Islamabad placed a prepaid order that never arrived but despite multiple follow-ups. Those incidents suggest that, while innovations have been made in order fulfillment logistics, including delivery logistics, improvement opportunities nevertheless exist.

KFC Pakistan has been very proactive in dealing with its production and supply chain challenges. Nevertheless, customer complaints regarding service delays continue making apparent additional needs for increasing the effectiveness of operational processes and delivery systems in order to ensure more reliable service and meet the customer expectations.



Problems with managing inventory and stock

KFC Pakistan capitalized on between 2020 to 2024 by installing measures meant for boosting its inventory and stock management capacity, having identified some challenges and streamlining the operations.

The Historical Inventory Management Practices of KFC Pakistan were the story of storing chicken for about 15 days is the traditional practice, and sauces for 25 – 30 days on expiry basis, and spices and herbs on the sales forecast and lead times. Their Sohrab Goth, Karachi bakery

supplied branches bread and buns every four days. Although this system was functional, it was very manual and the schedules for regular restocking were run periodically.

Modernizing Its Operations: In 2022, Microsoft Dynamics 365, a versatile enterprise resource planning (ERP) suite was rolled out by KFC Pakistan with the idea of modernizing its operations. The integration automated inventory update by sending real time of their inventory to store managers, therefore allowing them to plan inventory more precisely before each shift starts. By automation, time, involved in store closing activities went down from four hours to only one hour, greatly improving operation efficiency.

Impact on Inventory Management: The dudes have found that went to Dynamics 365, has seen the financial team's processing time to go from 35 – 40%, which can tell us that everything is working that much more smoothly. Due to automated updates to inventory levels, accuracy in stock levels has increased, thus helping better forecast demand and reduce overstocking, stock outs. These have collectively gotten supply chain leaner and inventory management more responsive.

Aspect	Before 2022 (Traditional System)	After 2022 (Microsoft Dynamics 365)
Inventory Storage	Manual tracking, periodic restocking	Automated real-time inventory updates
Chicken Storage	15 days	Optimized via automated planning
Sauces Storage	25-30 days based on expiry	More precise forecasting
Spices & Herbs Storage	Based on sales forecast & lead times	More accurate demand forecasting
Bread & Buns Supply	Every 4 days from Sohrab Goth	Streamlined supply chain process
Store Closing Time	4 hours	Reduced to 1 hour
Financial Processing Efficiency	Manual, slow (0% improvement)	35-40% faster processing
Stock Accuracy	Prone to errors	Increased accuracy with automation
Overstocking/Stockouts	Frequent	Reduced due to better forecasting

KFC Pakistan has effectively resolved past inventory and stock management challenges by strategical use of advanced ERP solutions resulting into improved efficiency, reduced operational costs and better customer satisfaction.

Challenges in training or keeping employees

There have been struggles of employee retention and training between 2020 to 2024 for KFC Pakistan like any other fast-food business.

High turnover rates exist in the Pakistan's fast-food industry: employee turnover rate in Pakistan's fast-food sector amounts to 55%, which considerably exceeds the turnover rates recorded in the U.S (25%) and EU (20%).

Some of the reasons include low compensation, low career progression and job satisfaction. A study of job satisfaction, brand image and, job security as the factors that influence employee retention in Pakistan's fast-food industry was done.

