

*Special Section***CONTEMPORARY MARKETING STRATEGIES AS
COMMUNICATION TOOLS FOR MODERN RETAILERS****Lowe Accra and the Pitch for KFC Ghana****Cara Peters****Jennifer Kontor-Kwateng***Winthrop University*

Abstract

Lowe Accra was the premier advertising agency in Ghana. Over the years, the agency had worked with numerous, well-known public and private organizations that wanted to do business in Ghana. Yum! Brands had recently opened KFC restaurants throughout the continent of Africa. Once Yum! Brands brought KFC to Ghana, they realized that they needed help from an ad agency that was familiar with the local culture, tastes, and preferences. They approached Lowe Accra for ideas on how to increase foot traffic and attract more families to their stores. Lowe Accra began by doing focus groups with children and parents in private schools. From the focus group data, the agency identified issues that KFC Ghana currently had with their parties. The next step was to figure out how to develop a pitch that presented a new plan for the parties along with impactful branding.

Keywords: international retailing; cross-cultural issues; marketing in Ghana; branding

Introduction

Lowe Accra was an award winning advertising agency, pitching their ideas to a variety of clients that wanted to do business in Ghana. The agency built its success on helping international companies customize their marketing for the local culture and tastes. Kentucky Fried Chicken (KFC) was a large scale, global fast-food chain that was expanding rapidly throughout Africa, and Lowe Accra was invited to come up with ideas for

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how to increase foot traffic and attract more families to the KFC stores in Ghana. A client like KFC would be a real feather in Lowe Accra's cap, as it would not only generate significant revenues for the agency but also help attract other large, international corporations as clients. Simply put, Lowe Accra really wanted to win this account! The agency started with market research, which led to the decision to focus on a children's party theme for the pitch. However, the agency was at a critical point in the process of creating the pitch in which they needed a detailed plan for the parties, along with some impactful branding.

Background

Business in Ghana

Ghana is a West African nation that is geographically the closest to the center of the world. With a population of 26.6 million and an average per capita income of \$4,129, Ghana has had a stable democratic government since 1992 and more than 20% of the population lives in the country's capital, Accra (The Heritage Foundation, 2016).

Economically, Ghana is rich in diamonds, gold, manganese ore, and bauxite; the country has a significant mining industry and exports these goods to the world. The country is also a significant cocoa producer. In addition to having natural resources, when compared to its other West African neighbors, most of Ghana's workforce is diligent and well-educated. The unemployment rate is only 2.4%, and the country has an emerging middle class. Educational instruction and official business interactions take place in English, which encourages international investment. Even though Ghana has a smaller domestic market with a gross domestic product (GDP) of \$108.3 billion, international investment and entrepreneurship has taken hold and the country's growth rate is projected to rise to 5.9% in 2016 and 8.2% in 2017 (The World Bank Group, 2016).

Despite the country's advantages for international business, Ghana has its challenges. The inflation rate is 15.5%. New foreign investment requires registration with the government and foreign investors must have a domestic partner. While the steps required to start a business in Ghana have been simplified, the combined costs of necessary business permits

add up to more than four times the average annual income. In addition, financing is limited since banks are undercapitalized, supply chains are undeveloped, logistical networks are weak, and electrical power is unreliable and expensive (Veselinovic, 2015).

Fast Food in Ghana

Within Ghana's domestic market, the restaurant sector was the largest and fastest growing part of the economy. The growth rate in the restaurant sector had been at 20% and was predicted to continue at that rate for some time. Growth was occurring among new upscale restaurants that served continental or ethnic foods (such as Chinese) as well as new fast food outlets (Ashitey, 2008). There were three identifiable segments within the fast food market in Ghana: strong indigenous brands, international franchise outlets, and single, neighborhood establishments (Omari, Jongerden, Owusu Essegbey, Frempong, & Ruivenkamp, 2013).

While fast food was generally considered inexpensive to consumers in Western countries, it was costly in developing countries like Ghana. This was due to the large investment and overhead costs associated with restaurant development, along with the prestige associated with eating out of the home. Fast food in developing countries tended to be sold at Western prices, but the average income was considerably less, so eating at restaurants was a luxury, but one that a younger, educated, growing middle class was embracing (Veselinovic, 2015).

