

**Marketing Society Awards 2015**  
**Brand Extension**



**From fast & fried to slow & pulled.**

**How KFC reinvented its NPD strategy  
to produce its most successful launch**

**Brand:** KFC  
**Category M:** Brand Extension  
**Eligibility dates:** September – November 2014  
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## **SUMMARY**

Since launching in the UK, KFC has become famous around the world for its Southern fried chicken coated in its secret recipe of eleven herbs and spices.

Between 2007-2013 KFC achieved incremental growth through a frequency model designed to encourage the brand's heavy/medium customers to visit more often (transactions) and spend more per visit (ticket sales). However, following a decline in sales in 2013, marketing made the decision to drive future growth via a penetration strategy focussed on bringing in more light/lapsed customers.

To succeed at a penetration strategy, and attract more light/lapsed customers in, KFC needed to completely reinvent its approach to product innovation.

In searching for its innovations opportunity KFC got under the skin of its light/lapsed users, tapped into a big new Americana trend and leveraged its heritage to find the solution. The answer was the 'Pulled' chicken range (burger, twister and wrap) – KFC's most important brand extension in recent years.

The new 'Pulled' chicken range took KFC from fried and fast to slow and pulled. A brand extension that created its biggest new product launch in recent history, drove incremental sales and set KFC up for a new wave of innovations to help secure its future growth.

## KFC: FAMOUS FOR SOUTHERN FRIED CHICKEN

KFC is a global fast food brand that has become famous throughout the world for its Southern fried chicken coated in its secret recipe of eleven herbs and spices.

Since the brand launched in the UK in 1965 the brand has had tremendous success and has gone on to open 858 stores with an annual national turnover of £1 billion.

Famous for Southern fried chicken

**KFC**

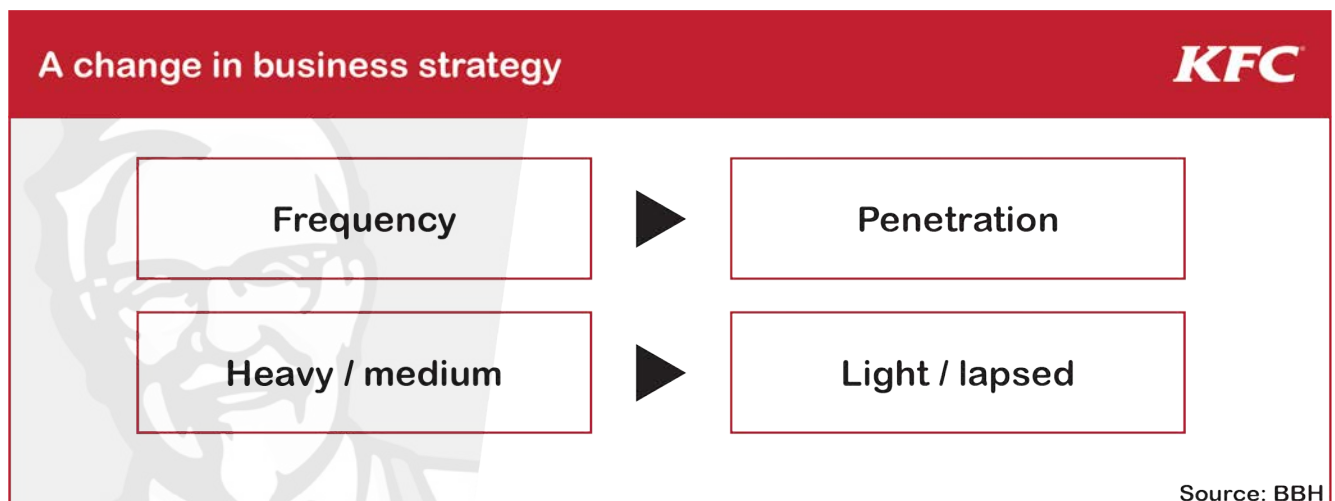


## THE BUSINESS CONTEXT

Since 2006 a large part of KFC's success had been driven by a frequency based marketing model. This approach was designed to encourage the brand's heavy/medium customers to visit more often (transactions) and spend more per visit (ticket sales).

However, by 2013 the model had run out of steam and sales were into decline. Over the last couple of years the model had delivered 2-3% growth, falling far short of the ambitious 5-6% targets that the brand needed in order to meet its long-term growth objectives. Worryingly, recent years had seen a decline in transactions (fewer people coming in less frequently) vs ticket sales (appendix A).

As a result KFC conducted a major strategic review and made the business decision to look beyond its current heavy/medium customers and start talking to its light/lapsed customers through a penetration strategy.



## REDEFINING THE BRAND'S NPD STRATEGY

At the heart of KFC's frequency model was an NPD strategy that sought to entice heavy KFC users to visit more often by launching a new LTO (limited time offer) every six weeks. LTO's were conceived by re-bundling existing core fried menu items together, thereby giving heavy users more of what they loved.

Two of the brand's most successful LTO's had been the Godfather Box Meal and the Mighty Bucket for One.



### Innovation drives penetration

However, it was clear this current NPD approach of re-bundling existing core menu items was not going to bring light/lapsed customers into the brand often enough. To succeed at a penetration strategy the brand needed a new NPD approach that put true product innovation at its heart.