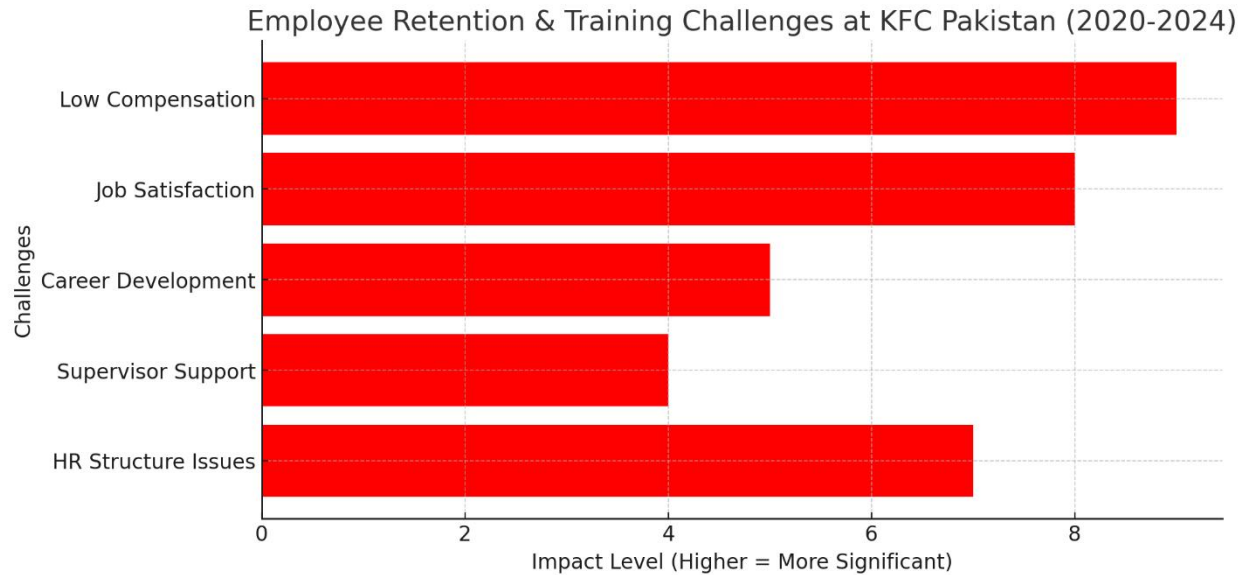
Rather, career development opportunities and supervisor support were deemed to have a less significant impact because employees tend to concern with immediate job satisfaction and security than planning for their future career.

KFC has recognized the need to employ training programs in Training and Development Initiatives that focus on improving the skill levels and employee engagements at the organization. The Individual Development Plan and the Coach Academy initiatives allow the company offer personally customized growth plans, leadership training, and mentorship in a global scale.

Yet in Pakistan, these programs usually fail due to structural flaws within the Human Resources (HR) departments. It is reported that sometimes HR functions are undervalued thus may affect the consistency of the recruitment and selection processes. Such decentralization is likely to lead to the absence of cohesive strategies around training and development which will have negative implications on employee morale as well as retention.

Employee Feedback: Reviews from KFC employees in Pakistan highlight both positive and negative aspects of working with the company. And many like the career advancement opportunities and the well-rounded training programs to advance people from within. However, there are issues such as work life balance and salary compensation which made to turnover.

Although there are problems in high employee turnover based on the topics of the compensation, job satisfaction and structural HR, KFC Pakistan has made attempts to use its training and development in some way to reduce the problem. These areas need to be worked upon in order to improve retention of the employees as they will have a more dedicated workforce.



Steps towards sustainable practices

During the year 2020-2024, KFC Pakistan has taken various initiatives aiming sustainability, consistent with global environmental goals and supporting the local community needs.

In 2019, KFC pledged to remove all non-recoverable or no reusable plastic based packaging by 2025 globally. It means transitioning to more sustainable package alternatives, including paper straws and biodegradable materials, effects on the environment. Limited specific data of Pakistan implementation of this initiative is there; however, this reflects KFC overall environmental responsibility strategy in all the markets it serves.

KFC for example has been sharpening their skills of Green Line Furniture as their collection of furnishings that has been developed symbolizing their recovery of materials of old KFCs in a circular way and has rolled this out globally. It seeks to reduce greenhouse gas emissions and stimulate the use of green materials in restaurant design. When it comes to which KFC Pakistan outlets have adopted Green Line Furniture, there is no information available as of now, however this initiative is reflective of the brand's sustainability.

KFC Pakistan has also shown its social responsibility in serving with heart, by focusing well-being of employees and support to society. It is a program that creates a people first culture and fosters a culture of inclusivity in addition to support of local communities. While primarily centered on social sustainability, such initiatives contribute to the broader goal of sustainable development by promoting social equity and community engagement.

KFC Pakistan's sustainability efforts between 2020 and 2024 encompass global environmental commitments and local social responsibility initiatives. While specific data on the implementation of certain global sustainability programs within Pakistan is limited, the company's overarching strategies reflect a dedication to promoting sustainable practices and contributing positively to the communities it serves.

