

Burger king market analysis



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Burger King known as Insta-Burg King was established in 1953 but then company ran into financial difficulties and was taken over by David Edgerton & James Mclamore. Today it is headquartered in Florida (Miami). Burger King serves Global with 12, 200 outlets in 73 countries.

Part 1: The product and market

According to Merriam-Webster online dictionary fast food is designed for ready availability, use, or consumption and with little consideration given to quality or significance”.

Basically fast-food is gaining momentum due to the busy lifestyle prerelavant nowadays.

This type of food is served to customers in short span of time on order made.

The product: Food like Burgers, French fries, Veggi etc.

Product type: Fast food

Type of Involvement: According to worldwatch. org, India’s fast-food industry is growing by 40 percent. Post liberalization 1991 Fast food industry has developed in India as many multinational providers have set up their business. McDonald’s, Domino’s, Pizza Hut and Nirula’s are well-liked fast food joints in India.

According to the findings of the recent online survey from AC Nielson [7, 8] India being

At the seventh place, is among the top ten markets for weekly fast food consumption among the countries of Asia-Pacific region. Over 70% of Urban
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Households consume outside food fast food from take-away restaurant at least once in a month or more. As per the survey conducted Pizza Hut is the most preferred fast food brand in India. India is one of the top ten countries among the 28 surveyed consuming fast food.

Segmentation

Types of Segmentation.

Geographic segmentation-Urban Locations in India.

Two main cities of India Delhi & Bangalore.

The reason to choose to Delhi is because it is a cosmopolitan city & people are open to embrace new ideas & lifestyle. It is also becoming a major Information Technology destination of India. Here many major multi nationals like IBM, Microsoft, Google, Sony etc. Many Business process outsourcing industries are there. Delhi is the symbol of old and new growing India.

Bangalore city is the nerve of industrial city. It has the IT Park which has gained the popularity of being the “ Silicon” valley. It is ranked among the ten fastest growing city. Today Bangalore is the fifth largest fastest growing city in Asia.

Demographic segmentation- Urban Middle class

Urban Upper Middle class

The Urban % of Middle class income group is 21. 7% from 2009-10

The Urban %Upper Middle class income group is 16.3% from 2009-10(Based on data from the Market Information Survey of Households survey of the National Council of Applied Economic Research

Targeting

Targeting-First Concentrate on

Initial focus on Delhi & Bangalore customers.

Higher income groups.

Exposure to western culture and open minded to variety

Middle class & Upper middle class customers.

Positioning

On introduction of Burger King it would be initially introduced in the capital city of India, Delhi & Bangalore. It would be a place for upscale strata consumers mainly to visit & relax. It would be positioned differently unlike from its competitor Mc Donald's for family to come along with their children and have fun. An individual earning Rs. 30K to 40K a month is expected to indulge in having food from Burger king. The age group mainly targeted on 25-35 year old individuals.

Competitor Analysis-

Direct competitor- Mc Donald's would be the competitor for Burger King.

Indirect competitor-Fresh homemade cooked food localized restaurants

Mc Donald's business is profit making in the fast food industry compared to its competitor Burger King by gross margin 38% of its rival by 33%. Mc Donald's is having a strong presence in United States and it is gaining international presence in the fast food industry. Mc Donald's has been a strong performer in 2009 in terms of market share. In comparison to other food chains like KFC and Pizza Hut the overall performance and a liking towards Mc Donald's has been very positive and commendable. Mc Donald marketing mix: " think global, act local". However, Taylor (1991) supports the view that companies should use both internationalization and globalization elements to create a competitive advantage: it is important to heed the maxim: " think global, act local". The firm must ensure that its structure fits in with its international environment while at the same time have the internal flexibility required to implement its strategic goal (Taylor 1991). McDonalds efficient supply chain in India ensures delivery on time with reduction on cost maximizing profitability & maintaining highest quality standards of products. McDonalds has separate production lines and processes for its vegetarian and non-vegetarian offerings.

Marketing mix adopted by Mc Donald's- McCarthy (1975) formulated the concept of 4Ps- Product, Price, Promotion and Place. Moreover in case of service marketing in recent years theorists have identified 3P's given by Fifield and Gilligan (1996) variables as an integral part of the marketing mix process, physical and people.

