

Nurger king project including pestel analysis

[Finance](#), [Financial Analysis](#)



Global service economy project Burger King Table of content: 1. Introduction
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5 forces analysis 5. Resources Introduction In this project we would like to
look from the insight of the Burger King Company and analyse the main
factors which affects the progress and development of the organisation, as
well as its business future. To accomplish a clear look-up on the company
and undertake the analysis we are going to use the PESTEL model and
Potter's five forces model. A PESTEL analysis most commonly is used to
measure a market.

It can be used for marketing and business development and decision
making. There are many factors that affect the decisions of managers of any
company. To encourage proactive thinking and help analyse the
organisation's macro-environment managers use the PESTEL model, where
PESTEL stands for: Political, Economic, Social, Technological, Environmental
and Legal. Potter' five forces is a framework for industry analysis and
business strategy development. It consists of five forces which affect a
company's ability to serve its customers and make profit.

Potter's five forces refer to: threat of new entrants, power of suppliers, power
of consumers, threat of substitutes, competitive rivalry. Burger King
Company Burger King is an international franchise organisation. It was
founded in 1954 and with its signature recipes and family friendly dinning
environment the company grew tremendously on the market and became
one of the most famous restaurants for fast food in the world. Nowadays it is
the second largest hamburger chain. Burger King suffered many changes
during the years . It changed the owner of the company a couple of times .

It also started a new way of advertising , which turned out to bring it very big success. First the adverticements were animated and were popular within the kids. The company also changed its slogan a couple of times and that is what makes it intresgting among the people. Later on in the history of Burger King was introduced the breakfast menu which became very popular and immediately turned out into hit. During the years the company kept improving by introdusing new sandwiches and advertisments where was always said that the customers are important for them .

Eight years after establishing the first restaurant in the US , the company had 275 restarants more all around the country . Later was opened the first Burger King restaurant abroad - in Puerto Rico . This was the beginning of expanding and thinking globally. Nowadays Burger King have restaurants in many countries all around the world . It is the second most popular fastfoodchain , after McDonald' s . People love it because of the unique way of preparing its sanwiches and the friendly autmosphere each of the restaurants has. PESTEL analysis of Burger King Company

Political factors At widest the Political environment and factors refers to tax policies, environmental laws, trade restrictions and etc. and may also refer to goods and services which the government want to provide or not provide. In general the Burger King Company is not seriously affected by the political environment. It is only affected by the tax rate, which is different in every country. There were also debates in the Arabian world, regarding an offense to the Muslim religion through a kind of ice-cream the company provides.

However, at the moment in Saudi Arabia is one of the biggest Burger King restaurants. Economic factors Economic factors include economic growth,
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interest rates, inflation and etc. Burger King is one of the biggest fast food chains as well as a fast growing franchise company. Since 1950's first starting with one restaurant in Florida it has become world-known and nowadays it has more than 12, 000 restaurants in 76 countries. Social factors Social factors refer to the population growth, age and demand. Burger King is a world-known company famous for its delicious fast food.

There is high demand for warm, tasty and cheap food, no matter the age or gender. The company use only chicken or beef meat and for this reason the food is consumed even in the Muslim countries. Of course the demand will differ between countries with higher or less population. Technological factors Technological factors include innovations, marketing campaigns, automation and technological change. Burger King is fast growing company because of the innovations and marketing campaigns. It is famous logo is easily recognised by people of all ages.

The company have tried a lot of different marketing campaign, changed its logo and it business strategies several times since it grew up outside the borders of US. Environmental factors Environmental factors include ecological and environmental factors such as water, climate, pollutionand etc. Burger King Company is trying methods which will not harm the environment and even will have positive impact on it. They have started a Burger King Going Green Session for their employees and member of supply chains. The company is also very concerned about recycling and reusing.

On global level BK Company have chosen to purchase beef raised in environmentally responsible ways. Legal factors Legal factors include consumer, employee, andhealthand safety law As a condition of doing <https://assignbuster.com/nurger-king-project-including-pestel-analysis/>

business within the BURGER KING Franchise system, every approved vendor must comply with the Code of Business Ethics and Conduct for Vendors. Burger King Company have partnered and received recognition from variety of organisations that share their dedication to be a good corporate citizen and improve the communities around the world. Poters five forces analysis

The Five forces analysis is a framework created to help understand the structure of an organization or company' s position with respect to the forces operating in the microenvironment. It is also used to explain the competitor' s performance on the market. The five forces are: Threat of new entrants Bargaining power of suppliers Bargaining power of customers Threat of substitute products Degree of competitive rivalry Threat of New entrants - Threat of new entrants refers to new companies entering the market and competing with the present ones.

