ORGANIZATIONAL ANALYSIS - WRAP IT UP

Introduction
Fast food is one among the most profitable industry which managed to gain profit even during recession. The case study of the emerging fast food chain Wrap it Up is considered here. The current strategic issues faced by organizations in the fast food industry is described along with analytical tools for identifying these issues. The tools used here for understanding the issues and current position of Wrap it Up are SWOT, PEST and Porter’s Five force analysis. These tools describe the advantages the firm enjoy and potential threat in front of them. Competitor analysis is also conducted as Wrap it Up face tough competition from other fast food companies. The strategies Wrap it Up can adopt for their next year trade is also given.

Organization Overview
Wrap it up is a popular fast food brand in London. They have got various outlets in London though the brand was started only in 2006 (wrapitup, 2012). The company was the idea of the young entrepreneur, Faisal Haque. They offer gourmet wraps filled with delicious and fresh ingredients inside. Kiosk model in which few people is employed and hot cabinet is used for keeping foods warm is followed in Wrap it Up. This helped them to serve the customers immediately. For expanding the company franchising method is followed as it avoids financial tensions for the owner (standard, 2011).

Industry Analysis
Industry or Strategic analysis can be referred as the study of market or industry where a company operates or offer their services and products or planning to enter in future. The procedure involves understanding and analyzing the competitors, current market trends, satisfaction level of customers, government policies, easiness in entering the market, social and economical aspects etc. (Hill and Jones, 2008). Different methods or tools are there for conducting industry analysis for understanding the current issues in business. SWOT, PEST, Value Chain Analysis, Porter's five forces etc. are only some among them.

SWOT Analysis
SWOT is a tool which scrutinize the advantages as well as disadvantages associated with a company. SWOT indicate the Strength, Weakness, Opportunities and Threats of a company(Ferrell and Hartline, 2010).

Strength
- Quick Service
- Good location
- Friendly service
- Home delivery
- Cheaper price
- Variety of food

**Weakness**
- Considered unhealthy
- Negative image of fast food products
- Loss of customer owing to tough competition

**Opportunities**
- Scope for expansion
- Customization of products according to tradition and culture
- Invest in a new item
- Can go eco-friendly by using environment friendly things for packaging and all.
- Can change style or infrastructure of the shop by redesigning it
- Respond to social trends: going with the trend of healthy food will prove beneficial

**Threats**
- Tough competition from local as well as foreign brands
- Recession
- People opting healthier lifestyle
- Increase in rent
- Increase in price of food items required for making the food
- Lowering of price by competitors (restaurantdoctoruk, 2012).

**PEST Analysis**
PEST analysis signifies Political, Economic, Social and Technological analysis of an organization. It is used to analyze the macro environmental aspects associated with an organization which effect functioning of the company. Though these PEST factors influence the functioning of company these factors are not under the control of them. This tool is helpful in environmental scanning of an organization while planning strategies for them (Ferrell and Hartline, 2010).
### Political Factors
- Governments’ guidelines regarding health and safety
- Animal rights issues raised by environmentally friendly parties

### Economic Factors
- Fluctuations in economy
- Taxation policies of different countries
- Rising disposable income
- Lessened set up expenses
- Supplier support
- Franchising facilities
- Market growth

### Social Factors
- Changing lifestyle trends
- Trend of healthy eating
- Issues like obesity
- Religious and cultural views

### Technological Factors
- New innovations in technology
- Computerization of ordering like Till system

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**Porter’s Five Force Analysis**

Porter’s five force is a method which helps in identifying who have got power in business. This tool helps in understanding the potency of current position along with understanding the potency of position where the organization is trying to move. This tool enable to utilize the strength rectifying weaknesses and avoiding taking the wrong move. This tool is mainly used for identifying whether new business will be advantageous (Hill and Jones, 2008). This tool enlighten one regarding competitive strain in particular industry. As per Porter’s five forces analysis given below are the major factors which have its impact upon the marketing environment of Wrap it Up.

<table>
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<tr>
<th>Threat of new entrants</th>
<th>Threat of substitutes</th>
<th>Power of suppliers</th>
<th>Power of buyers</th>
<th>Competitive rivalry</th>
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<td>1.Setting up</td>
<td>1.Restaurants</td>
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<td>1.Customers have got</td>
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Threat of new Entrants

In a multi billion industry like fast food industry there will be many companies attempting to get a bite. As fast food industry is all about convenience, it will be easier for a new company to make an entry into the industry as a local seller. But entering into large scale fast food market will be tough for a new entrant as it will require large scope and huge capital (Masson et.al, 2010). Since, there exist various larger than life brands that are established like McDonalds and KFC, customer will prefer them over new ones which will pose another barrier for a new entrant. Though new small scale fast food shop can be opened, some health regulations are there during start up procedure and additionally some standard regulations are also there which makes the entry all the more difficult.