## **IDENTIFYING THE BARRIERS FOR LIGHT/LAPSED USERS**

In order to bring light/lapsed customers into the brand more often, KFC needed to understand their barriers to consumption. To get under their skin and understand their relationship with KFC, ZMET research was commissioned.

ZMET research identified three key themes:

### **(+) An enduring love for KFC chicken**

It was clear from research that KFC was loved for its Southern fried chicken and secret recipe. It was deemed the original chicken brand offering a unique taste and flavour with which no other brand could compete.

### **(-) Concerns around fried**

However, although KFC was loved for its chicken, because of its association with fried it was seen as the place to go on 'Fat Friday's' when having a 'blow out' was acceptable. This meant KFC was often discounted during the week to avoid the 'guilt' factor.

### **(-) Concerns around fast**

The brand's association with 'fast food' was also a concern. Light/lapsed users identified 'fast' with poor quality.

### **(-) A lack of excitement**

Although people loved the taste of KFC's chicken, there wasn't enough variety (compared to other quick service restaurants), to bring light customers in more often. KFC didn't feel up to date with the latest trends.

## **Towards an answer**

It was clear light/lapsed customers had a love/guilt relationship with KFC. It was the place to go if you wanted great tasting fried chicken, but you felt bad about it afterwards. Which stopped you going in regularly.

KFC needed to find an innovation pipeline that stayed true to its customers' core love of their chicken (the business had ruled out extending into new meat blocks such as beef or pork) but that dealt with their concerns around fried, fast and the lack of relevance/modernity.

## IDENTIFYING THE INNOVATION OPPORTUNITY

KFC needed to identify how they were going to deliver the taste and chicken people loved, but in a lighter and more permissible format that helped KFC feel relevant and up to date.

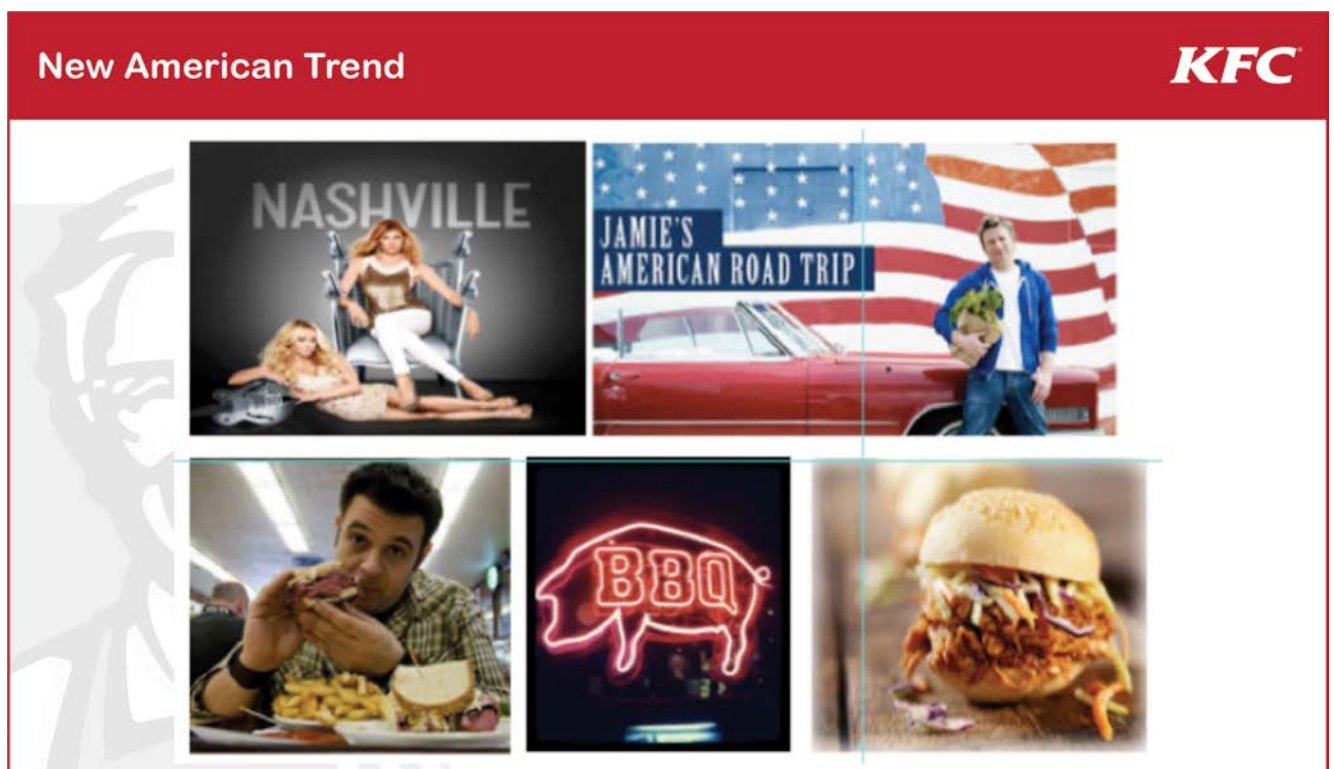
Three objectives were set:

1. Drive relevance via tapping into a new trend
2. Drive permissibility by exploring non-fried solutions
3. Be credible for the brand (previous extensions such as salads had not worked)

### 1. New trend – Americana cool

Many exciting new trends were identified but one stood out – Americana. Specifically the Southern States were undergoing a cultural revival. In music, Dolly Parton was rumoured to be headlining Glastonbury. In TV True Detective, Nashville, True Blood, Friday Night Lights and the resurgence of Dallas were taking the nation by storm.