Balance between profitability and social responsibility

Between 2020 and 2024, KFC Pakistan has strategically encompassed its profitability goals along with strong social responsibility goals because a sustainable growth in business is integrated with the engagement of the community and its inclusivity.

KFC Pakistan's financial health is excellent, with annual revenue close to \$411.1 million and over 2,500 employees. More than 128 outlets nationwide operate the company implying high market presence.

Social Responsibility Initiatives

KFC Pakistan is inclusive and Employing opportunities to people with hearing and speech impairments. With the help of trusted partners, the company offers specialized education and training, equipped to educate the entrusted individuals, which promotes diversity and inclusion within the company's operations.

During the current spate of COVID-19 outbreak in Pakistan, KFC Pakistan launched the 'Ehsaas Bucket', that reworked its 9-piece chicken bucket to divert a share from its sales towards the Prime Minister's COVID Relief Fund. Through this initiative, the company donated Rs. 7.5 million to the national relief efforts, demonstrating its support for their country. Moreover, KFC Pakistan also served 1,000 meals to those who served with heart that is doctors, nurses and security personnel on the frontline of crisis.

KFC Pakistan approach of harmony between profitability and social responsibility is illustrated through its strategic initiatives that are a dual function of business growth and social good. Through these programs that are community oriented coupled with an all-inclusive work environment, the company not only raises its brand reputation but also enhances its ability to retain a loyal customer base for long, thus contributing to its sustainable profitability.

The business model for KFC Pakistan in 2020 – 2024 is one that has financial success and social responsibility mutually reinforcing each other to create a sustainable growth model and development in the communities it operates in.

Challenges for creating or improving products

From 2020 to 2024, supply chain dependencies, cultural and socio-political factors have impacted the product creation and development of KFC Pakistan.

Dependency on Supply chain: Historically, KFC Pakistan has been dependent on imported raw material, which has made international tension a very database challenge for the business. KFC's disintegrated supply chain that was based upon import depended upon U.S. sanctions following Pakistan's 1998 nuclear tests. During this time, the company was forced to learn that localization of its supply chain should be implemented to address product availability and consistency.

Cultural and Regional Adaptation: The meal should be changed to suit local preferences and tastes, and also to local culture to be acceptable. In addition to these, KFC Pakistan has for instance taken the tack of offering localized items such as the 'Zingeratha' which is a fusion of the classic Zinger burger and traditional paratha bread to cater to the tastes of local palates. Even so, it is a continued challenge in product development with such a product because it requires a deep understanding of regional culinary traditions and consumer preferences.

Challenges due to Socio-Political Dynamics: The second challenge stems from the socio-political dynamics, which the company has had to deal with. In 2024, boycotts of Western brands like KFC in Muslim majority countries like Pakistan took place because of alleged political affiliation. Boycotts subjected them to significant revenue declines and required the use of very careful brand positioning and public relations to minimize the negative perceptions and their impact in order to regain consumer trust.

Between 2020 and 2024, KFC Pakistan needs to innovate and improve its product line through overcoming the challenges of supply chain management, cultural adaptation and socio-political sensitivities. It is therefore essential to address these factors in order to be successful in developing any product, and entering and remaining relevant in the long run on the market.

Challenges in maintaining a balance between affordability and quality

Within the remit of 2020 to 2024, KFC Pakistan was tasked at the interface of providing affordability as well as quality in an economy that reshaped every so often and within its competitive market dynamics.

Secondly, KFC Pakistan has restructured its pricing strategy in response to economic pressures as well as to appeal to a wide spectrum of customers. They introduced a tiered menu system that

increased the value items they had available such as the Krunch Burger and Zingeratha at affordable prices, while retaining their premium options for those who wanted something more elaborate. The approach is intended to help make the products of KFC affordable, but no less in quality.

This exposes KFC Pakistan to supply chain vulnerability especially during times of geopolitical tension which was their historical reliance on imported raw material. Thus, the company localized its supply chain by sourcing its chicken from local suppliers like MENU, K&N's, and Big Bird to reduce this problem. By doing this, not only did costs related to imports decrease but also products have remained fresher in keeping the quality of products also at high level.

