

# Business Level Strategy Analysis in Burger King Company

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## Abstract

Burger King, from its name alone, signifies its involvement in the culinary industry, particularly centered around burgers, which constitutes its flagship menu item. Presently, numerous companies or individuals are engaged in selling this food, among which Burger King stands out. Established in Miami, Florida, America, Burger King boasts nearly 19,247 branches worldwide, with 31 outlets across all cities in Indonesia. Burger King offers a diverse range of menu variants, encompassing not only burgers but also fried chicken, potatoes, and various other delectable items. Moreover, Burger King introduces bundled menus comprising potatoes and drinks, while also providing consumers the option to purchase specific foods of their choice. The company frequently launches special menus available only during specific occasions or collaborates with other food brands to enhance its appeal to consumers. In Indonesia, Burger King has integrated its operations into online applications such as GoFood and Grab, expanding its accessibility. Burger King's patrons encompass individuals of all ages, from children to the elderly, signifying its widespread appeal. Thus, our study's objective in selecting Burger King is to examine the influence of Business Level Strategy in meeting customer needs and augmenting sales, thereby establishing its unique allure amidst competing firms.

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## 1. Introduction

Business level strategy involves the steps typically taken by managers to establish a company's competence and create a competitive advantage over rival firms. The basic formula of this business level strategy is to understand what customers want or need, target markets, and distinctive competencies to respond to customer needs. Hamburgers, consisting of round buns filled with meat, vegetables, mayonnaise, and sauce, are a popular fast food item in the United States. The term "Hamburger" is inspired by the name of one of the cities in Germany, Hamburg, where many residents migrated to America and spread its preparation method.

Here, we choose Burger King for analysis. Burger King is a fast-food restaurant chain with numerous branches in Indonesia and abroad. As its name suggests, Burger King primarily sells its flagship menu item, hamburgers, which are highly popular in Indonesia. However, Burger King not only sells burgers but also offers other menu items such as fried chicken, chicken strips, french fries, ice cream, and more. The company operates as a public corporation and distributes its products

through online applications such as GoFood, GrabFood, and Shopee Food. Burger King typically operates from 9:00 AM to 11:00 PM WIB, with some outlets open 24 hours a day. The price range of Burger King's offerings is approximately IDR 23,000 to IDR 85,000.

In terms of objectives, we aim to understand customer needs and desires, as well as to determine the level of strategy employed by Burger King. The benefits of this study include gaining insights into Burger King's market segmentation, identifying effective market strategies for Burger King, and understanding Burger King's market segmentation.

## 2. Literature Review

A business strategy is a program that a company develops to make it easier to compete in the market every day and articulates how the company wants to "do it well". This is both a general strategy and a competitive strategy. Of the many benefits of this business strategy, one of them is consistently offering products or services to consumers that provide more value compared to those offered by competitors. This strategy can be developed at the company level

and emphasizes improving the company's competitive position in the market segment of its services. The business strategy implemented is one of many differentiation strategies.

### 2.1 Value Creation

According to Kotler & Keller (2009) value creation is a combination of service quality and the product offer price. The value delivered to customers is the difference between the total value received by customers and the total costs incurred by customers from value creation to customers which is a set of benefits from customer expectations from a product.

Apart from ensuring a competitive advantage, a competitive business strategy also creates and increases value for consumers and the company. Added value to customers, which is created by weighing benefits and costs from the consumer's perspective, and added value from consumers to the company, weighing benefits and costs from the company's perspective.



Picture 2.1

### 2.2 Low-Cost Provider or Cost Leadership

Low-Cost Providers provide products and services from companies that consistently attract a wide customer base, at prices that are lower than the company's competitors. The Low-Cost Provider strategy is used by companies that focus on production. Achieving competitive advantage through costs means that the cumulative costs of the company are lower than the costs of competitors. Implementing an effective cost leadership

strategy can position a company in the market to provide value to customers focused on lower prices.

### 2.3 Focused Low-Cost Leadership or Focused Cost Leadership

Focused Low-Cost Leadership requires price-based competition for a small market area. Companies following a strategy do not have to pay too low a price in their industry. Because, he charges low prices compared to other companies competing in the target market.

### 2.4 Broad Differentiation

Broad Differentiation leads to products and services that customers find unique in ways that are important to the company. The "uniqueness" offered by a differentiation strategy can be physical or psychological. Companies can differentiate themselves in every function of the value chain. The Broad Differentiation strategy allows companies to produce unique products for customers who value differentiated features at lower costs. Continued success with a Broad Differentiation strategy means that the organization is constantly improving differentiators valued by customers and creating new features from cost-free innovation.