Product- Concept of " think global, act local has been clearly adopted by Mc Donald's. To support this concept there are many examples like in India as Hindus do not consume beef, Muslims do not eat pork and Jains (among

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others) do not eat meat of any type. To suit the majority food interest of the Indians Mc Donald's been innovative to serve customers with Vegetable McNuggets & a mutton base Maharaja Mac (Big Mac).

Pricing-Pricing decision is a vital factor taken care by McDonalds. The formulation of different pricing decisions has been made differently based on different geographic locations. The right price selection needed to be made for the right market. Various factors needed to be considered & researched for the same. Some elements considered by McDonalds to determine the price for a particular market. The process, as described by Vignali et al/(1999)is listed below:

Selecting the price objective;

Determining demand;

Estimating costs;

Analyzing competitor's costs, prices and offers;

Selecting a pricing method;

Selecting a final price.

The process listed above is the basic framework that allows Mc Donald's localized pricing. McDonalds has highlighted pricing policy in the mission statement where it states that the most fundamental element of determining price was:

McDonalds to remain in touch with pricing of our competitors allows them to price our products correctly, balancing quality and value.

When Mc Donald's was looking to penetrate into New Delhi India, it determined the price and set it looking at Nirula's, a local food chain as a guideline. McDonalds was formed in India to have toll free number for customers to place the order.

Part 2: The consumer

Influence on the behavior of consumers for purchase of Burger King.

Food consumed by a country's citizen is a vital part of their culture. In India post liberalization in the economy there are many changes in the country. India being a democratic country all religions & beliefs are considered equal with no discrimination.

India known for its rich cultural heritage & strong belief has witnessed some new developments. As compared to past more percentage of Indian women are employed today. A rise in the women's economic status in India has taken place making them independent and ensuring more of disposable income to spent on leisure and recreation, eating out and health and fitness. Recent expansion of service industry call centers, travel agencies airlines and hotels have led to more of employment opportunities. Therefore rise in employment is offering individuals to indulge in more than the basic need, allowing them to spend and save both. With hectic lifestyles, timesaving products are increasingly in demand. The basic Indian culture is of consuming homemade food. It's not very easy to bring changes to their eating habits as there are many different religions & cultures. Reference <https://assignbuster.com/burger-king-market-analysis/>

group are also influence to a person's behavior of eating food outside. Like a family indulging in Non-veg food outside the home often, then it is passed to children also. Social class would also be a determining factor depending on Income education & occupation. Balancing all these three elements influence the purchase behavior of an individual. Culture is an important element from the view point of the marketer. This influence the consumption behavior of individuals. In India beef is not consumed by Hindus due to religious reasons. Hindus constitute the major population in India. Muslims do not consume pork meat. For Jains they do not consume meat. It is completely prohibited. Therefore chicken is preferred. As the barriers to eat out entrenched in certain sectors of Indian society. The influence to purchase fast food are due to factors such as environment at home, availability and accessibility to fast food providers, social environment and surroundings. Some other additional some of individuals who are living alone have independence in their eating habits, sometimes opting for a new variety of food than the traditional home cooked food. To spent time socializing in an ambience making them comfortable also affects the visit & liking of fast food outlet. Indian consumers are of the view that hygiene conditions are to be provided in an around the kitchen.

This model is an essence helping consumers to respond in decision making process. It's known as black box as we still know how human mind works. Some other influences also will be discussed like motivations, perception, perceived risks etc.

1) Problem Solving-

- a) When an individual is hungry and search of instant fulfillment.
- b) Target to consumers who are having open mindset to try a new variety of food.
- c) Target to Middle & Upper middle class consumers who wish to visit out and socialize.
- d) Convenient to carry & looking out for a change from the traditional Indian homemade food.

2) Information Search-The factors determined by consumers to recall the Fast food Brand

Burger King.

Internal Factors for Consumers to search.

Recall of advertisements broadcasted on National Television.

Hoardings

Worldwide Brand value of Burger King for good quality and food.

Some External factors which would influence-Colleagues, public sources, friends & family. Some articles from product rating organizations as Consumer Report.