This was translating into new interest in Southern cooking. Food shows such as Man vs Food and Jamie's American Tour. And new Southern inspired restaurants that were popping up all over Soho – Pitt Cue, Meat Liquor, Dirty Burger, Bodeans – to name but a few.



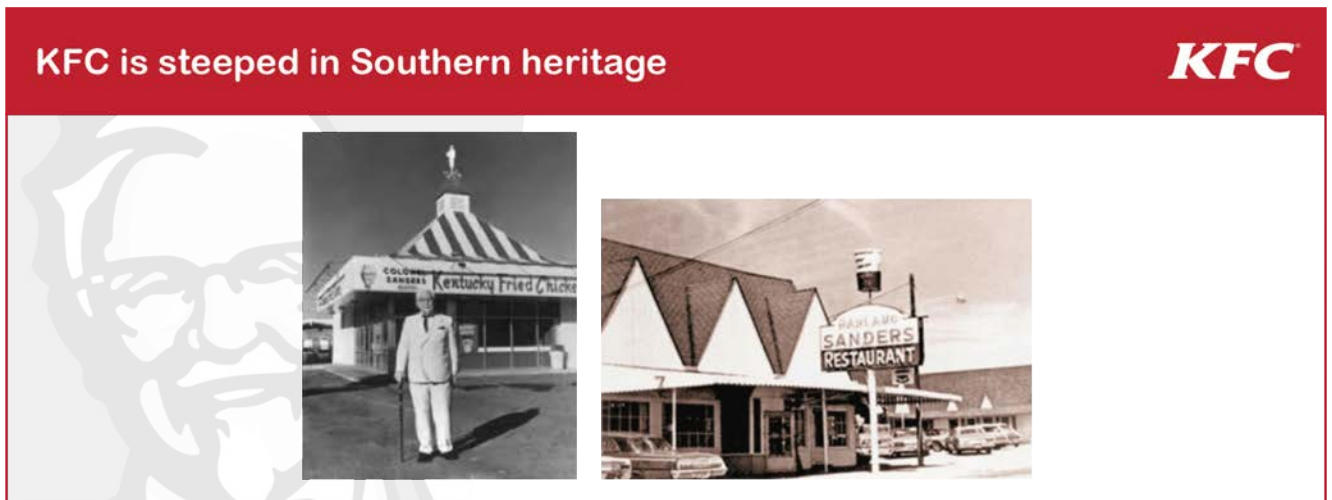
### 2. Southern approach to cooking – low and slow

At the heart of Southern cuisine is a belief that meat should be cooked low and slow over indirect heat. Traditionally done with pork, 'pulled pork', it leaves the meat tender and full of flavour. This approach is also healthier than fried as it renders out the fat during the cooking process, without compromising on taste.

KFC was not going to move into pork but could it be the brand to bring 'pulled' chicken to a mainstream UK population?

### 3. Credible for the brand – the Original

For KFC, this new trend talked directly to its own Southern heritage. KFC was the original chicken brand from Kentucky, founded by the Colonel and his love of Southern cooking. If any quick service restaurant (QSR) could credibly bring 'American pulled' products to the mainstream UK market – it was KFC.



### Bringing the present and past together

It was clear that the new interest in Americana and slow cooking, coupled with KFC's heritage in the South, created an exciting new opportunity for KFC to extend its brand out of its fried heartland without compromising on taste.

