Swot analysis of burger king: is the fast food industry saturated?

Business

Burger King is a fast food restaurant now available on demand. Here in the West, you can order your food through an app. Or have a third party deliver the food directly to your door. There's at least one joint in more than 100 countries.

But it's not the only fast food restaurant. In fact, the industry is drowning in saturation. Many other big names, like McDonald's, offer the same quality of food at the same price. They also have an app for discounts and orders. Since consumers have more than one option for takeout, it's more difficult for Burger King to maintain brand loyalty.

The trouble doesn't stop there. I'll get into more weaknesses, but also the strengths, opportunities, and threats available to Burger King through this SWOT analysis article.

Burger King strengths: Strong brand recognition and video games

Burger King capitalizes on their brand recognition. Sixty-five years after first opening their doors and they remain a household name all around the world. The logo has barely changed since 1969. You can still recognize the familiar words, " Burger King", squashed between two drawn hamburger buns.

Years ago, Burger King sought to increase their brand awareness through a series of simple games. Each game featured the famous King mascot. In one version you could race against him. In another, you played as him while sneaking around a construction zone, scaring the workers. You can still find it on Xbox and Xbox 360 consoles. Although it wasn't a huge success (and hasn’t aged well) the games were a way to get their name out to a different audience.

Now, Burger King operates in more than 100 countries. Profits increased as they expanded worldwide. It’s also one of the better way to survive the rollercoaster of economic fluctuations. Meaning, if one country’s Burger King operates in has a flatlining economy, it won’t be a huge loss. So long as it isn’t in other countries.

Burger King weaknesses: Overly reliant on franchise business model

Burger King relies heavily on a franchise model. Nearly all of their restaurants are operated as a franchise. In one way, this is a strength for the company. This model has proven hugely profitable (which is why they maintain it). However, overreliance on the system means if something goes wrong, the entire company could suffer irreparable damage.

Franchise models easily suffer from bottleneck issues, low staff morale, and reluctance to meet consumer needs. Upgrading the stores with new innovations may be tedious since it has to go down the chain of franchises. Some stores may adopt the changes quicker than others, which may leave consumers confused.

Although Burger King is well-known, it’s one of many fast food giants competing for consumer attention. As such, it’s difficult to retain brand loyalty. With so many options to eat out these days, consumers don’t feel compelled to eat at the same place every time they crave fast food.

Not to mention, we’ve seen a leap in health consciousness with consumers. Rather than grabbing something greasy, they reach for a healthy alternative. Burger King, like most fast food restaurants, doesn’t have too many options that are both healthy and low calorie for this audience.

Burger King opportunities: Ordering apps limit long lines and drives

Technology allows Burger King to implement new innovation. Not only is their entire menu available on their website, but they’ve also created an app to order online. Additionally, you can order it for delivery through systems like Uber Eats. This is great because people still get the food they want without having to drive over or wait in line.

Problem is, they’re not the only fast food restaurants using the same apps. McDonald’s also has an app for ordering. Some places offer delivery direct from the restaurants. Luckily it’s not an option everywhere, but neither is Burger King’s version.

Another opportunity lies in the Asian markets.

Burger King is looking to expand more stores into Asian markets. China is a huge, mostly untapped market for fast food restaurants. India is a close second. Although Burger King does have a few joints in both locations, it’s relatively low. Especially compared to their competitor, McDonald’s, who has over 1000 establishments in both countries. Burger King will be increasing their stores in these locations, but it’ll be difficult to keep ground. Because their competitors have been in these markets with more stores for longer.

Threats: Rising competition saturates the market further

The food industry is susceptible to changing laws and political policies. Regulations must be followed exactly or companies like Burger King could find themselves in legal trouble. By not following safety standards, health codes, and sanitation requirements, it could force Burger King to close. These things can't be pushed aside or skimped on.

Of course, as discussed throughout this piece, Burger King's many competitors remain a threat. KFC, Dominos, Papa Johns, Chipotle… the list goes on. They're not burger joints, but that's the point: people want different foods at different times. And with so many options, it means they can have whatever they want. Whenever they want.

As the competition intensifies, Burger King's influence weakens. The market share dwindles. And Burger King will need to increase their marketing budget to prevent consumers from forgetting about them. As such, expanding further is difficult with so many obstacles standing in the company's way.

The food industry is also experiencing higher hikes on ingredients, particularly raw materials. Prices have jumped within the last few years. Add in the increased costs of labor and operations, and owning a fast food joint becomes a costly venture.

With the health-food loving consumers, who also desire quality foods, fast food profits are low. And the stark competition, giving consumers more options for fast food, will only worsen for Burger King and all fast food restaurants.

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