

Fowl Play

By Reg P. Wydeven
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One of my favorite TV shows is 'Family Guy.' A recurring bit on the animated series involves over-the-top fistfights between Peter, the show's patriarch, and a giant chicken, who is a promoter for a chicken restaurant.

In their first meeting, the chicken gave Peter a coupon for some free chicken, which turned out to be expired. Enraged, Peter attacked the chicken, and the ensuing melee made the fight scenes in Hollywood action movies seem like civil debates. The two combatants strike each other with clubs, pots and pans, lead pipes, car doors and anything else they can get their hands on. The battle spans subway cars, construction sites, restaurants, amusement parks and even the sewers.

The running gag is funny because there's no way a measly coupon could result in such animosity and violence...or could it?

Earlier this month, Oprah Winfrey offered viewers of her show the opportunity to visit Oprah.com during a 24 hour period to download a coupon for a free meal from Kentucky Fried Chicken, featuring two pieces of the Colonel's new grilled chicken, two side orders and a biscuit.

The ensuing chaos rivaled that of the chicken fights on Family Guy. First, the website's server kept crashing from all the visitors, and many viewers were unable to download the coupon. Of those who were lucky enough to print one off, most encountered long lines and hours of waiting at their local KFC to get the meal. Finally, some went away hungry, either because their restaurant ran out of chicken or refused to honor the coupon.

An estimated 10.5 million coupons were downloaded, which equates to \$42 million worth of free meals. According to Roger Eaton, President of KFC U.S., the "unprecedented and overwhelming response" to the promotion resulted in approximately 4 million of the coupons being redeemed for the chicken, while the chain issued rain checks to the remaining 6.5 million coupon holders.

Eaton appeared on Oprah to apologize to their customers for the fowl-up. "We would like to apologize to our customers who have been inconvenienced by the overwhelming response to our free Kentucky Grilled Chicken offer," he said. "The lines of customers wanting to redeem their coupons have been out the door and around the block, so we're unable to redeem customer coupons at this time."

Unfortunately, this isn't the first chicken coupon controversy. KFC competitor Popeyes experienced a similar problem when some of its franchises ran out of chicken during a promotional eight-piece deal for \$4.99.

Likewise, earlier this year the sandwich chain Quiznos issued coupons for free subs, but customers nearly rioted when some of the local Quiznos shops refused to honor them. Like KFC's, Quiznos' promotion was created at corporate headquarters, while local franchisees were expected to honor the coupons at their own cost. Thankfully, Quiznos corporate headquarters eventually agreed to redeem all of the coupons.

When national franchisors put on promotions like these, it can sometimes really hurt local franchisees. Many are mandated by their franchise agreement to participate in the franchisor's promotion. Even if they aren't, the franchisee's business will suffer ill will if they refuse to honor the promotion.

That's why potential franchisees have to scour over their franchise agreements before committing to the franchise. The franchise agreement is the contract that governs the franchisee/franchisor relationship. They typically address training and support, exclusive territories, franchise and royalty fees, use of the franchisor's name and logo, advertising, and termination or resale provisions.

Obviously, many KFC franchises aren't feeling too finger-lickin' good after giving away \$42 million worth of free grilled chicken.

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