3) Alternative Evaluation- Mc Donald's, KFC, Nirula's, homemade food and other local restaurants.

4) Purchase Decision-The purchase decision when made in Burger King would be backed by many factors like

a) Social Surroundings-The kind of people around as in India it would be targeted on Middle class and Upper middle class segment. The people present and included while making the purchase.

b) Physical Appearance-Such as décor, ambience of the place, hygiene factors, speedy service offered & some music.

c) Antecedent States-The target being on individuals who earn Rs30, 000 to 40Kper month. Including consumer's mood and cash in hand.

5) Post-Purchase Behavior-In case of fast food joint it becomes bit difficult to know the customers opinion towards the food consumed by them as consumers are generally not very keen to provide. But sometimes it can be actively put into action to gather the feedback through some questionnaire which is not lengthy. Some point of contact for customers where an individual is appointed in the store to learn what consumers feel about the Fast-food served. Even through word of mouth if consumers are satisfied they would convey it to their near and dear ones too.

Some internal Influence on Consumer Behavior.

Motivation-Some people are food lovers who enjoy having food & indulge in variety of cuisines. These individuals are internally motivated.

Perception-The perception of the brand worldwide. The taste & quality of food served is determined based on international standards and reports.

Perceived risks-These risks in case of fast food would be related to health hazards which it can bring in the long run. The hygiene factor can be a cause of concern.

Personal factors-These factors also influence the consumer behavior like economic situation, age, occupation, personality & lifestyle.

a) Economic situation-The economic situation in India is on a growth stage. With more people joining the labour force day by day and middle class and upper middle class population able to spend for their leisure, food and entertainment nowadays. People are having more of means to save for their future too additional to the disposable income to spend. As individuals with a monthly income of minimum Rs. 30, 000 it would targeted for.

b) Lifestyle-The change in the lifestyle of people have also under gone a change. Most of the individuals are working and busy with their hectic schedule so hardly find time to cook and have homemade food. So fast food offers them convenience, taste and easily available at good price suiting the pockets of the individuals. People are nowadays governed by education, income, intelligence & energy level. Mindset of people are undergoing a fast change ready to try different kind of food and a manner in which one can go and enjoy good tasty food outside.

Part 3: Plan to Launch the Product

Brand Name-Burger King

Product Type-Fast food Burgers

Campaign-Urban Regions

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Campaign-“ One King, Burger King”

Global companies like Burger king face the problem of initiating a global product launch, as the characteristics of varied culture, beliefs and multicultural situation of nations today. Cost increases and public relations support across multiple markets makes it more complicated. Food is an essential element of society's culture and ethnicity. Even during globalization and having a cosmopolitan outlook some basic ethnic taste, local preferences and market specifications in food industry of a particular country cannot afford to be forgotten. A proper market research need to be undertaken or it would negatively harm the product launch of the brand hurting the beliefs of the target market. Understanding the nerve and pros and cons of the local food market of a country would avoid making expensive mistakes. Burger King is known worldwide for its burgers which mainly serves beef & pork as the ingredient in Burgers. But in a country like India which has people of different religious beliefs and cultures were Hindus and Muslims are prohibited from consumption of beef and pork. Burger King needs to introduce products customized for the Indian Market keeping in mind the Indian taste & preference. Around 40% populations of Indians are vegetarians. This constitutes a fairly good number of populations. Moreover during some religious occasions, as India is land of festivals people do not consume non-veg products during that period too. And even during some fast period when observed by the people in India non-vegetarian food product consumption is low. Therefore Burger King needs to come out offering a proper blend of western basic food taste with some Indian spices &

some healthy options in Burger itself. As now many Indians are open to try the new variants of food but are also health conscious too.

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Pre-Launch Scenario

Renowned worldwide for its “ Have it your way”

The challenge

Competition with Mc Donald, KFC, Pizza Hut

To establish a monopoly of Burgers is difficult

Mc Donald’s is wide spread in majority of locations

To penetrate into the market with more tasty options to the target market

Low level of customer commitment because of large number of options available in fast food outlets

Continuous improvement to be made in value added technology services

Health related issues to be sorted

Target Audience

Middle class and Upper Middleclass Individuals

Target Locations

Capital city of India, Delhi and “ Silicon valley” of India, Bangalore.