Threat of Substitutes

Availability and convenience are the major factor behind people opting for fast food. Value is also given importance, so while selecting products customers go for best value products as there exist various fast food companies in the market. The major substitute for fast food products are the frozen items which can be reheated. This substitute is a major threat in front of take away fast food. Since people do not have time to spend in kitchen the demand for convenience foods will be increasing. So fast food products will have strong competitor in the form of frozen reheatable food (researchandmarket, 2012). Moreover, healthy variables of frozen reheatable foods are available in the market for cheaper rate.

There exist various restaurants, healthy food stores and convenient stores in the premises of Wrap it up. This gives customers lot of options to choose from. While planning and implementing marketing strategy Wrap it up should consider these competition aspects also. Various social issues arising against fast food brands are also a threat in front of Wrap it up.

Bargaining Power of Suppliers

As far as fast food industry is concerned the bargaining power differ with supplier. While major brands supply soft drinks in fast food industry, other products will be supplied by smaller suppliers. Only few suppliers are there in soft drink market and they control the

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<td>3. Healthy food stores</td>
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<td>3. Alliances</td>
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<td>3. Overall demand is increasing</td>
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<td>4. Convenient stores</td>
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market. Since customers are more and suppliers are less, the bargaining power of suppliers are more. Considering the importance of these soft drink suppliers major fast food brand have made strategic alliances with them which is mutually beneficial for them whereas in case of smaller fast food companies the bargaining power is in hands of suppliers.

**Bargaining power of buyers**
The buyer has got various places to choose from as many fast food chains are there who offer same kind of products. Besides, if particular brand do not satisfy the requirements of buyers then the buyer may restrict others also from buying the product. The consequences or reaction of an unhappy buyer is portrayed in the movie 'Super Size Me'. The show reveal the fact that people will divert from their preferences. Here, the buyer is the customers and they have got the ultimate power and future of any brand and business is in the hands of customers. Only some customers show brand loyalty as they have got other options to choose from. Majority of the customers of Aftab are students from LSC and Kings College. So in order to attract them 20% discount is given to them as they are regular customers.

**Competitive Rivalry**
Owing to the recent recession and fluctuations in the economy, fast food companies is experiencing slow progress for some years now. This makes them trying to attract customers of other fast food chains instead of focusing on gaining new customers. So, this made the competition between existing established companies all the more strong. This is evident from offering of value meals by various fast food companies. This offer is to divert the attention of customers from other fast food companies. Reducing the price is a usual method which enable companies to catch attention of new customers. Because of the success of this method, almost all the fast food chain are adopting this method for stealing competitors' customers.

**Competitor Analysis**
As the competition is very tough, Wrap it Up should be aware about their competitors and what are the methods competitors try to entice customers; including customers of Wrap it Up; towards them. Tough competition and strong competitors makes company work hard and improve services and products and continuously innovate new products to maintain the customer base and attract new ones.

Understanding ones competitor is very necessary as competitors' strategy have direct influence upon your market share. Understanding more about competitors will make Wrap it Up more competitive. Instead of merely focusing on price cut strategy it will be better for Wrap it Up if they offer better service and provide superior quality products for competitive and reasonable price.
Burger King, KFC, McDonald's, Greggs etc. are some of the top giants in the food industry. Since Wrap it Up is an emerging company and comparatively new one they face tough competition from these top companies as these companies are already established.

**Current Strategic Issues faced by Wrap it Up**

The demand for fast food products is constantly increasing as modern people do not have time to spend in kitchen and for convenience they will opt for fast food. Fast food companies concentrate upon fast, low cost and high volume products. Usually food is precooked or preheated and served on demand. From standard locations the food is shipped and are standardized also. In each location, the marketing method and menus will be the same. People get happy if they find a familiar meal wherever they go (smallbusiness, 2012).

For last few years the fast food industry have been facing challenges which was evident from their profit margins. When considering the whole industry, it grossed fair profit but the case is that some companies performed well where as others failed.

The quality of the food served in fast food outlets were questioned over last few years. It is proven that since the products are industrially prepared and highly processed the fat content is high which leads to rise in Body Mass Index (BMI) along with gain in weight. Besides, the negative consequences of consumption of fast food were shown in documentaries such as Super Size Me and books like Fast Food Nation which made people aware about the issues. Though the companies have had some success in their attempt to overcome the bad image by following healthier options the issue is still in the air (thesun, 2012).