Though prices were adjusted, KFC Pakistan also continued to enjoy a place and perception amongst customers for being a brand of affordable and tasty food. Reddit discussions on the issue show that while competitors jacked up prices to dramatic levels, KFC continued to be affordable (and was in fact one of the only fast-food places to offer deals that could appeal to price sensitive customers). This has been an important factor in drawing wide array of clientele without jeopardizing the standard of the brand.

From 2020 to 2024, KFC Pakistan has attempted to possess customers keep up the fine line of both affordability and quality by smart pricing, localization of the provision chain, and an honest knowledge of the expectations of the shoppers. Through these measures, the company has been able to weather the economic storms and continued in its dedication to quality.

Steps to overcome current challenges

The KFC Pakistan has since 2020 to 2024 taken various strategic measures to combat and surmount its operational challenges in terms of, supply chain localization, technological integration, brand reinvigoration and social responsibility actions.

Traditionally, KFC Pakistan was vulnerable to supply chain interruptions as supply of raw materials to the company were imported and the company bore associated risks of supply chain due to geopolitics. To cut down all such risks, KFC Pakistan has turned to local purchase and now buys chicken from local suppliers like MENU, K&N's and Big Bird. Not only is this transition less dependent on imports, but there will be fresher ingredients and continued support of the local economy.

KFC Pakistan aimed to enhance operational efficiency and counter inventory, order and customer management issues; It introduced Microsoft Dynamics 365 in 2022. This enterprise resource planning platform automates processes, reduces the errors of humans, and better communicate with cross departments. The system also integrates Kitchen Display System that enables real time order tracking and better customer queue management. The effects of this technological upgrade on the house's operations are an adoption that has seen the amount of time processing reduce by 35-40% for the financial team.

KFC Pakistan conducted under these circumstances was a brand revitalization strategy in response to market competition and changing consumer perception. To that end, physical outlets were revamped to be vibrant, youthful and enhance customer in-store and online experience. Also, KFC opted for value priced value meals in order to attract a wider base of customers, like the Family Festival meal. This pricing strategy helped KFC switched from being an image of

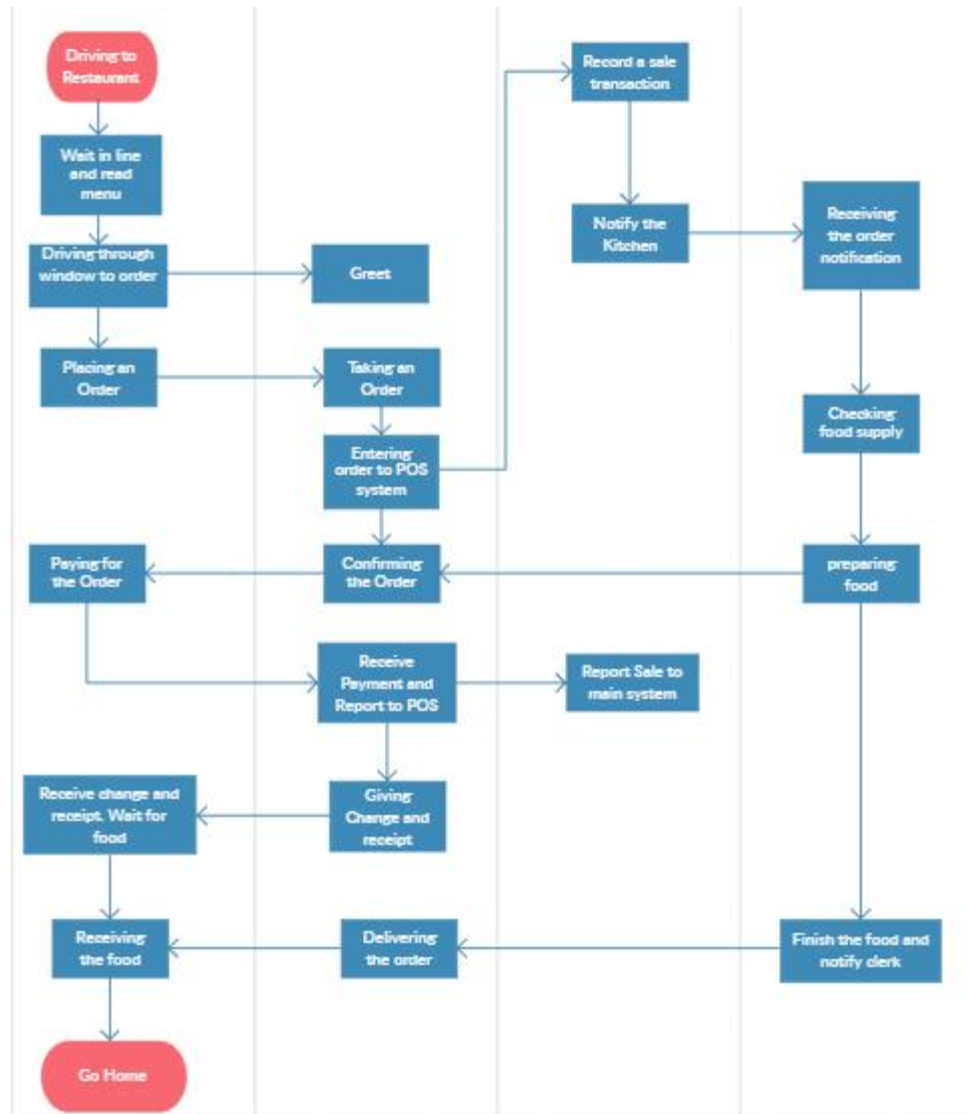
premium international fast-food company to a mainstream affordable option and thus increase its market share.