### 2.5 Focused Differentiation or Differentiation

Focused Differentiation involves offering features that meet the needs of a small market; some companies pursue this strategy to focus on a specific market..

### 2.6 Best Cost Provider

Best Cost Provider is a plan that combines the characteristics of cost leadership and differentiation in one strategy. This strategy can be used to target wide or narrow targets. The goal of this strategy is to produce products and services efficiently with several different characteristics. Superior production is a source of low costs, while differentiation creates unique value for both parties.

### 3. Research Methods

The method used in this paper is a qualitative method, where data is measured in the form of words or verbal descriptions. Qualitative methodology involves narrative and interpretive analysis to understand the meaning and context of the data. Apart from the qualitative method, the author also uses the Porter's Generic Strategies analysis method which can be used to analyze the types of business-level strategies used by the Burger King company, which includes analysis of Cost Leadership, namely analysis that focuses on minimizing production costs. and operational, so that it can offer lower prices than competitors, Differentiation, namely analysis that focuses on offering products or services that are unique or have certain advantages that competitors do not have, and Focus, namely analysis that focuses on a particular market or certain market segment, either in terms of cost and differentiation.

## 4. Results and Discussion

### 4.1 Business Level Strategy Analysis

#### 4.1.1 Cost Leadership

Burger King uses a cost leadership strategy by offering lower prices than its main competitors, such as McDonald's and Wendy's. They achieved this by optimizing the supply chain and introducing a simpler menu, thereby reducing production costs. Apart from that, Burger King also uses promotions and discounts to attract customers and expand their market share.

#### 4.1.2 Focused Cost Leadership

Burger King does not fully adopt a focused cost leadership strategy, but they tend to focus more on certain market segments, such as teenagers and families. This can be seen from their advertising campaigns targeting this market segment and the special menus offered, such as children's menus and value menus.

#### 4.1.3 Differentiation

Differentiation Burger King also adopts a differentiation strategy by offering a menu that is different from its competitors, such as the Whopper which is their mainstay menu. They also introduced innovations in their menu, such as vegetarian menus and menus adapted to local tastes. Apart from that, Burger King also emphasizes customer experience by providing a comfortable and pleasant atmosphere in their restaurants.

#### 4.1.4 Focused Differentiation

Focused Differentiation Burger King does not specifically adopt a focused differentiation strategy, but they tend to focus more on certain market segments by providing special menus for vegetarian customers and providing local menus tailored to the tastes of customers in various countries. Overall, Burger King adopts a combined strategy of cost leadership and differentiation, with a focus on customer experience and specific market segments. This allows them to compete with their main competitors in the fast food industry.

### 4.2 Market Segmentation Analysis

Burger King market segmentation can be divided into several categories based on the characteristics of customers or potential consumers. Here are some market segments that Burger King might have:

#### 4.2.1. Demographics

In market segmentation, Burger King prioritizes young people who like to eat burgers. So the promotion carried out has a youthful concept. Not only that, the service is also pleasant. But it does not rule out the possibility that Burger King is also targeting working people and calling the closest environment their customers.

#### 4.2.2. Geographical

This market segment consists of groups based on geographic location, such as certain countries, cities, or regions. Burger King can

target consumers who live or work in urban areas with dense populations and follow a fast lifestyle.

### 4.3 SWOT Analysis

SWOT analysis of the Burger King company as follows:

#### 4.3.1. Strength

- Brand that is global
- Low capital requirements
- Has its own distribution cooperative
- Increase efficiency and reduce costs
- Thicker burger meat and many variants

#### 4.3.2. Weakness

- Rely on franchises
- High percentage of franchises
- Foods with high calories

#### 4.3.3. Opportunities

- International Expansion
- Develop a health radar
- Have a competitive advantage on shares

#### 4.3.4. Threats

- Many competitors with similar business models
- Lack of innovation

## 5. Closing

### 5.1 Conclusion

Business level strategy is the steps usually taken by managers in creating company competencies to create an advantage over competing companies. From this business level strategy, we can find out what customers want or need, as well as the target market and outstanding competencies to respond to customer needs. So in each company there are of course differences in their respective firm values, marketing strategies and target markets.

### 5.2 Suggestions

Company owners should also focus and pay more attention to what strategies should be used in their business or company, because choosing the right strategy can make the

company's performance better and more optimal. and must also always update their company's strategy because times are also developing rapidly, if the company is not able to face intense competition between other companies, it will definitely threaten the company's sustainability.

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