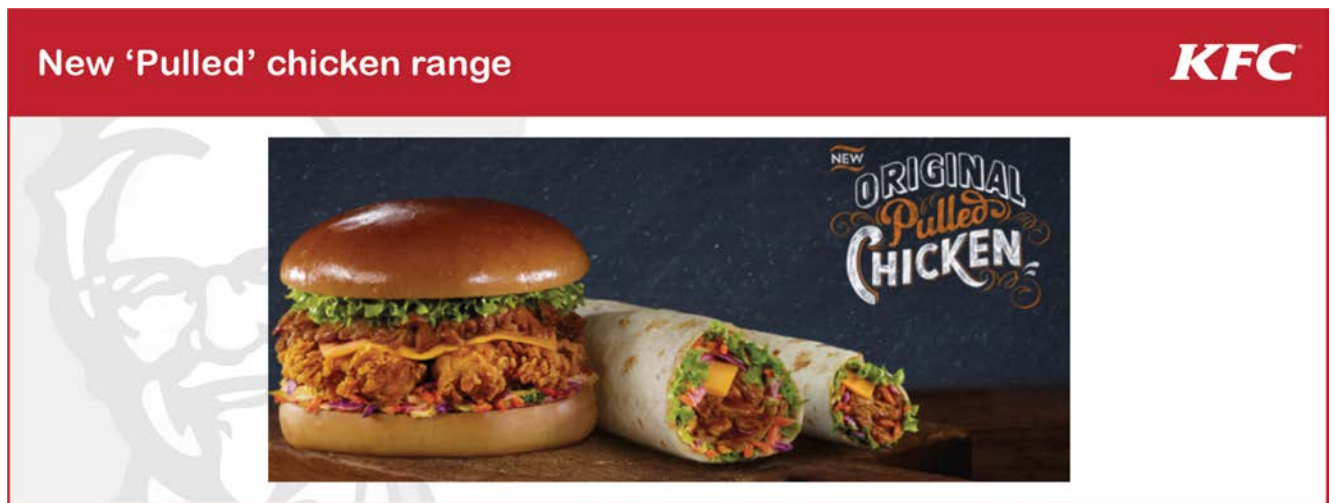


## THE NEW 'PULLED' CHICKEN RANGE

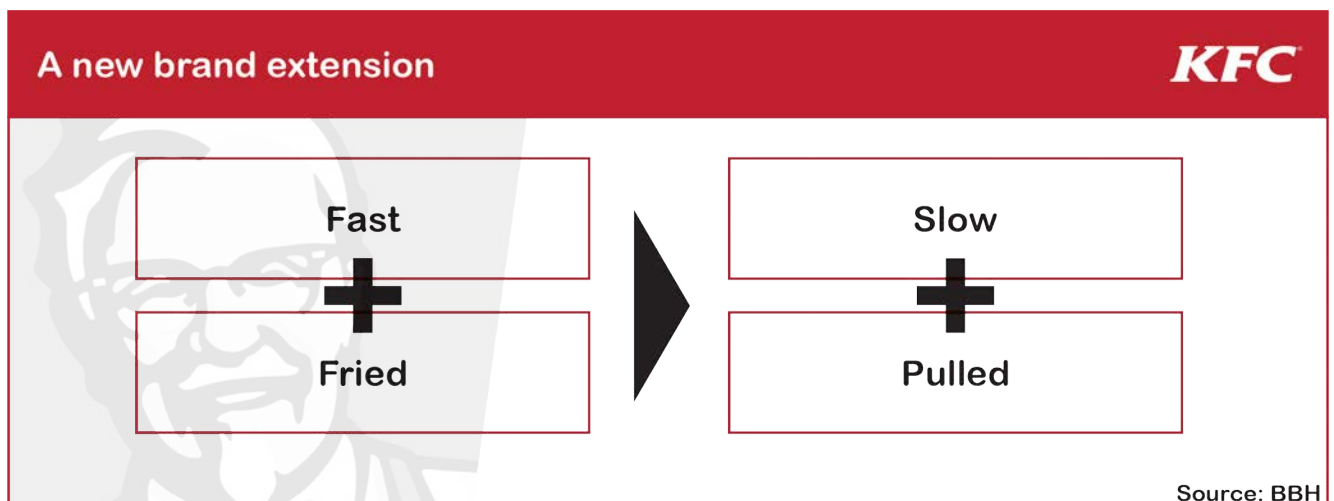
Over the next few months KFC went into innovation over drive to develop and test the potential of 'Pulled' chicken. Out of that process a three part range was created as the best product mix.

In order to appeal to both light/lapsed and more loyal customers the Pulled Chicken Ultimate Burger was created. Slow cooked BBQ Pulled Chicken, over two crispy Mini Fillets on a bed of Southern-style paprika slaw, topped with lettuce and cheese on a brioche bun.

The next two products in the range were the Pulled Chicken Twister and Lil' Wrap – specifically designed to appeal to light/lapsed customers wanting something lighter. BBQ Pulled Chicken, on a bed for paprika slaw, hand wrapped with lettuce and cheese.



As a result, the brand embarked on its most ambitious brand extension in years.



## POSITIONING AND COMMUNICATIONS APPROACH

In positioning and launching the 'Pulled' chicken range we needed to be conscious that 'Pulled' had a bigger job to do than traditional LTO's. Communications needed to help reconnect light/lapsed customers with the brand, as much as launch a new product.

### The creative brief

The easy solution would have been to use communications to explain the new cooking method behind 'Pulled'. However, we also needed the launch of 'Pulled' to help reconnect customers with the brand.

We needed to look beyond the products core attributes and understand the bigger benefit to our customers lives. A core value at the heart of Southern living is a belief that slowing down and 'taking your time' over something leads to a better outcome. This was both true of the slow cooking technique used in 'Pulled' and a modern desire to slow down in a fast world.

The brief became **'food, just as in life, is better when you take it slow'**.

### The creative idea

'Take it slow' was captured in an epic 60 second film shown in TV and cinema. 'Bus' depicted a classic love story of boy meets girl - but with the moral of the tale being the best things in life take time.

Importantly, it was set in the South in order to reinforce authenticity and credibility.