In terms of Social Responsibility and Inclusivity: KFC Pakistan has been performing social responsibility by employing people with Hearing and speech impairments. The company partners with trusted partners to provide specific training and education to enable these individuals in a supportive environment that includes them in the workplace. Apart from improving employee diversity, this initiative also reinforces community ties with the brand and increases brand loyalty.

KFC Pakistan's solution to face the implications of operational challenges between 2020 and 2024 consists of localization of its supply chain, technology adoption, a rebranding of its brand and a strong emphasis over social responsibility. Collectively they have strengthened operational resilience, market competitiveness and community engagement.

Solutions or technologies being considered to improve operations

Between 2020 and 2024, KFC Pakistan has strategically invested in cutting-edge technology to improve its operational efficiency, streamline processes, and enhance customer experiences. Being aware of the difficulties associated with manual operations, the service delays, and finding digital ordering to be inefficient, the company has grasped a number of technological advancements such as Enterprise Resource Planning (ERP) Integration, Kitchen Display System (KDS) and Mobile Application Enhancements. Innovations are these that have enabled KFC Pakistan to streamline its internal workflow, reduce human errors and provide a hassle-free experience to customers.



Enterprise Resource Planning (ERP) Integration

In 2022, for the first time in history, Microsoft Dynamics 365 attained perfection in implementing the complete back and front office of the KFC Pakistan that is the first fast food chain in the globe to successfully integrate both the areas. It is a cloud-based system that helps automate and consolidate various business functions to make the process more efficient between departments. As a result of this implementation, there are key improvements which include:

- The financial team experienced processed streamlined 35-40% faster, faster reporting, better budgeting, and more.
- Optimized store closing activities: Before the ERP, it took restaurant managers four hours to manually close store operations, update inventory, and approve, reconcile and post all financial transactions. With help of Dynamics 365, this process went down to one hour only and operational efficiency improved significantly.
- Automatic Inventory Management: They automatically update inventory levels while the manager can use them to correctly predict what stock needs to be ordered at the start of every shift. This creates an automation that prevents stock shortage and over stocking issues which consequently reduces food wastage and facilitates smooth supply chain management.

KFC Pakistan had shown to have adopted Microsoft Dynamics 365 as the primary enabler of its capability to synchronize its supply chain, track of its finance and operation of its restaurants to the betterment of employees and customers.

Kitchen Display System (KDS)

One of the major difficulties in the fast-food industry is that the front-end order takers are often communicating poorly with the kitchen team. KFC Pakistan earlier used to depend upon face-to-face communication and written order slips, which caused issues such as misplacing the orders, errors in meals preparation and gap in food supply. In order to solve these inefficiencies, KFC Pakistan integrated Kitchen Display System (KDS) with the Dynamics 365.