Frequently increasing prices of commodity also affected many of them. The rise in prices of wheat, livestock, corn etc. resulted in deterioration of the market for last few years. Since the competition is so tough the fast food companies could not even increase the price of the products as customers will opt for other companies if price is increased. When compared with other industry sections fast food industry was not much affected by the recession. Though visit of customers to the stores were increased since people couldn't afford traditional restaurants, they did not spend much (thesun, 2012).

Another issue facing by fast food companies are the market saturation. In every nook end there are number of fast food stores located in a row. All the brands offer more or less similar products which result in few customer to each store. The newly arrived fast casual also have its effect upon business of fast food restaurants.

Though fast food industry is one among the fastest growing and profitable industry it has also got its own share of challenges. Some of the problems in front of fast food franchises are economic recession, peoples' changing attitude and view regarding health, day by day increasing food costs etc. But fast food industry is trying to overcome these issues by providing new products and constantly following new practices.
Strategic options for Wrap it Up

Well devised strategies are must for an organization to progress themselves and to be in the competitive run. Considering the strength, weakness, opportunities, threats and market position of the company strategies are decided. Since Wrap it Up is an already established brand and Aftab owns just a franchise of it gives him less room for strategic adoption as he has got limitations. Ansoff Matrix, Porter's Generic strategies, Marketing mix etc. are some of the strategic tools commonly used for explaining a company's marketing strategies.

Porter’s Generic strategies
Porter’s Generic Strategy scheme involves common strategies followed by organizations for accomplishing and maintaining competitive advantage (Porter, 1980).

Competitive Advantage

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<th>Low cost</th>
<th>Higher cost</th>
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<td>Overall cost leadership</td>
<td>Differentiation</td>
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<tr>
<td>Cost focus</td>
<td>Differentiation focus</td>
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Porter’s Generic strategies
Focus strategy indicate company pondering on specific niche market and develop products for that market for distinctively low cost after understanding the requirements of customers of that market. Minimization of price is indicated by Cost Leadership. Differentiation signifies making products different from competitors’ product (Porter, 2008). Different range of food items that are nutritious rich can be served by Wrap it Up. Various measures can be adopted by them for improving their sales and attracting children. They can offer food products that are less fatty than others products. Differential pricing strategy can be followed by offering superior quality products for reasonable price which will signify more value for money. By offering variety of quality foods in a pleasant ambience will help in attracting more customers.  

Marketing Mix
The 4Ps concept of marketing mix was the idea of McCarthy (1975). The 4Ps indicate product, price, promotion and place. The marketing mix is the base of the marketing plan of an organization (Porter, 2008).

Product
Product is the tangible thing customers look upon in an organization (researchandmarket,
2012). With time the preferences of people also change. So while adopting a strategy Wrap it Up should consider this fact. The term product indicate quality as well as quality. Though Wrap it Up already offer various kinds of high quality products having fresh ingredients it will be good for them if they use 'halal' meat in their food products which will attract more customers towards them.

**Price**
Price is one of the most powerful aspect in marketing mix as it has direct influence upon the organization, customers and the economy as a whole (Floyd, 2004). Wrap it Up could follow differential pricing strategy in which high quality products is offered for best value. Special discount is also given by Wrap it Up

**Place**
Place indicate the procedures required to transfer the products from seller to the buyer. It can be said that it indicate the location of the store and number of outlets (wrapitup, 2012). Aftab has got prime location for his franchised Wrap it Up store which itself is an advantage for his business and in addition he had invested big money in making amendments in its infrastructure which made it all the more attractive. The store is located near London Bridge and near to London School of Commerce college and King’s college which result in attracting more people towards them. They could expand by leasing out the immediate store which will make the store more bigger.

**Promotion**
Promotion is very important as competition is fierce. Major promotional activities include sales promotion, personal selling, advertising and public relations. Word of mouth publicity attracts customers towards them (economist, 2012). As part of promotion, 20% discount is given to King’s college and LSC students. Wrap it Up plans media campaign for promoting themselves using methods like TV, newspapers, posters etc. It will be more effective if they go for internet advertisements and promotion through social networks like facebook, youtube etc.

**Implementation of Strategy**
Though various strategies are there for progressing ones business Aftab can’t follow most of them as he is just a franchisee of the fast food chain Wrap it Up. Wrap it Up has got their own policies, suppliers etc. and Aftab is only running their outlet is London Bridge. But since it is an already established model the chance of it becoming a hit is more as trial and error method is not followed. Still Aftab can expand his store and promote the brand in his own way.

**Conclusion**
The strategic issues in front of fast food chain Wrap it Up is described here. Their current position, competition they face and tools for understanding their problems are also given. The strategies they can adopt for their next year operation is also given.
References

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