

# chipotle core competency essay sample

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Core competencies are the unique ability that a company acquired when the company initially setting up. It is the inborn competitive advantage that cannot be easily imitated by competitors. When Chipolite was born, its owner Steve Ells targeted it as the fresh and healthy fast food which means its products need to be fresh and fast delivery. In current dining market, there are three types of restaurants: full service, fast food and the restaurant in between. Chipotle belongs to the last one. Full service restaurant has the highest expense and longest time service, so it is only targeting for mid and high class customer with their leisure time consumptions. At same time, fast food restaurants, their aim is to provide quick food regardless of the quality. Therefore, Chipotle open the new door by combining the both characters with the quick food with good quality. Therefore, the combination of fresh and fast delivery should be Chipotle's core competency. Core competency analysis

Valuable:

There is no denying that quick food with good quality strategy is the valuable during the business. Since Chipotle is making the real food and selling them at the same time, the food must be fresh which is good for customers' health. As for its food price, it will be higher than the fast food restaurant because of the food material and storage. However comparing with the full service restaurant, the cost will be much cheaper because Chipotle doesn't need servicers. Therefore, it is valuable for our customers to have a cheap price with good quality food. Rare

Most restaurants, they could only care one side which is either eating healthy or eating fast and cheap. It is hard for restaurants contains both

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healthy food and fast/cheap delivery together. Therefore, it is relatively rare to see the good restaurant to make a good balance of both scenarios. Since Chipotle did the balance very well and won the customers, it is a Core competency of it. Difficult to Imitate

Fast food has a low food cost but bad quality, so they can offer a really cheap food with fast delivery. While, full services restaurant could provide good food but need to pay every high fee and it also consume lots of time to prepare the food. As for Chipotle, it combines the 2 advantage by building a central food delivery station. All the food could be prepared at same time in the morning and send to each store which is to reduce the material preparation and storage cost in order to reduce the overall food price. Meanwhile, Chipotle also sets its store like a dining hall and only use 5 guys for the operation. Fast, no servants and don't need to pay tips. This also reduces the operation expense and time. Therefore, customer in chipotle could not only have a good quality food, fast delivery as well as relatively low price. It is hard for other company to imitate Non substitutable

Currently Chipotle doesn't have too many competitors in this field because it is hard for those competitors to mimic Chipotle's operation. First, to build the central food distribution station, it consumes too much money and time for a new comer. Second, Chipotle concentrates on making Mexican food. The overall Mexican food price is not high. There is not too much margin in this field, so not too much investors consider it's a good market. They won't be willing to invest. Therefore, Chipotle may face competitors in the future, but the competitor's number is limit.

## Firms business-level strategies

A firm business level strategy mainly focus on improving the company's competitive advantage. For example, it could be done through reducing cost, developing the core products or any marketing strategies which could directly drive company profits. During the strategies defining process, management team needs to keep in mind that customers are the essential of an organization's business-level strategies. The followings is the business-level strategies analysis for Chipotle It includes 5 sides. Cost leadership

Maintaining a reason price is always the best strategy in field. All the customers want to get good quality food with a low price. Therefore, to reduce the product cost at most, Chipotle built a central food delivery station which is used to prepare all the food together and then distribute the food to all the stores. At one side Chipotle save a large mount money in preparing and storing the raw material, at the other side, it doesn't need to spend too much money on chief for each store. 3 chiefs could cover all the cooking work. Another way Chipotle used to reduce the cost is to select right store location, facilitate concise decoration and use solar panel for energy supply. Chipotle has been done very well in reducing cost strategy and it will keep working on the improvement in the future as well. Differentiation

The differentiation for Chipotle is also due to business target that providing good quality food with cheap price as well as fast delivery. It is hard to combine the three outstanding features together because of either too much cost or low profit. However, since Chipotle has been running this business model since it setup, it has own a complete business chain and the management also knows how to keep these 3 feature balance. Therefore, <https://assignbuster.com/chipotle-core-competency-essay-sample/>

this is why Chipotle differentiate and succeeded with other competitors

Focused cost leadership

Chipotle offered a relatively low price comparing with the full service restaurant. It is because Chipotle is not targeting the high class customer. Actually, among Chipotle's customers, majority of them are young students and professionals. Chipotle offered a reasonable price with health and its customer like and can afford the food at same time. Therefore, Chipotle will keep providing good quality food as well as relatively low price. Focused differentiation

Chipotle's focusing differentiation is healthy. Therefore, its targets group is the person who are busy with things but also want to keep healthy.

Differently with fast food restaurant, they could offer food with a low price.

However the big problem for those restaurant is its customers cannot get the sufficient nutrition constantly. Besides, the food from fast food restaurant is not fresh as well. Since they don't have a good food quality, Chipotle distinguished. Chipotle would offer the fresh and healthy food with the fast delivery and its price is just a little higher than fast food restaurant.

Integrated cost leadership/differentiation

By combining these 3 outstanding feature, Chipotle formed its own values.

The benefit of this strategy is to segment the food service market more precisely and in return get profit from new market. By using this strategy, Chipotle would easily retain and gain customer since more and more people are paying attention to their health recently. However, currently this market is still new and there is still room for margin, but in the future it may face a

great competition. Chipotle's success could also be copied by other type restaurant. Since we have Mexican restaurant already, we can have similar Chinese, Indian, Japanese etc. restaurant as well. At that time, the competition will not only line in one food type but also between 3 or more food type. The margin will be less and less in the future.