

1.0 Introduction

Jollibee Foods Corporation widely known as Jollibee is a fast-food restaurant chain based in the Philippines. Founded by Tony Tan Caktiong, a Filipino Chinese in year 1975. It is an American-style fast-food restaurant with Filipino-influenced dishes specializing in burgers, spaghetti, chicken and some local Filipino dishes. Currently it is the biggest fast-food chain in the country, it also has locations in the United States, Saudi Arabia, Hong Kong, Vietnam, Indonesia, Dubai and Brunei. Jollibee is also the name of their mascot, a large bee in a blazer, shirt and chef's hat.

As of December 2007, Jollibee has become one of the biggest fast-food chains in the world with more than 600 stores worldwide and total sales of more than \$1 billion, where out of that figure about 500 restaurants are located in the Philippines itself.

Tony Tan Caktiong and his family opened a Magnolia Ice Cream parlor at Cubao in 1975 with Jolibe as the original name. Sometime in 1978, Tony Tan and his brothers and sisters, being partners, engaged the services of a management consultant in the person of Manuel C. Lumba. Consultant Lumba shifted the business focus from ice cream to hamburgers, after his studies showed that a much larger market was waiting to be exploited. Lumba became Tony Tan's first business and management mentor. Lumba next re-formed the name Jolibe to Jolly Bee and made the two words form a single name Jollibee, but changed the "y" to an "i". The Jollibee mascot was conceptualized by Lumba inspired by local and foreign children's books. Lumba next created the product name "Yumburger" as well as the name "Chickenjoy". He had the company incorporated in order to benefit from incorporation and leased a house on Main St. in Cubao, Quezon

City as the first headquarters. Lumba also formulated a long-term marketing strategy, listing up a number of consumer promotions and traffic building schemes. Tony Tan stressed that developing internal strengths was critical. The stores were re-designed, the service transformed into a full self-service, fast-food operation with drive thrus. Not long after, Tony Tan and Manny Lumba went on an observation tour in the United States, attended food service and equipment conventions. Tony Tan placed Manny Lumba in charge of franchise development.

In 2000, the company acquired Chowking, a similar type of restaurant operated in the Philippines, allowing Jollibee to be part of the oriental quick service restaurant segment. Similarly, Jollibee also acquired Red Ribbon Bakeshop on 2005, another popular fast-food restaurant in the Philippines.

In 2006, the company acquired the franchise of Délifrance. This further expanded its penetration in the food service industry particularly in the French cafe-bakery, a growing segment of the Philippine food market. In September of 2006, the company acquired the remaining 50% stake of Delifrance Asia Ltd. in Baker Fresh Foods Phils., Inc. (BFFPI). This means BFFPI is now a wholly owned subsidiary of Jollibee and that the listed food giant has the exclusive rights to operate Delifrance outlets in the country. "The acquisition involved a restructuring of all advances by Jollibee and Delifrance Asia amounting to P130 million into equity," a public statement said. Jollibee added that the strong sales posted by Delifrance encouraged it to buy out its partner.

The corporate actions in buying out the minority shareholders in Greenwich Pizza (20%) and Delifrance (50%) were the prelude to a plan to integrate Greenwich Pizza,

Chowking and Delifrance brands under one corporate entity. Under this plan, merging of the subsidiaries will be implemented by having Greenwich Pizza Corp. and BFFPI folded into Chowking Food Corp. The surviving entity will be renamed *Fresh N' Famous Foods, Inc.* No new shares will be issued as the assets of Greenwich and BFFPI will be injected into Fresh 'N Famous as additional paid-in capital.

Along with its Philippine brands, the company also runs a Chinese fast food chain, Yonghe King, in mainland China, and a popular teahouse chain from Taiwan called Chun Shui Tang (Spring Water Hall). Chun Shui Tang teahouse opened a branch on Shanghai's Huaihai Road on June 30, 2006. On July 25, 2007, Jollibee launched its pilot restaurant "Tio Pepe's Karinderia" in Edsa Central in Mandaluyong, to professionalize the Philippine carinderia business.

On September 21, 2007, Jollibee CEO Tony Tan Caktiong announced that it bought the Chinese restaurant chain Hongzhuangyuan (which has 33 branches in Beijing) for US \$50.5 million. Jollibee has also acquired Shanghai-based Yonghe King chain on 2004 for \$ 22.5 million and now operates 1,385 hamburger, pizza, baked goods and Chinese food restaurants in the Philippines with over 200 branches in other countries. On March 26, 2008, Jollibee opened a new outlet in G-8, G-9 Jia Ning Na Mall, Shenzhen City, China, owned and operated by Kuai Le Feng, a wholly owned subsidiary of JFC. It earlier operated a franchised store in Xiamen from 1998 to 2002.^[13] Jollibee has also acquired Taiwanese restaurant chain Lao Dong for 61.1 million pesos (1.37 million dollars).

2.0 Jollibee's Corporate Vision and Mission Statement

Jollibee's vision is fairly simple, that is,

"to serve great tasting food, bringing the joy of eating to everyone."

While the mission statement is as follows.

"We are the best tasting QSR (Quick Service Restaurant) with the most endearing brand that has ever been. We will lead in product taste at all times. We will provide FSC excellence (Food, Service & Cleanliness) in every encounter. Happiness in every moment and by year 2020, with over 4000 stores worldwide. Jollibee is truly a global brand (and the Filipino will be admired worldwide)"

3.0 Revenue and experiences in countries outside the Philippines

Jollibee group has recorded a revenue of 51.55pisos, equivalent to RM5.155 billion while the net profit is at 2.363 pisos which is equivalent to RM2.363 million. With a revenue to net profit ratio of 2.5. In the 20th century, it had actually ventured into partnership in other countries such as Singapore, Taiwan, Indonesia, Saudi Arabia and Malaysia but failed due to lack of proper partnership arrangement. And as of current year, other than the Philippines, it operated in the United States, Brunei Darul Salam, Hong Kong and Vietnam.