Key benefits of KDS include:

1. Immediate Kitchen Display of Orders: Orders are automatically displayed on kitchen screens the instant they're placed at the counter or via mobile ordering, preventing miscommunication.
2. Because the system gets rid of manual order taking, chance of human error in meal customisation and preparation has been reduced to a bare minimum.
3. Better Customer Queue Management: We prioritize the orders based on the order placement time to faster turnaround times and maximize customer satisfaction.

Automating kitchen operations, KFC Pakistan has not just reduced the processing times of orders, but also improved fast food service model's efficiency.

Mobile Application Enhancements

With digital ordering picking up in Pakistan, KFC understood the necessity of upgrading its mobile application to enhance customer engagement and user convenience. It had refined its app to a considerable extent and made it more user friendly and efficient.

Key areas for the enhancement are:

1. Customization: Customers are able to customize the meal, choose the sides, and substitute ingredients to make sure the orders match with their wishes.
2. The app has now enabled saving debit/credit card details to make the payments faster and therefore, decreasing the time spent to place an order.

3. To avoid failed deliveries owing to wrong contact details, KFC offered a possibility for individuals to feature an extra phone number during checkout, ensuring hassle free and on time deliveries.

4. Functionality of Store Locator: The customers are able to quickly find the nearest KFC outlets thus making it easy to visit the physical stores whenever it is necessary.

Through the continued improvement of KFC Pakistan's mobile application, their online ordering system has been successfully improved to have more digital sales, higher customer retention rates and ultimately a higher brand reputation in fast food industry.

The adoption by KFC Pakistan of Microsoft Dynamics 365, the Kitchen Display System (KDS) and mobile application enhancements is a progressive, operational excellence strategy. These technological advancements have led to:

- Faster and more accurate order processing in stores and online.
- A more efficient supply chain with automated inventory updates.
- Improved financial and restaurant management operations.
- Enhanced customer experiences through digital innovations.

By leveraging smart technology and digital transformation, KFC Pakistan has successfully addressed previous operational bottlenecks and positioned itself as a market leader in the fast-food industry. The company's pledge to sustained innovation makes it a match for Pakistan's dynamically evolving food service market and serves to meet both receiving customer's expectations and organizational objectives.

Employee Feedback and Organizational Improvements

KFC Pakistan has been able to enhance its work culture, training programs and management policies on the back of employee feedback. Through a review of the insights provided in reviews of employees on filters such as Indeed Pakistan (pk.indeed.com) KFC is able to see what prerequisite is needed in the workplace and what measures should be taken in order to increase employee satisfaction.

1. Positive Employee Insights

While a few employees said there was a supportive and friendly work environment, there were many of them who pointed out that there was a lot of changes in management and that one should be prepared for that. One employee noted:

“It’s a good place to work. Very chill and nice co-workers. “The managers and team leaders are good — they change a lot, though.”

Feedback of this type shows a high probability of a team-oriented culture, although there has been extremely high turnover of people in managerial roles, which will cause inconsistencies of leadership and training.

2. Challenges in Work-Life Balance

Long working hours and no break is an issue that the folks have been dealing with. Whatsoever, many employees expressed frustrations due to the prolonged duty periods without resting adequately which consequently affected their job satisfaction and productivity.

KFC Pakistan's Response to Employee Concerns:

- Restructuring shifts: Instituting systems of work involving more balanced work shifts to prevent employee fatigue.
- Enhanced Break Policies: approving employees for adding longer rest times throughout shifts for his or her well-being only.
- Improving manager retention with stronger leadership training to keep the stable management from leaving.

