

Business overview and market analysis of burger king



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Burger King opened its first restaurant in Miami 1954; ever since, the company has been continuously growing to become a symbolic American brand. The remarkable success it has gained, allowed franchise outlets to boast up to 12000 outlets in more than 73 countries worldwide as of the end of the fiscal year 2009. However, despite being a reliable burger company, BK has had its ups and downs. In early 2004, BK was in trouble and poised to lose its place as the nation's number two hamburger chain to Wendy's.

Sales in Billions (2003)

Firing Y&R and hiring Crispin

In an attempt to revitalize BK's sales, Young & Rubicam (Y& R) advertising agency developed "The Fire's ready" campaign that focused on BK's flame-broiled cooking method versus frying; observers found the message to be "flat and uninspiring" and consequently sales didn't improve.

<http://portfolionight.com/7/wp-content/uploads/yr-banner.jpg>

BK's CEO, Brad Blum, decided that something has to be done to improve BK's "bland performance"; so he made a notable move as he replaced Young & Rubicam (Y&R) advertising agency by Crispin Porter + Bogusky (Crispin).

<http://www.onedayonejob.com/wp-content/uploads/crispin-porterbogusky-logo.jpg>

By awarding the steering of BK's advertisements to the result-oriented advertising agency, Crispin, Blum indicated that he had challenged the firm

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to develop ground-breaking, next level, results-oriented, and innovative advertising that strongly connects with BK core customers.

Crispin developed some “ rules” that guided its work for BK, among them were the following:

Zero in on the product

Kick the TV commercial habit

Find the sweet spot (the overlap between the product characteristics and customer needs).

Surprise= buzz= exposure

Don't be timid

Think of advertising as a product rather than a service.

“ Having “ Have It Your Way” back

C: UsersAdelleDesktopbkphotosBurger King – Have it Your Way Foundation
logo 2. jpg

Crispin recommended bringing the old “ Have It Your Way” theme back to life, making it more relevant to today's customers, to the “ super fans”. The idea behind this slogan was to have the customers have their burger done their own way- a custom made burger.

At this stage, Crispin took an un-Crispin-like move by kicking off the new BK campaign with TV commercials where singing and dancing burger ingredients combined to make a whopper your way.

Crispin “ has been redefining what consumers even recognize as advertising”, and proved to master viral marketing by using unusual methods to drag customer’s attention.

<http://www.grubgrade.com/wp-content/uploads/2009/07/AngryTendercrisp.jpg>

A Viral Turnaround

Despite the contentious relations between BK and its franchisees, there was a sudden change of heart as the latter embraced BK’s edgy advertisements that they had rejected before. What was behind this sudden change?

Perhaps it was because BK was on the verge of a public offering, or maybe because sales and profits heal all wounds...

The next mission in the journey of BK’s advertisement was to promote the tender Crisp Chicken. Crispin made an astounding leap and reached a way beyond television advertising in launching the internet site www.subservientchicken.com in which a man in an apartment wearing a chicken suit and garter belt hangs out in front of his Web cam and does almost anything you ask him to. The success of the site was revealed through the 20 million visitors who visited the site within the first 10 days.

http://www.creativereview.co.uk/images/uploads/2009/03/bk_chicken-fries_hero.jpg

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As a follow-up to the Subservient Chicken promotion, Crispin created a new marketing campaign to launch BK chicken fries. The promotion was based on the metal band Coq Roq. The campaign was mainly targeting young men, and succeeded to sell more than 100 million orders of chicken fries in the first four weeks of the product launch.

No End In Sight

<http://i.ytimg.com/vi/0BdDf9V0VVU/0.jpg>

Creativity has continued to flow in promoting the Western Whopper. The ad was accompanied by a link www.petmoustache.com, where people could login, upload their photos and design a custom moustache.

“NEXT TO A HORSE, EVERY GREAT COWBOY HAS A WELL TRAINED MOUSTACHE TOO. SO COME ‘GIT YOURSELF ONE. IT’S TIME TO BRING YOUR INNER COWBOY, COWBOY”.

On the Whopper 50th anniversary, BK/Crispin made a ground-breaking promotional tactic by using social experiment as a marketing tool. The aim behind this promotional campaign was to increase Whopper sales and to encourage customers to consume Whopper more often than they did before. The main part of the campaign was the viral marketing component, since it was supported by additional promotional elements such as TV advertisements, print, and online ads.