### 'Pulled' 60" TV advert

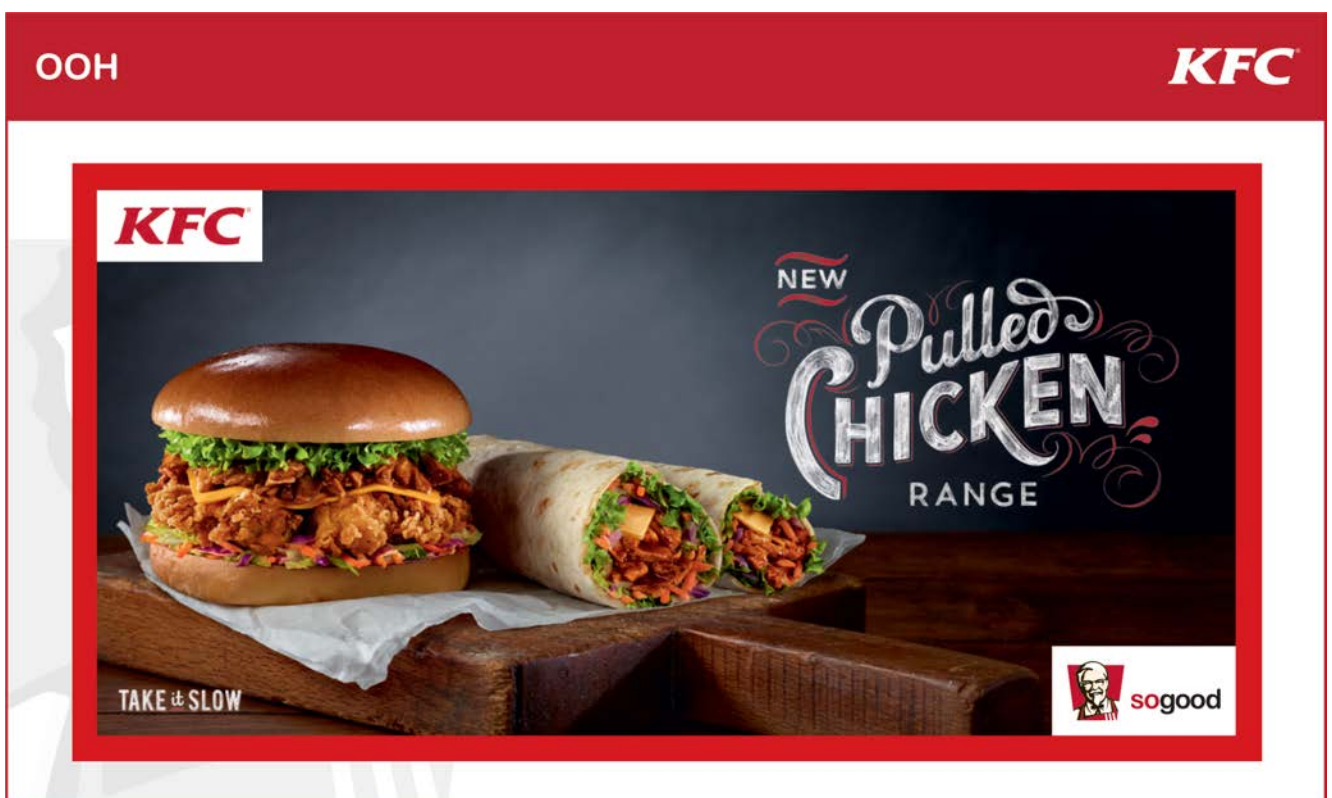
**KFC**



In 10" TV a new approach to shooting the food was required to deliver the quality message. Rather than just showing the burger in a world of choreographed ingredients, the product was romanced by showing the care that went into the build - up-close on each individual layer.



A new approach was taken in OOH to drive appetite appeal via up-close photography that romanced the product.



We used social media and experiential to encourage peer to peer endorsement to tempt light/lapsed users back into the KFC. 'Pulled on Tour' was designed to get the product onto UK streets, into hands and generate buzz along the way. It took the form of an interactive competition that saw the UK's universities battle it out to bring the 'Pulled' van to their city. The campaign achieved +75,000 engagements across social media and saw over half of the UK's universities participate.

## Pulled on Tour

**KFC**





## PERFORMANCE

The 'Pulled' chicken range successfully extended the KFC brand out of fried for the first time.

The pulled range launched in Window 8. Sales in that window outperformed the plan by a huge +4.5%. The main difference was driven by transactions (not ticket sales) – strongly suggesting that Pulled had attracted new customers back into KFC.

Sales performance Window 8			<b>KFC</b>
Company Core	Plan	Actual	Var
SSSG%	101.8%	106.4%	+4.5%
SSSTiG%	102.3%	102.9%	+0.6%
SSSTrG%	99.5%	103.4%	+3.9%

Source: KFC

Looking behind the sales drivers, the uplift is driven by snacking, lighter and burgers – all categories that Pulled was the lead range in.

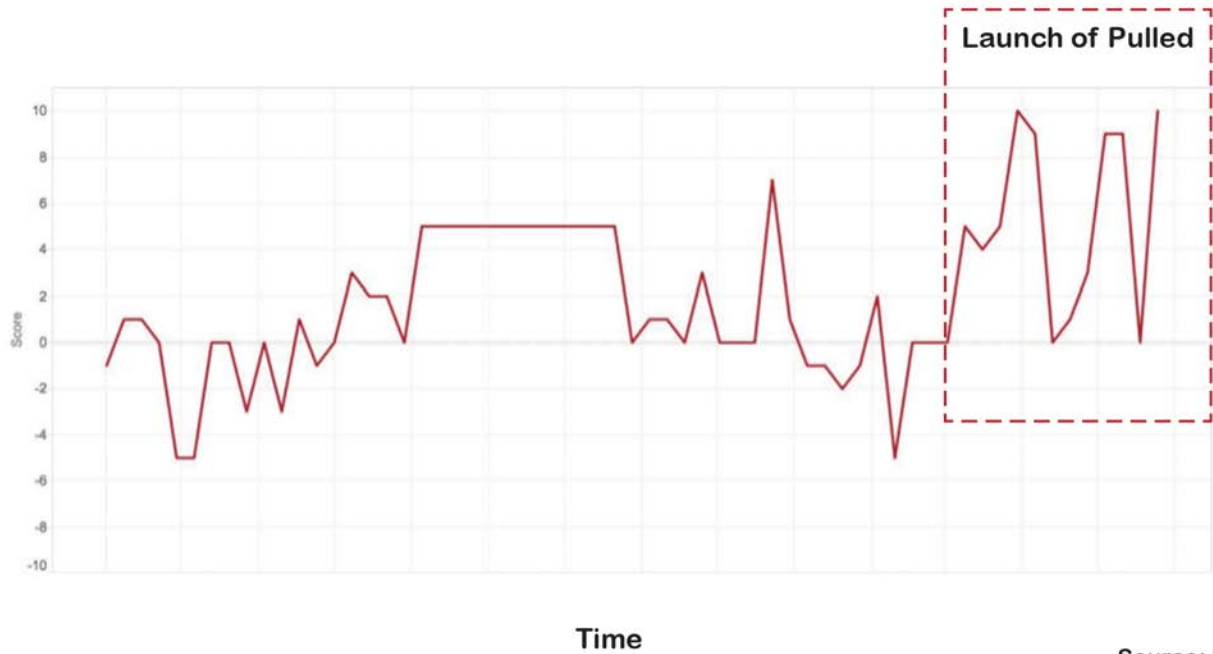
Sales performance Window 8 by category				<b>KFC</b>
Total SSSG%	Window 8 Units YoY	Unit Movement	YTD Units YoY	Unit Movement
Low End	62%	-	105%	+
High End	93%	-	99%	-
Burgers	120%	+	103%	+
ALC	103%	+	109%	+
Snacking	112%	+	105%	+
Lighter	138%	+	116%	+
Drinks	105%	+	106%	+