4.0 Attempted Questions

4.1 What is the key success factors for Jollibee Food Corporation (JFC)?

4.1.1 Superior menu line-up.

Basically the menus provided by Jollibees are quite similar to what is offered by McDonald. But the differences are, Jollibees offer noodles and rice meals to cater for Asians which is neglected by McDonald. On top of that, in term of pricing, for example,

a comparison between a similar burger offered by Jollibee is US\$1.20 cheaper than the one in McDonald.

4.1.2 Creative marketing programs

For Jollibee, the four strategic marketing tactics to increase sales are, firstly, they offer delivery services within certain areas around the restaurant, which is similar to what Pizza Huts had. This, has indirectly increase sales to cater for those who were not able to come to the restaurant, and the privilege of enjoying Jollibee's food in the comfort of their offices or houses and offer of convenience in the eyes of consumers.

4.1.3 Efficient manufacturing and logistics facilities

Jollibee's production site is clean, efficient and located strategically surrounding their chain of restaurant. It is semi-automated and raw materials such as buns, chickens, beef and cheese are supplied fresh from the local market. They are processed within 24 hours and sent to the restaurants to be cooked for sale.

4.1.4 Well-trained teams.

There was no information on how the employees are trained but as evidence, the company had received many awards, such as "Best at Consumer Goods" in Asia's Best Managed Companies poll survey by Euromoney Magazine Recognized by Forbes Asia Magazine as one of the 200 "Best Under a Billion" companies in Asia in year 2005. Tony Tan Caktiong, CEO & President of Jollibee Food Corporation, was awarded 2004 World Entrepreneur of the Year by Earnst & Young The Most admired corporation in the Philippines by Asian Wall Street Journal Revoiew 200 (formerly Far Eastern Economic Review 200) for 7 consecutive years (1998-2004) and in year 2003, The Most Admired Corporation in the Philippines by the Far Eastern

Economic Review for 6 consecutive years (1998-2003) The Asia Money Magazine adjudged JFC as the country's "Best Small Company" based on market capitalization for 2 consecutive years (2002-2003).

All the above can be proof of how well employees are trained to serve customers. As employees are front liners for the company.

4.1.5 Culture of integrity and humility

Jollibee has had a long history of giving back to the community. With its involvement in worthwhile projects like Sa Aklat Sisikat, a reading program; Nurture the Future, a community-based feeding program; the Values Program of the Department of Education; and Habitat for Humanity, Jollibee has continually shown its commitment to building happy children and communities. With the establishment of the Jollibee Foundation in December 2004, Jollibee along with the rest of the Jollibee Foods Corporation (JFC) hopes to make its efforts in giving back to the community more organized, strategic and impact-oriented. The Jollibee Foundation envisions a future where Filipinos are able to enjoy and sustain a quality life defined by dignity, purpose, health and happiness; and where Filipinos actively participate in community and nation-building. Its objective: to work with Filipinos that they may reach their highest potential the same way Jollibee did. Jollibee call this "jollifying"—sharing the innovation and the values, and taking the expertise and tools that have made the company what it is today and passing it on to the people Jollibee Foods Corporation most ascribes its very success to: the everyday Filipino. This strategy of public relationship has further enhanced Jollibee's international image.

4.1.6 Fun and family like restaurant environment.

Setting for the environment of Jollibee's restaurant is such that all members of the family can gather and enjoy good meal. This implies that the more people come to the restaurant, the more expenses and hence translating into higher sales. Families are encouraged to have birthday parties hosted in Jollibee.

4.2 Question 2

Where is Jollibee Food Corporation vulnerable? What should it watch out for?

4.2.1 International fast food chain

Due to a fast pace world, modern life is getting tougher and more challenging for working people. Fast food business was born to cater for this group of people. Currently, McDonald, Kentucky Fried Chicken or famously known as KFC, Pizza Huts, Burger King, Jollibee and other market players are competing with each other to gain market share.

4.2.2 Other local food restaurants

Fast food restaurants, due to their image and restaurant comfortable setting, normally are charging higher price tag compared to the local delicacies. Jollibee too, is not spared from this scenario. Customers visiting fast food chain are mostly those of the middle class categories. Lower income earners would consider visiting Jollibee a luxury patronage while at the higher end, the rich and famous would prefer premium hotels or restaurants.

4.2.3 Operation management

For fast food operation, efficiency and freshness of products are vital for the success. For Jollibee to be successful internationally, supply chain is one of the main criteria that the corporation should watch out for. For example, suppliers of bun and bread, meat, chicken, vegetables, beverage and others must be supplied at the right time, assuring freshness at manageable cost to come up with profit margin.

4.2.4 Growing concern and conscious on health food

Fast food are generally considered as junk food by health concerned customers. They are said to be the main cause of over weighted children, and the cause of main sickness such as high blood, diabetes and others. Soft drinks are the major beverage served which is one of the major concern. Therefore, Jollibee should consider come out with healthier food which would cater to local needs internationally.

5.0 Question 3

What recommendation would you make to their senior marketing executives going forward? What should they be sure to do with their marketing?

In view that since the early 1980, Jollibee was trying to expand its international business in many countries which include Singapore, Taiwan, Indonesia, Saudi Arabia and Malaysia but all ended up in failure. The was mainly due to unclear partnership agreement resulting in misunderstanding and partners taking advantage on Jollibee. Therefore, the following recommendation are given to Jollibee to assure the success in future.

5.1 To choose the right partner and right location to go global

Jollibee should be careful in choosing partners. This is can be further enhanced by interviewing and having background check on prospect partners to