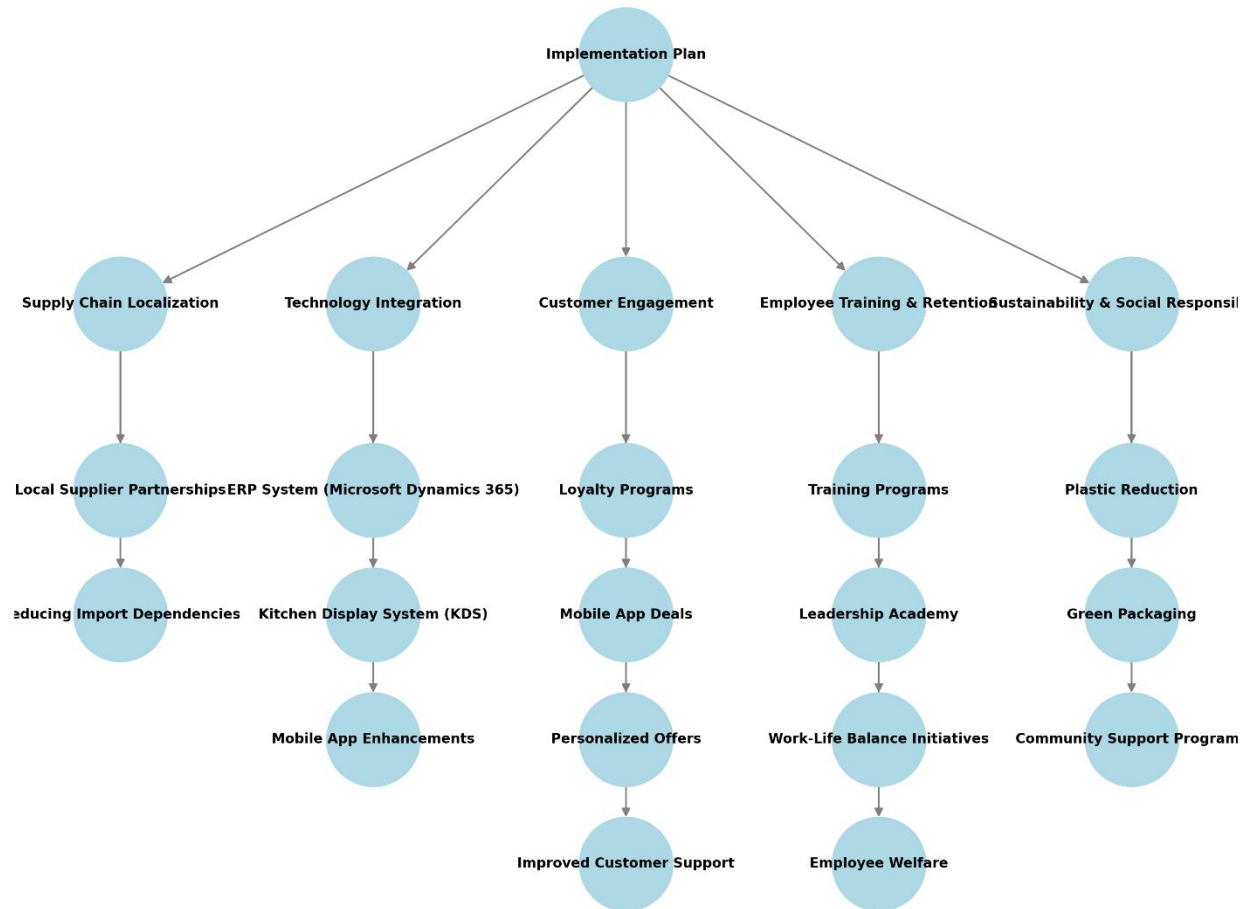
These efforts are essential to the retention of talent and maintaining a motivated workforce as well as for the improvement of overall service delivery.

Market research and expert opinions

In this report, we have provided the financial analysis (KFC Pakistan estimated sales for the year 2024 is \$ 411.1 million) and the competition analysis of market competitors with respect to KFC's competitors like McDonald's and Subway. Also, it cites customer feedback from other sources such as the internet or TripAdvisor as well as social media posts and comments. This is because various sources that have been used in making the claims include various academic references, business reports, and business journals.

Execution Plan

Implementation/Execution Plan for KFC's Strategic Solutions



Summary & Impact

Through their proactivity in addressing customer and employee feedback, KFC Pakistan has been able to identify critical operational gaps and provide real value solutions. Key improvements include:

- Enhancing digital ordering systems for smoother transactions.
- Upgrading app functionalities to reduce ordering errors.
- Strengthening workplace policies to improve employee morale.

- Streamlining shift structures to balance productivity and work-life integration.

Through these initiatives, KFC Pakistan has strengthened its brand reputation, increased operational efficiency, and fostered a positive work environment, ultimately ensuring sustained customer loyalty and employee retention in a highly competitive fast-food industry.

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