Source: KFC

Before National launch, KFC generally runs a test in Scotland. This test is designed to model baseline sales and therefore predict incremental sales based on actual results. The test predicted that incremental sales would be 5% as a result of Pulled.

## Sales results of the Scottish test

**KFC**

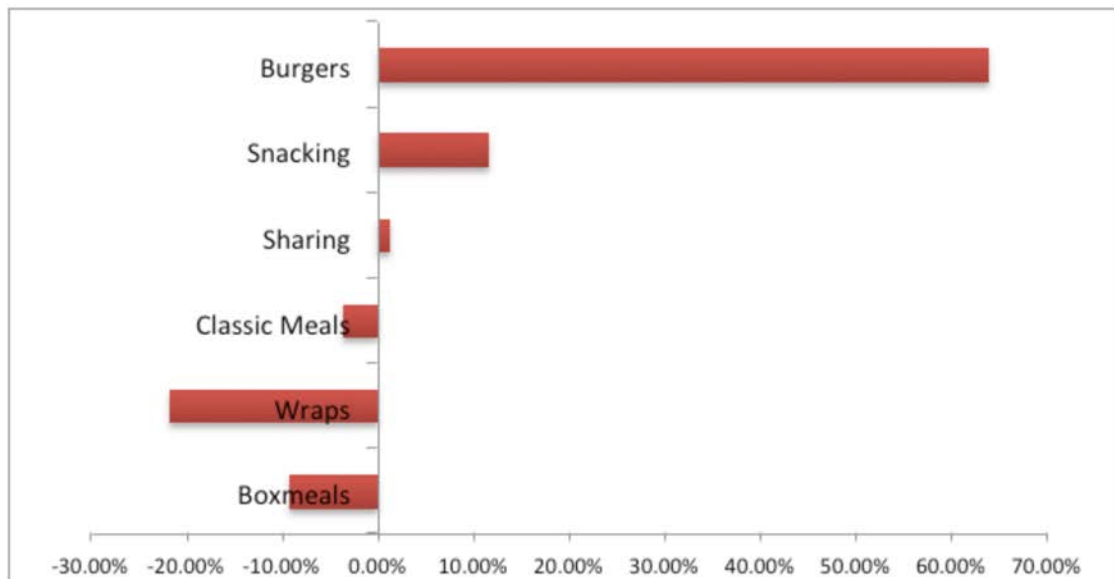


Source: KFC

Additionally, there was minimal cannibalisation of existing sales from 'Pulled' and a large positive halo effect across burgers and snacking.

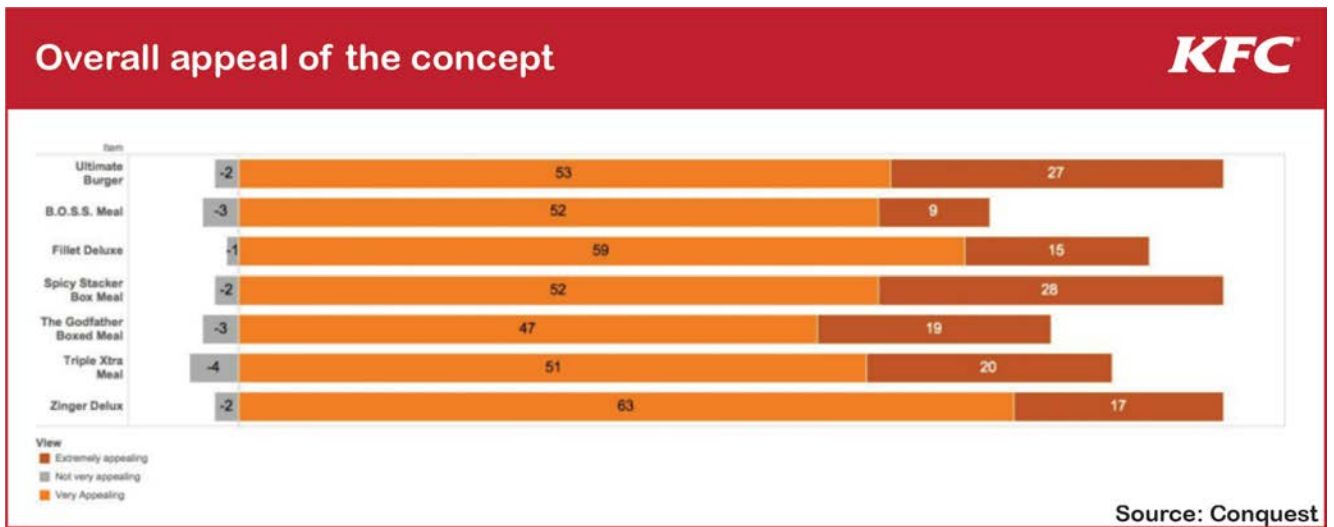
## Window 8 net sales – negative/positive impact from the launch of 'Pulled'