To become competitive Burger King Company is constantly introducing new trends on the market which are interesting for the people. However, the industry they are in is already overloaded with restaurants and fast food chains. The most important thing that keeps them popular still is their reputation of always tasty foods and the family friendly environment. The way they advertise themselves is also one of the major factors which helps them survive in the competition with other fast food chains and restaurants.

Bargaining power of suppliers - If the buyer is powerful enough to negotiate the price than the profit will be reduced. Burger King knows that very well that' s why they have fixed prices for every hamburger they offer and the prices are very affordable. It' s rather cheap and that is what customers like. Burger King combines cheap prices with high quality hamburgers and fries

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and also family and kids friendly environment. Burger King restaurants always implement that kids are their most important customers and for this reason they do a lot to attract them.

This is a wise move because if you attract the kids you will also attract their parents and their friends. The uniqueness that the supplier provide with his resources: The suppliers of Burger King know that they want only the best quality meat and potatoes. Burger King Company use only trusted products and everything they do has a fresh taste. But however if the recourse is essential to the buying firm and there is no close substitutes then suppliers might be at a powerful position. That way they can sell on a higher price.

Burger King knows that perfectly well and always has more than just one supplier so that they can choose the better price and the better quality of the products they want. The power of the customer - The power of the customer in relation to The Burger King Company is increasingly dominated by a small number of large retail products. If a market situation in which the product or service of several sellers is sought by only one buyer. The Burger King Company seeks to push the prices down. Moreover, the powerful customers act under pressure to drive prices down.

Determination of buyer power: They offer a great range of products. Furthermore buyers in the restaurant industry are said to have weaker power because of the highly individualistic nature of the industry. Foods are served for each person and are not bought in large volumes. Further, the levels of uniqueness of the industry's meals and surrounding are another determinant of the buyer power, aside from the available money to be spent on food.

Nonetheless, the consumers will attempt to find best prices for a meal as well, and will settle for restaurants which offer promotions and price cuts.

Fast food chains like McDonalds, Starbucks, Burger King, etc. are examples of these restaurants apart from catering to on-the-go people through drive thrust . For instance the company offer different size and kinds of sandwiches. The Burger King Company has great variety of menu as well. It is not limited only in sandwiches. That diversity of products and discount contribute to the bargaining power of buyers. Threat of the substitute products - The Burger King Company has a threat of substitute result in a new products and service competing closely with existing ones.

First of all, they have differentiation and diversification strategies. Secondly, the company create switching costs to prevent loss of customers. The original is always better than the substitute and the customers might see that difference between products. It is a big risk to substitute the original and it might cost a lot . If there is a threat of a rival product that means that the firm will have to lower its prices and improve the quality of the product. We see this when we go to Burger King Restaurants. It' s prices are lower than McDonald' s for instance and the quality is better.

They lower their prices because McDonald' s is their biggest competition and the fight between them is big. That' s why Burger King constantly changes the prices of their products to attract customers. So far they have been very successful with this method and they keep on expanding their chain of restaurants using that exact method. Degree of rivalry - Slow industry growth or decline makes competitors more desperate. For instance, when facing declining consumer interest in fast food, McDonald's launched its 81
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menu featuring the Big Tasty burger, which cost \$ 1. 07 to make in some restaurants.

This action, designed to wear out McDonald's chief rivals, Burger King and Wendy's, squeezed industry wide margins. Finally, if there are only a small number of rivals led by a few dominant firms, no capacity is added incrementally, industry growth is strong and exit cost are reasonable. The degree of rivalry is likely to be moderate and industry profit more stable. Moreover, conditions opposite from those grant intense rivalry. Resources [www. bk. com](http://www.bk.com) [http://www. researchandmarkets. com/reports/564112/fast_food_global_industry_guid](http://www.researchandmarkets.com/reports/564112/fast_food_global_industry_guid) [http://gwdocs. whopper. com/FDD/FDD_USA. pdf](http://gwdocs.whopper.com/FDD/FDD_USA.pdf) [https://bkdelivers. com/#!](https://bkdelivers.com/#!) menu John Tribe (2011)