See full size image

freakout1.png

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To test the so-called “ deprivation study”, a hidden camera was placed in BK restaurant and it was set to film the people’s reactions after being told that Whopper Sandwich has been discontinued from the menu. As a result, the videotape showed that many customers were shocked; others complained and asked to talk to a manager, and even some yelled. This would clearly reflect the loyalty of BK customer towards its brand. Actually, people might freak out if their favorite restaurant discontinued its signature meal.

However, BK made it a big hit and brilliant commercial that deserves to be given big thumbs up since it helped Burger King prove its hypothesis of being America’s favorite burger.

Finally, analysts believe that as long as Crispin continues introducing innovative promotions, BK, its franchisees, shareholders and customers will continue to shout, “ Long Live the King”.

Introduction

We all know that in order for any business to achieve its goals, it needs to set its directions through a business plan; and in accordance to this plan, the firm can then determine how it is going to achieve its objectives. A crucial part of the business plan is the marketing plan since it involves identifying and satisfying customer needs. Accordingly, a market plan sets a series of marketing activities and strategies in order to meet and achieve the business’ objectives.

In our case, Burger King: Promoting a Food Fight, we will analyze and discuss BK’s marketing strategy through the advertisement campaigns it has

conducted to promote its products, by answering the following questions:
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Question 1:

What are Burger King's communication objectives for its target audience?

<http://www.waterworthmarketing.co.uk/images/communication.jpg>

Whenever any company aims at success, it ought to plan for every step to reach its objectives. However, if it fails in setting its plan, it will be like a boat sailing without sails in the middle of the ocean. Therefore, it is paramount to every marketing success to develop marketing communication objectives.

Now, having said this, what are BK's marketing communication objectives?

Before discussing BK's communication objectives behind its marketing campaigns, let us point some significant terms that are mainly considered as major promotion tools, " advertising", " sales promotion" and " public relations". From the origin of these terms, we can define what marketing communication involves. First, introducing the product or service and pushing it forward, then encouraging the purchase of this product or service, building good relations with the company's public by obtaining favorable publicity, and finally building up a good corporate image and a profitable customer relationship.

In our case, since marketing communication is the most visible element of the marketing campaign and apparently the most crucial one, BK and after awarding the management of its marketing campaigns to Crispin, has given these marketing elements a vast significance in an attempt to achieve its objectives. These objectives are derived from the marketing objectives that are usually stated in terms of sales percentage, profitability and market share.

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Sales percentage: increasing sales by targeting a larger consumer segment and consequently achieving profitability.

Market share: increasing and improving brand image for its consumers.

<http://www.graffittistudio.com/img/advertising.jpg>

Marketing communication objectives should primarily describe what the company wants its target customers to feel, think, and do after being exposed to its marketing message. This rises a fundamental question in the target audience “ What’s in it for me?”

Burger King used in its marketing campaigns a set of elements that make up the marketing communication mix and that are the following:

Direct Marketing

Internet Marketing

Publicity

These elements are concerned with creating awareness, brand image, and product development which are in the bottom line, BK’s top goal.

Furthermore, Burger King’s communication objectives aimed at keeping its business profitable, maintaining its brand recognition in the market, assigning itself a premium and a high quality brand, building brand loyalty among its customers, satisfying its customers, and finally generating new customers.

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BK's communication objectives for its target audience are also to rebuild its positioning in a favorable way. BK wants its customers to know that BK is still strong, innovative, and the customer is always the focus. By re-introducing "Have It Your Way", BK wants to communicate the idea that everything BK does is to fulfill the customer's wants and needs.

Question 2:

With its focus on the "super fan", does BK risk alienating other customers? What are the implications of this?