**KFC**

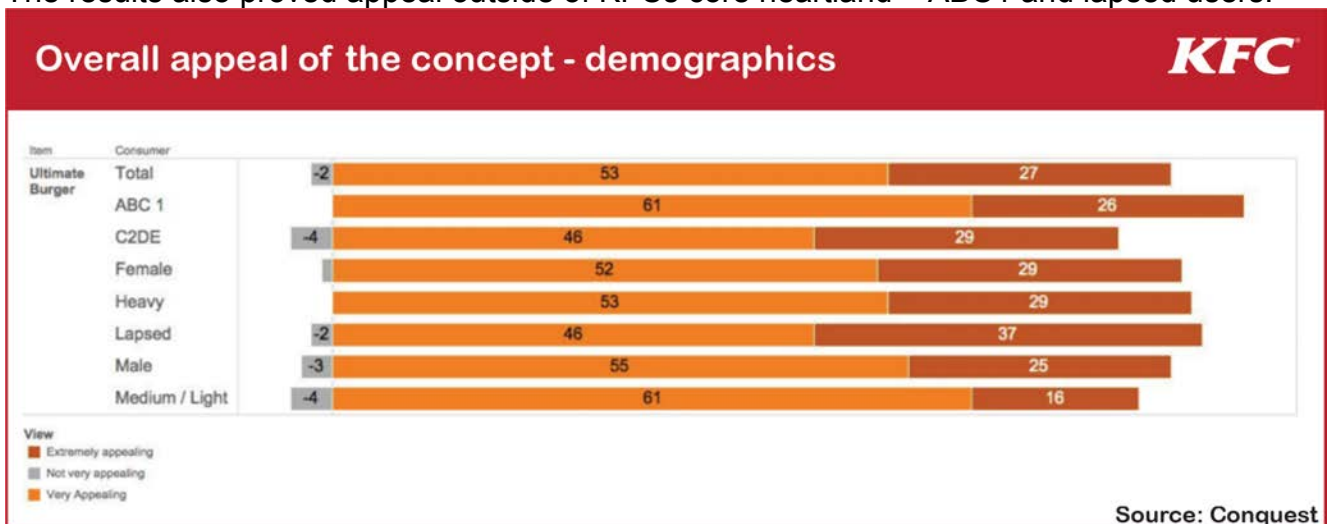


Source: KFC

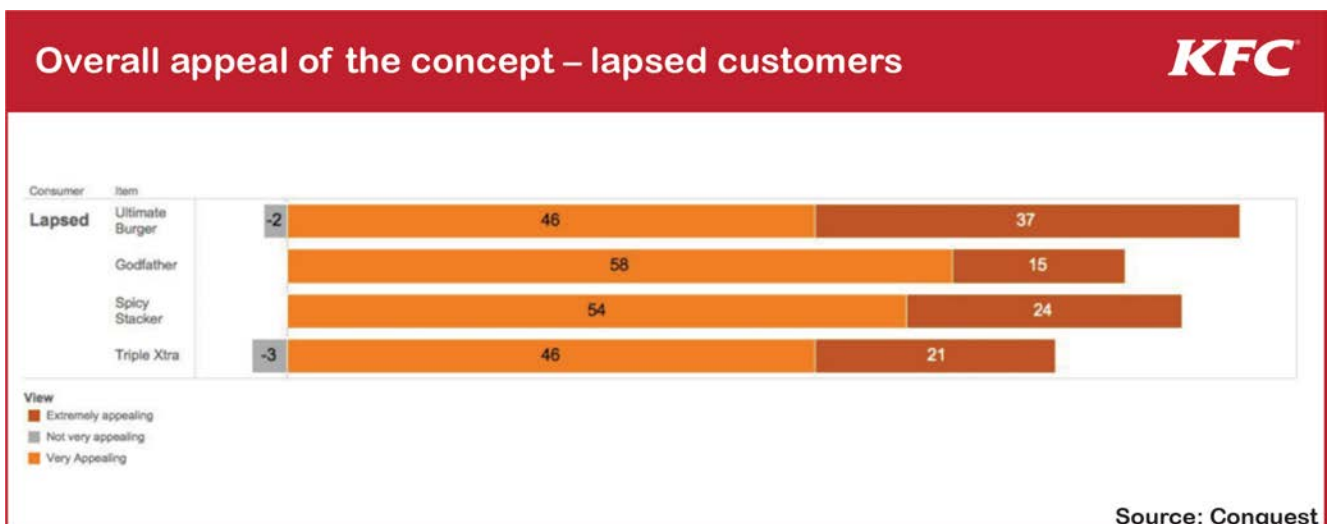
The overall concept was also tested for appeal, and specifically for appeal amongst light/lapsed customers. The 'Pulled' chicken burger scored in the highest quarter for its overall appeal.