Yum! Brands in Ghana

Yum! Brands is the parent company that owns the fast-food chains of KFC, Pizza Hut, and Taco Bell. The company is based in the United States and headquartered in Louisville, Kentucky. Despite it being U.S.-based, Yum! Brands is a global company that has recently realized massive growth and profits by expanding its KFC and Pizza Hut brands into China. However, the slowing Chinese economy and beginning of market saturation in most Chinese cities caused Yum! Brands to turn toward expansion into the relatively undeveloped Africa (McNew, 2015).

In 2010, Yum! Brands began to aggressively open KFC restaurants throughout the continent of Africa. Within a few years, the company added

nearly 1,000 KFC locations throughout 17 countries in the continent (McNew, 2015). According to Lowe Accra Senior Account Manager E. C. Tachie Menson (personal communication, April 21, 2016), KFC opened its first Ghanaian restaurant in the capital, Accra, in 2011, and by 2014, the company had four KFCs operating throughout the country.

KFCs in Ghana were considered more upscale than those in Western countries. For example, Ghanaian KFC stores had multiple floors, specialized menu items that were unique to local tastes (in addition to traditional Westernized KFC food items), and waiters and waitresses took orders and delivered the meals to the tables (E. C. Tachie Menson, personal communication, April 21, 2016). Overall, given the cost of KFC relative to the per capita income, KFC was considered a luxury dining experience among consumers in Ghana and demand for the brand was healthy (Veselinovic, 2015).

Lowe Accra

Lowe Accra began as a small advertising agency in 1927, under the name Lintas. Eventually, the agency became a wholly Ghana-owned affiliate of Lowe Worldwide, a global advertising agency based in the United Kingdom. Lowe Accra was a full-service advertising agency that employed a complete creative team consisting of approximately 17 people, serving clients that wanted to do business in Ghana (E. C. Tachie Menson, personal communication, April 21, 2016).

In Ghana, Lowe Accra was considered one of the premier advertising agencies and had received numerous awards for their integrated marketing communications campaigns. The agency had launched and built most of Ghana's household brands. Lowe Accra was considered the leading advertising agency for developing campaigns for the health care industry. In addition, the agency also developed strong partnerships with both public institutions and private companies. Furthermore, Lowe Accra worked closely with local colleges to help develop young, talented students who were interested in working in the advertising industry (E. C. Tachie Menson, personal communication, April 21, 2016).

The services Lowe Accra offered included the following: brand development and positioning, communication development and

production, themed campaigns, channel planning and buying (such as buying radio and TV time in Ghana), program development and production, and sponsorships. Some of the agency's clients included Unilever, Guinness Ghana Breweries, GTBank Ghana, TV3 Ghana, GCNet Ghana, and the Johns Hopkins Bloomberg School of Public Health.

Problems

The Partnership with KFC

Once Yum! Brands brought KFC to Ghana, they quickly realized that they needed help from an ad agency that was familiar with the local culture, tastes, and preferences. Yum! Brands approached Lowe Accra, and the agency agreed to work on several pitches. The first pitch was to develop ideas for how KFC could customize its menu to fit local tastes (E. C. Tachie Menson, personal communication, April 21, 2016).

Next, Yum! Brands wanted to increase foot traffic and attract more families to their stores, so they asked Lowe Accra to develop ideas for this as well. Lowe Accra began this project by conducting market research. They went to private elementary schools in Ghana and administered focus groups with children and their parents about the last time they visited KFC and what would make them want to visit the store again. They selected private schools as the sample because these families were typically aware of Western foods and restaurants. Furthermore, these families could typically afford to dine at restaurants in Ghana (E. C. Tachie Menson, personal communication, April 21, 2016).

After Lowe Accra analyzed the focus group data, the agency made a list of things KFC could do to increase foot traffic and attract more families to the stores. For example, they had ideas about developing a full offering of children's parties and also creating delivery services in which KFC could bring lunch to schools and deliver dinners to homes. Lowe Accra decided to pitch a birthday party campaign. At the time, KFC had a birthday party package that they offered in their stores in Ghana, but Lowe Accra's market research revealed that the current set-up was limited in some ways (E. C. Tachie Menson, personal communication, April 21, 2016).

First of all, the current KFC parties were based on a one-hour time frame. But Ghanaian culture is not as time sensitive as Western cultures; therefore, people often showed up for appointments late. The focus group data showed that many people would arrive for parties an hour or more after the start time. Therefore, the party time would need to be extended. A second issue was that the current KFC parties offered limited menu choices. All children were served popcorn chicken at the party. But the agency's market research showed that the children did not all like eating the same meal, and the menu choices might need to be expanded. Third, current KFC parties only included one bunch of balloons for decorations, and there were no party favors offered. Lowe Accra's market research revealed that birthday parties in Ghana often included more than just balloons. So the agency thought that KFC needed to include activities, games, and party favors that the children could take home (E. C. Tachie Menson, personal communication, April 21, 2016).