BK's marketing strategy is a cautionary story. By focusing on the "super fan" as the only target audience, BK was definitely alienating other customers. Through the past years of brand building, Burger King's target audience was the teenaged youngsters; all the marketing campaigns that were performed focused on the "super fans" who are customers between the ages of 18-34. BK's strategy is to target only that group of people which will sustain the business moving since they are in fact the most numerous people who consume fast food. So by addressing this particular segment in the market, BK has lost other consumers such as families, old people, and children. [http://2. bp. blogspot.](http://2.bp.blogspot.com/_1aDuxC5haXc/SW0z7V9BHul/AAAAAAAAAgU/I2NjWokWIWo/s400/bk.jpg)

[com/_1aDuxC5haXc/SW0z7V9BHul/AAAAAAAAAgU/I2NjWokWIWo/s400/bk.jpg](http://2.bp.blogspot.com/_1aDuxC5haXc/SW0z7V9BHul/AAAAAAAAAgU/I2NjWokWIWo/s400/bk.jpg)

[http://blog. themarketinganalysts. com/wp-content/uploads/2009/06/market-segmentation1. jpg](http://blog.themarketinganalysts.com/wp-content/uploads/2009/06/market-segmentation1.jpg)

In fact, all efforts and expenses spent on advertisements should bring the optimal results, and should be as productive as possible. For instance, some <https://assignbuster.com/business-overview-and-market-analysis-of-burger-king/>

people are not regular BK customers, and might walk in to BK and make a purchase once in a month. Therefore, Burger King could divert its attention and focus its advertisements and meals on this market segment by trying to drag these people to come more often and buy more.

What is clearly observed that the “super fans” are by default heavy burger consumers and principally go and purchase BK’s meals several times a week, so it is easy to get those young men to come few times per week; yet, it would be a way better to attract a new target to come more often, since this diversion in focus will definitely not be less profitable; on the contrary it will generate new customers.

As a result, focusing on a particular market segment and alienating others will cause Burger King to lose this neglected segment which consequently means less sales and less profit.

Suggestions:

Burger King should center the maximum distribution of its products on its best customers without eliminating other segments.

In case of isolating reliable customers, it is critical to be aware of identifying the best ones.

A Best Customer attentive approach is mainly more successful when it is besieged directly to them through direct email, web site and public media. Excessively controlled attention in mass media excludes other important and essential parts for their business.

Question 3:

Why is viral or buzz marketing effective? Analyze the design of the Subservient Chicken Web site's message, including content, structure, and format. What can you conclude from this analysis?

<http://www.interbrandmedia.com/en/images/stories/visuel-1.jpg>

Many consumers nowadays are less interested in the traditional ways of advertising such as newspaper advertisements, direct advertisements, etc.... For this reason, marketers have resorted to an alternative marketing strategy that includes viral marketing. We admit that the term "viral marketing" is a little bit offensive, where people would step back and ask if there is a vaccine for that yet, once they hear the term.

Nevertheless, you have to admire the virus, since it lives in secrecy on others' hosts and utilizes their resources in order to increase its numbers. Then it starts replicating and increasing its power and finally it wins by sheer weight of numbers.

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But how is this related to marketing, and in what way it achieves effective results? Viral marketing describes a strategy that encourages people to pass

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on a marketing message to others, creating in this a potential for exponential growth in the message's exposure and influence, exactly just like viruses do. This strategy has proved to take advantage of quick multiplication in order to pass the message to millions of people. Whenever information or e-mails come from friends, the recipients are much more likely to open and read them.

But is this strategy effective? It is, and sometimes it works better than any other way because it includes the following elements: http://jrotman.files.wordpress.com/2009/09/istock_000000385270xsmall.jpg

It gives away products or services: in an attempt to attract consumers' attention, most of the viral marketing strategies offer valuable products and services for free; and "free" is a powerful word in the marketing world. Where "inexpensive" or "cheap" might generate a wave of interest, "free" will definitely ring a loud bell.

It provides for effortless transfer to others: Viruses spread when it is easy for them to transmit. By this, we mean that the medium carrying the marketing message should be easy to pass it on and replicate it; for example through the internet, for being an inexpensive means for instant communication, the message will reach millions and millions of people without any effort.

<http://www.belkin.com/pressroom/releases/uploads/assets/media/hi-res/F5U258.jpg>

<http://www.belkin.com/pressroom/releases/uploads/assets/media/hi-res/F5U258.jpg>

C: UsersAdelleAppDataLocalMicrosoftWindowsTemporary Internet

FilesContent. Wordviral_hit_growth_model.gif

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It is scaled easily from small to large: In order for the message to spread like fire in woods, the transmission means should be scaled rapidly from small to large.