The results also proved appeal outside of KFCs core heartland – ABC1 and lapsed users.



Indeed, 'Pulled' resonated with KFCs lapsed users more than any other recent LTO launch.



## **CONCLUSION**

Coming into 2014, KFC faced a tough task. Their once successful marketing model built on frequency and LTOs had run out of steam. In order to meet their ambitious growth targets the brand moved to a penetration strategy that required genuine product innovation.

NPD that drives penetration and attracts light users is fundamentally different from NPD designed to encourage loyal users in more often. KFC identified that they needed to deliver the unique taste and chicken people loved, but in a more permissible and modern format.

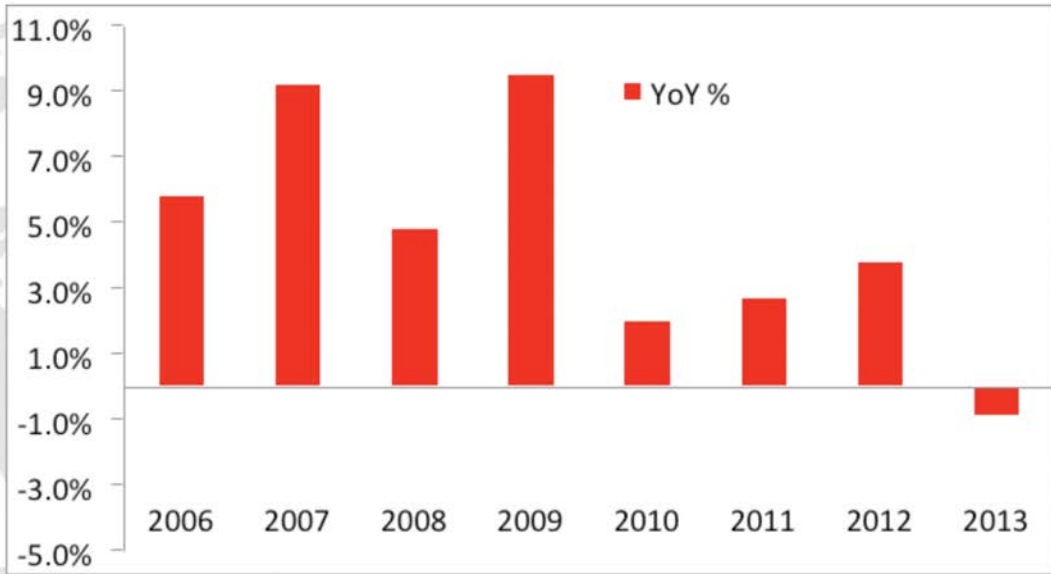
We took a classically fried product and served it pulled. We took a classical fast food brand and celebrated slow.

We were able to take these bold steps because we rooted all our marketing activity in an owned brand equity, whilst riding an emergent new cultural trend.



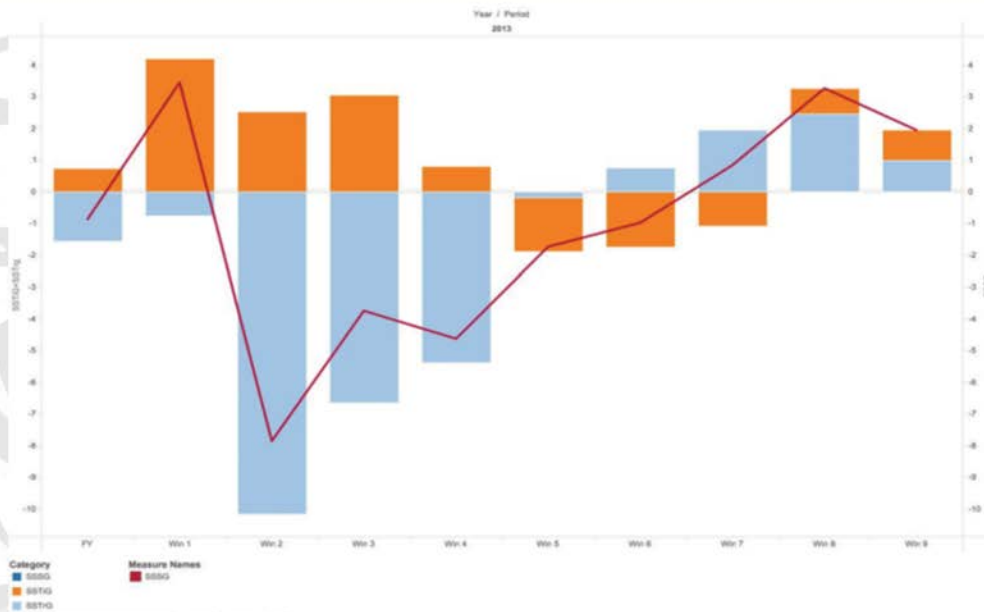
APPENDIX A

Like for like Same Store Sales Growth (SSSG)  
Net Sales % Change



Source: KFC

Transaction & Ticket Sales % change month on month 2013



Source: KFC