Lowe Accra's market research also revealed that the parents had concerns about KFC's current pricing structure for the parties. At the time, it cost approximately 15 cedis (around U.S. \$10) per child for a KFC party. This was quite expensive by Ghanaian standards. And for this amount, the child received a meal (with no drink) and a piece of birthday cake. Additional items or services, such as drinks, games, or time beyond an hour, were charged as additional fees on top of the 15 cedis. For example, KFC charged an add-on fee for every 30 minutes of time used beyond an hour. The focus group data indicated that Ghanaians preferred a flat free pricing model, in which they paid one price for the party, despite the number of additional items or services consumed (E. C. Tachie Menson, personal communication, April 21, 2016).

The last observation made by the agency from the focus group data was that the current KFC parties were not well known among Ghanaian children and parents. The agency felt like the parties needed to be branded in order to increase awareness among families (E. C. Tachie Menson, personal communication, April 21, 2016). If more Ghanaians were aware of KFC's birthday parties that would not only increase foot traffic but would also attract more families to the stores.

The Pitch

Lowe Accra felt strongly that KFC could increase foot traffic and attract more families if they restructured the birthday parties to add more value for consumers. They also had some useful focus group data that pointed out action items that the agency could employ in their pitch for improving the parties. However, to gain the account, Lowe Accra knew that it also needed to develop impactful branding for the parties that would significantly increase awareness among families in Ghana.

Discussion Questions

1. In what ways did socio-economic factors impact the restaurant industry in Ghana?
2. Given the information provided in the case, what should Lowe Accra incorporate into their plan for restructuring and branding KFC's birthday parties?
3. How can companies use marketing communication strategies in the fast food industry within developing countries like Ghana?

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Appendix. Discussion question answer guide for teachers.

1. In what ways did socio-economic factors impact the restaurant industry in Ghana?

Socio-economic factors had a significant impact on the restaurant industry in Ghana. Some of the socio-economic factors were favorable toward the industry. Specifically, Ghana had a stable democratic government and much of the population lived in cities. Economically, Ghana was rich in natural resources, and the country was a leader in mining and cocoa production. In addition, the population was relatively well educated and unemployment was around 2.4% (The World Bank Group, 2016). The country had a growing middle class.

Overall, businesses were doing well in Ghana and the country's growth rate was projected to rise steadily over time. The restaurant sector in Ghana was the largest and fastest growing part of the economy. The growth rate for the restaurant sector had been at 20% and forecasts showed no slow down (Ashitey, 2008). Growth was occurring among new upscale restaurants that served continental or ethnic foods, as well as new fast food outlets, such as KFC. The younger, educated, growing middle class was embracing dining out in Ghana.

There were also several socio-economic factors that presented significant challenges to the restaurant industry in Ghana. In addition to being difficult to run a business in Ghana (due to the need for a domestic partner, expensive start-up costs, and underdeveloped infrastructure, among other factors), the average per capita income in was only \$4,129 and the inflation rate was 15.5% (Veselinovic, 2015). Relative to the average income, the cost of dining out was quite expensive for Ghanaians, as meal costs were often based on Western prices.

2. Given the information provided in the case, what should Lowe Accra incorporate into their plan for restructuring and branding KFC's birthday parties?

Lowe Accra was at the point in which they needed to develop a party plan and some impactful branding for their pitch to KFC. The agency's

market research highlighted several action items that should be incorporated into the party plan. First of all, KFCs in Ghana were considered more upscale than those in Western countries (i.e., the stores had multiple floors, specialized menu items, and waiters/waitresses). Furthermore, given the cost of KFC relative to the per capita income, KFC was considered a luxury dining experience. This upscale, luxury experience required integration into the party plan. Ghanaians wanted to feel that they were getting a good value for the cost of the KFC birthday parties. Furthermore, they wanted all items (such as drinks) and services included in one flat fee for the parties.

Second, because Ghanaian culture was not as time sensitive as Western cultures, this translated into families not liking the one-hour time frame for the parties. Lowe Accra's party plan would need to accommodate guests that arrived late and thus the time frame should be extended to three or four hours. Third, because the target audience wanted more menu choices beyond just one meal type for the parties, Lowe Accra needed to develop several meal options that could be offered at the same price point in their party plan. Fourth, Lowe Accra's research showed that the parties needed to include activities (such as face painting), games (such as bingo), more decorations (such as a Happy Birthday banner), and party favors in small bags that the children could take home at the end of the party.