It exploits common motivations and behavior: Smart viral marketing plans benefit from common human motivations. Any marketing strategy that is basically built on people's common motivations and behaviors for its transmission is effective and is a winner.

http://fb4wineries.files.wordpress.com/2009/06/viral_marketing1.jpg

It utilizes existing communication networks in order to rapidly multiply the dispersion of the message.

Takes advantages of others' resources: it is a creative and effective way to use others' resources rather than your own in order to spread the word out.

Creating the "Subservient Chicken Website" was Crispin's new move that reached a way beyond TV ads. This internet site has created a wild and colossal success; it features a man in an apartment dressed in a chicken suit and hanging garter belts out and standing in front of his Web cam waiting to do almost anything you ask him to. The message behind this idea is that whenever you ask to have it your way with the chicken, you simply get it. No matter how unique, the chicken-just like the sandwich-satisfies everybody's tastes and preferences. It reflects feelings of having BK chicken your way at your own home.

Subservient Chicken

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Designing websites is a key challenge. Although the “Subservient Chicken” website is not so catching, it could gain a lot of attention. It included an attractive and interesting with infectious features that encourage visitors to pass it along to their friends. It is designed in an easy way that enables users to communicate and interact with the site. In addition, the colors and the dim lights reflected simplicity and coziness. Red couches furnished a warm feeling. The website contained entertaining features that provide a relevant excitement; the content is so simple and the text is clear. The structure and the layout are smartly designed in a way that allows two-way communication and easy access through clear and straightforward menu.

We conclude that the Subservient Chicken website has proved to be a successful site that gets consumers to interact with the brand, and to start buzzing with their surroundings about BK’s latest and edgy positioning. Crispin used technology in the best innovative ways, and it succeeded in letting the people themselves to discover the message behind the message.

As a result, people applauded this viral campaign which helped BK to increase its sales enormously. An exposure that started with 20 people and ended with 20 million in 10 days...[http://www. internetmarketingspeed. com/wp-content/uploads/2009/07/outrageous. jpg](http://www.internetmarketingspeed.com/wp-content/uploads/2009/07/outrageous.jpg)

Question 4:

Do the TV And viral Elements of BK’s Campaign work well together? What additional elements and media might Crispin add to the integrated marketing communications campaign?

It is obvious from the results of BK's marketing campaigns that both the TV and the viral elements used have worked well together as they managed to score good records and results in terms of sales. Both media outlined a consistent message and theme to market BK's products. For example, "Have it your way" campaign was consistent in TV and in the Subservient Chicken website. This in turn entails that TV and viral elements of BK's campaign coincide with each other and have a unified idea and aim. TV And viral Elements of BK's Campaign also work together in the sense that when one mentions one, they're most likely to mention the other thus spreading the promotion itself. http://www.prpr.co.uk/graphics/puzzle_men_01.jpg

Integrated Marketing Communication (IMC) is a marketing communication concept that evaluates the strategic roles of marketing communication tools; such as advertising, sales promotion, personal selling, direct marketing and public relations. IMC focuses on one idea or theme that appears in different media in order to produce the maximum consistency, the maximum communication impact, and to ensure effective communication. Despite the fact that it is an increasingly challenging mission, Crispin has successfully implemented IMC campaigns, and managed to draw the utmost attention towards BK offerings.

Nevertheless, there are some in turn generate the profit that could be used for future expansion and/or investing in new advertising campaigns. Among these elements are:

Advertising:

Via broadcast:

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Sending MMS to mobile users (Multimedia messages) that are loaded with delicious pictures or videos for juicy sandwiches or burgers. This will create a desire in hungry people to eat and would give them one more reason and motive to buy from Burger King. Photo

Sending SMS (Text messages) informing people about the latest offers.

Designing 3D advertisements: presented in an innovative, creative, and interactive way.

Sales Promotion:

Demonstrations:

Making sample tasting for new meals or added products.

Offering coupons, super size it or combos promotions

click to zoom

Question 5:

Recommendations to BK and Crispin to help improve the integration of Burger King's promotion mix.

After highlighting, discussing, reviewing and analyzing Burger King's marketing campaigns through Crispin, we must say that this is never conclusive in the marketing world.

