

McDonalds threats of new entrants essay



**ASSIGN
BUSTER**

The threat of new entrants in the fast food industry are noted to be a strong summary assessment characteristic . The reasoning behind this is that there are no set barriers or loops that could legally prevent a company from entering the industry. The major barriers a firm faces in this industry are the economies of scale and the access to distribution. In order to capture the market they have spend tremendous amount of money on advertising and marketing.

If a firm wants to be successful in this industry, large amounts of capital must be spent on advertising and marketing, simply because if people don't know you exist in an industry you don't stand a chance. This is a cutthroat industry in the sense that all firms are trying to steal each other's customers. Demographics play a large role in the success of your firm. Most fast food options are easily accessible and usually in the middle of town or where ever there is lots of traffic and it's in a convenient location. You must pay attention to not only the demographics in your area as well as in surrounding areas. Such things to look for are your target markets characteristics and how they match up with the demographics.

It is very likely that consumers will not go out of their way to get to you when they can settle for something closer or with easier accessibility. Franchising is also an easy way to enter the market. The initial cost to enter the market is very costly to purchase all of the necessary equipment, licensing and the property. Another key factor to entering this industry is having a strong consistent access to your distribution channels. A few things that may set you apart from other competitors are your firm's product differentiation, product uniqueness and customer loyalty.