Four P's of Marketing

Place- The place to target would be urban areas like the Airports, Offices & some shopping, malls.

Price-The price would be affordable to Upper middle class and middle class customer's individuals earning an annual income of Rs. 3, 60, 000 per annum.

Promotion-Like in Delhi collecting points for seasonal travelers of metros would enable them with a coupon to treat them with Burger King.

Product-Burger King to introduce the product suiting to the Indian taste offering variant options to the vegetarians, healthy options in form of drinks along with tasty non-vegetarian food. During some major festive seasons burger king can launch some new products to attract the target customers.

People-The Burger king staff needs to be well trained and their uniform while catering to the customers can be a combination of indo-western attire which would be attractive. The staff needs to be efficient in undertaking tasks and right people to be recruited for the different nature of jobs. The staff should greet customers not by saying hello or Hi instead with ' NAMASTE' as this would showcase the traditional culture of greeting the guest.

Process-The process of delivering the food and service should be communicated well to the customers. As a large population is vegetarian lovers so food should be cooked keeping in mind the religious beliefs and norms of Indians. The food served should be quick and tasty suiting to the Indian consumers taste. Customers need to be informed in case of some wait period of the product been delivered. Proper communication need to be made. Facilities such as cleanliness and proper ambience need to be created for customers to enjoy. Burger king should try to engage with customers to receive the feedback on the service delivered by them. This can be filling some short questionnaire or by introducing something similar like A huge bell placed in Indian ‘ Pizza Hut’ to ring so that customers can exhibit their satisfaction towards the product.

Physical Service-Service can’t be experienced before it’s delivered. So choice made to use the service is risky as its intangible in nature. The uncertainty can be reduced in the mind of customers prior of consumption of the product if the features are well communicated to the target consumers.

Promotion of Burger King done by marketing communication mix

Advertising

Sales promotion

Direct marketing

Public Relations

Phase-1 Launch the Product

The product launch of Burger King needs to be associated in a manner the perception which is associated of having burgers from other competitors of its. The product being aimed at Middle class and Upper middle class should be positioned in an upscale manner where Burgers are being offered of King's taste and treated like King making them feel relaxed and enjoy the experience of eating the burger in an excellent ambience. Also the communication of Quality, speedy service and cleanliness needs to be communicated well. Burger King should introduce options for vegetarian lovers as this would help them to penetrate, into the market more easily. The religious sentiments of Indians need to be taken care in case of non-vegetarian burgers. The company needs to establish a trust on consumers about the method in which product is been prepared without harming any religious sentiments.

Phase-2 Brand advertising

The advertising of Burger king can be effectively done through Print Media, Television advertisements and hoardings. This should include making customers aware about the product, helping them for easy recall and relating it to them personally. The television advertisements to be broadcasted on news and business channels like CNN IBN, TIMES NOW and some other channels like MTV. The advertisement needs to effectively convey to the customers the place is for relaxing and to enjoy the Burger in King's style. During this phase it needs to concentrate on building the brand and product relevance. It would be launched not for mass audience but segmented as niche market with high on quality, service and price. The brand should leverage the central theme of " Have it your way". The

DAGMAR philosophy model 1961(Defining advertising goals for measured advertising results).

1. From unawareness to awareness-To make the target potential customers aware about the product.
2. Comprehension-Customer able to recognize the product and having knowledge about the product.
3. Conviction-Customers holding a firm attitude of the product brand compared to others and can be based on emotional or rational basis.
4. Action-Move made to purchase reflects the advertisement has been effective to communicate with the target audience.

The Unique selling proposition of Burger King needs to be highlighted. ' HAVE IT YOUR WAY'

Other Communication Channels-

On introduction of Burger King in Metro like Delhi some coupons can be offered to the commuters travelling on monthly passes.

In the ' silicon valley' bang lore food coupons to the MNC offices like Google, Sony can be provided to promote Burger king.

To advertise through social media campaign. To promote through electronic media.

To promote in some Business seminars like ‘ Retail Association of India’ through offering vouchers and hoardings exhibiting Burger King finally in India.

To advertise in events like, Common wealth games.

Internet connectivity can be used as an effective medium of channel.