Marketers are always urged to tackle new marketing aspects, to explore new market segments, to target new audiences, to search new ideas, and

definitely to generate more profits. Therefore, here below, we will outline some recommendations for Crispin and Burger King that might add value and improve the integration of BK's promotion mix.

Research & Development (R&D): It is recommended for BK and for every business to spend in market research in order to explore new opportunities available and/or to develop new solutions. In order to stay competitive, BK continuously needs to find ways for product developments as this will facilitate its mission to craft new marketing strategies. Research would take shape here in continuously looking for the latest technologies in advertisements especially through the use of the internet. Continuously updating the website and making it attractive to as many audiences as possible will ensure a better promotion strategy for BK. http://www.howbrandingworks.com/uploaded_images/iStock_000008163908XSmall-772084.jpg

Collecting feedback from customers, specifically about what channels of communications are most effective to reach them: this is considered one of the vital steps in developing an effective marketing communication. However, by collecting customer's feedback about the many different products and services that BK is offering, BK will be able to understand the effect it has on its target audience by measuring their behavior. http://www.douglas.co.us/CMP2030/images/feedback_000.jpg

Developing a questionnaire that will ask customers their opinions and views about their favorite meal, the price, the customer service, and the cleanliness of the place, and to let the people participate by suggesting new <https://assignbuster.com/business-overview-and-market-analysis-of-burger-king/>

meals, treats, or drinks to be added to BK's menu. <http://www.kaushik.net/avinash/wp-content/uploads/2008/04/customer-feedback.jpg>

Expand promotion channels and promotion audiences. For example, creating a new campaign for introducing healthy products, such as treats for diabetic people: diabetic people are very selective in what they eat and they eat in moderation. <http://www.taste.com.au/images/articles/agt0505-fig-orange-syrup-11131143.jpg>

For this reason, their options are limited. It would be then a smart thought of BK to make for these people treats that are low in saturated fat and accompanied by ingredients with high nutrients. Keep on introducing salads for health conscious customers.

Introducing new public relation services that will build good relations with BK's public by obtaining favorable publicity and handling occasions and events. For example, BK can cater kids' birthday parties that are held at private houses. This may require delivering meals to the party location, recruiting staff to entertain the children. Have someone to play the chicken and let the children too to have it their way. Provide balloons and all plastic ware with BK's slogan "Have it your way". C:

UsersAdelleDesktopbkphotosburger_king_balloon_01_thumb.jpg

http://www.funmunch.com/graphics/birthday/graphics/birthday_21.gif

Another Public relation activity would be sponsorship: BK can sponsor sports and entertainment activities, summer camps, and kids' activities.

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It is more recommended that Crispin make BK's advertisements reflect a welcoming spirit to all people of all groups and from all ages. It is important to stress the idea that BK is a place for everyone. That would help in the most effective and least expensive way of promotion, which is word of mouth.

An additional recommendation that would help make Crispin's efforts integrated, is by making all BK's brand messages under one major brand message, then the rest or other brand messages would revolve around the original one. It is about the same core values but addressed to different target audiences. This will not mislead the customers or confuse them; on the contrary, this will allow customers to relate the message directly to BK's brand.

Washington Redskins and Johnny Rockets Introduce First Mobile Restaurant

Improve direct selling strategy through introducing mobile restaurant trucks:

A unique and first of a kind move would be to have a BK restaurant on wheels. Instead of going to a BK restaurant, BK restaurant will come to you. This could be an original way for adventurous eaters. A mobile BK restaurant can change its location either on weekly basis, or on daily basis, or even more on hourly basis. This innovative idea will help maximize profit potentials by targeting customers from different locations and at different times of the day.

Conclusion:

In conclusion, any marketing endeavor is measured by the sales that this

particular endeavor has created. BK has done a good job so far in creating <https://assignbuster.com/business-overview-and-market-analysis-of-burger-king/>

brand awareness among customers and in being able to compete with other burger giants; McDonalds' and Wendy's. As important as to be successful is to maintain this success. And in a highly competitive market such as the fast food market, marketing plays a very critical role. BK should stay up date with the changes in the consumers' needs and expectations on one hand, and with the most effective and competitive marketing and promotion strategies on the other hand.