The focus group data also showed that the current KFC parties were not well known among Ghanaian children and parents. Lowe Accra believed that the parties should be branded to increase awareness among the target audience. This was a correct assumption as marketing studies show that branding efforts increase awareness, convey benefits, and increase purchase rates among consumers (Keller, 2003). If more Ghanaians were aware of KFC's birthday parties that would not only increase foot traffic but also attract more families to the stores.

Branding experts argue that customer experiences are at the heart of a brand, and if a company wants consumers to fall in love with their brand, then they need to improve customer experiences (DuPre & Jarrot, 2015). For KFC, the birthday parties are a great opportunity to

provide a memorable customer experience for families in the target market.

To brand the KFC birthday parties, Lowe Accra needed to come up with a theme for the event (Reardon, 2014). The parties should then be branded with a logo or graphic that connects with the theme (Kimball, 2014). Furthermore, along with the logo or graphic, the party theme would dictate a color scheme and font to be used. The logo/graphic, color scheme, and font would then be integrated into a full set of accessories for the party, including invitations, party favors, and decorations (Kimball, 2014; Reardon, 2014).

Although there are several possible themes for a party, a common theme for children's birthday parties is brand characters (such as Mickey Mouse, superheroes, or the latest Disney princess, such as Elsa from *Frozen*). Brand characters help companies create stronger brands by establishing identity and favorable associations (Dotz, Morton, & Lund, 1996; Garretson & Burton, 2005; Hosany, Prayag, Martin, & Lee, 2013). Some restaurant chains (like Chuck E. Cheese) have a brand character that is used to brand their parties with a graphic on invitations, party favors, and decorations. An employee even dresses up in the brand character costume and visits the parties to create another memorable experience for the children. One idea would be for KFC to develop a brand character to help promote the parties in the same way as other restaurants, like Chuck E. Cheese.

3. How can companies use marketing communication strategies in the fast food industry within developing countries like Ghana?

Ewah and Ekeng (2009) discuss both the problems and prospects of marketing in developing countries, specifically Nigeria. Ghana is similar to Nigeria because it is also a developing country located within Africa and thus several of Ewah and Ekeng's (2009) conclusions can be applied to understanding how companies can effectively utilize marketing communication when doing business in Ghana.

Ewah and Ekeng (2009) state that marketing is a global phenomenon but within developing countries the unfavorable business climate (due to poverty, fragmented markets, weak financial investment, poor

infrastructure, prevalence of poor quality local products, and unethical business practices) make it difficult for marketing strategies to develop and prosper. However, as economies grow, so can their marketing strategies (Ewah & Ekeng, 2009), as in the case of Ghana.

Thus, as developing economies grow, the fast food industry will also expand. In fact, the growth rate in Ghana's restaurant industry was a substantial 20%, as a younger generation of middle class adults were embracing eating out. Ewah and Ekeng (2009) argue that marketing strategies can be most useful in developing countries when there is ample supply of goods, competitive conditions, strong distribution, high profit margins, changing consumer tastes, frequent purchases by consumers, and good opportunities for differentiation (p. 189). All of these factors appeared to be present in the case of the fast food industry in Ghana. Thus, the fast food industry in this country was ripe for marketing strategies to be used as communication tools.

Companies that wish to use marketing strategies as communication tools in Ghana should engage the various tools available for communicating with consumers, such as advertising, public relations, sales promotion, online, personal selling, and direct marketing. The usage (and potential integration) of these tools would benefit these fast food companies by increasing brand awareness, improving perceptions of brands, and ultimately increasing purchase rates among consumers (Keller, 2003). As the fast food industry in Ghana grows increasingly competitive, companies will benefit from marketing strategies that attempt to target consumers with persuasive communications and differentiate products, services, and brands from their competitors.

As shown in the context of Lowe Accra and KFC, there is also an opportunity to utilize marketing communication strategies in Ghana that have been proven and tested to be effective in other countries, such as designing parties with a full set of services and branding parties by utilizing a brand character. Thus, strategies that have been proven successful in other parts of the world could potentially be adopted within the fast food industry in Ghana; however, like all marketing communications, these strategies would have to be

customized to fit the local culture and tastes of the target market in order to be most effective.