

Porters five forces model of mr. empanada

[Business](#), [Management](#)



Porters' Five Forces Model of Mr. Empanada The bargaining power of the suppliers is one of the five forces used in the Porters model to analyze a company. Mr. Empanada Company which is in the fast food casual industry main challenge in the supply sector is in the relationship between the franchisees and the affiliates. The company operates under a franchise system and has five franchise restaurants which rely on the affiliates for all their supplies. The franchise agreement requires that the franchisee purchase certain food products and the empanadas from the affiliate. The power of each of the restaurants is thus affected by the activity of the franchisee. The restaurants are restricted in the manner in which they acquire their raw materials. They cannot look for cheaper alternatives and this may affect the way they compete with other players in the market. The fact that the franchisee can only use the products provided by the affiliates makes it hard to differentiate their products in order to meet the diverse customers' needs. They are thus restricted to the segment of customers that they serve. The franchisee also have a joint advertisement with the affiliates. This has increased the cost of production for the restaurants. Another force that may affect the company is the labor force. Currently, the company is led by family members and this has minimized power struggles. However, as the company grows and there is need to expand the workforce, this will come with challenges from the workers such as increased wages. The company will then have to deal with issues of drafting fair salary and remuneration package for her workers at the different levels. It can thus be concluded that the franchisee –affiliate arrangement has a huge influence on the success of the restaurant business.