

CHAPTER TWO

Company and Marketing Strategy

Partnering to Build Customer Relationships





INVESTOR RELATIONS

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Corporate Profile



Burger King Worldwide is a Delaware corporation that franchises and operates fast food hamburger restaurants, principally under the Burger King® brand (also referred to as the "Brand"). Since the company's founding as a single restaurant in Miami, Florida in 1954, we have grown to become the world's second largest fast food hamburger restaurant, or FFHR, chain as measured by the total number of restaurants. As of December 31, 2013, the Burger King system consisted of 13,667 restaurants in over 95 countries and U.S. territories. Of these restaurants, 6,231, or 46%, are located outside the U.S. and Canada. Franchisees owned and operated 13,615 restaurants, or ~100%, with the remaining 52 owned by Burger King.

Our restaurants feature flame-grilled hamburgers, chicken and other specialty sandwiches, french fries, soft drinks and other affordably-priced food items. Our Original WHOPPER®, introduced in 1957, is one of the best-known hamburger sandwiches in the world and remains a perennial favorite. During our more than 50 years of operating history, we have developed a scalable and cost-efficient quick service hamburger restaurant model that offers customers fast food at affordable prices.

We generate revenues from two sources: (1) retail sales at Company restaurants; and (2) franchise revenues, consisting primarily of royalties based on a percentage of sales reported by franchise restaurants and franchise fees paid by franchisees as well as property income we derive from properties we lease or sublease to our franchisees. Approximately 100% of our current restaurants are franchised and we have a higher percentage of franchise restaurants to Company restaurants than our major competitors in the FFHR category. We believe that our high percentage of franchise restaurants provides us with a strategic advantage because the capital required to grow and maintain the Burger King® system is funded primarily by franchisees.

Our franchise dominated business model also presents a number of drawbacks and risks, such as our limited control over franchisees and limited ability to facilitate changes in restaurant ownership. In addition, our operating results are closely tied to the success of our franchisees, and we are dependent on franchisees to open new restaurants as part of our growth strategy.

COMPANY AND MARKETING STRATEGY

Topic Outline

- Companywide Strategic Planning: Defining Marketing's Role
- Planning Marketing: Partnering to Build Customer Relationships
- Marketing Strategy and the Marketing Mix
- Managing the Marketing Effort
- Measuring and Managing Return on Marketing Investment

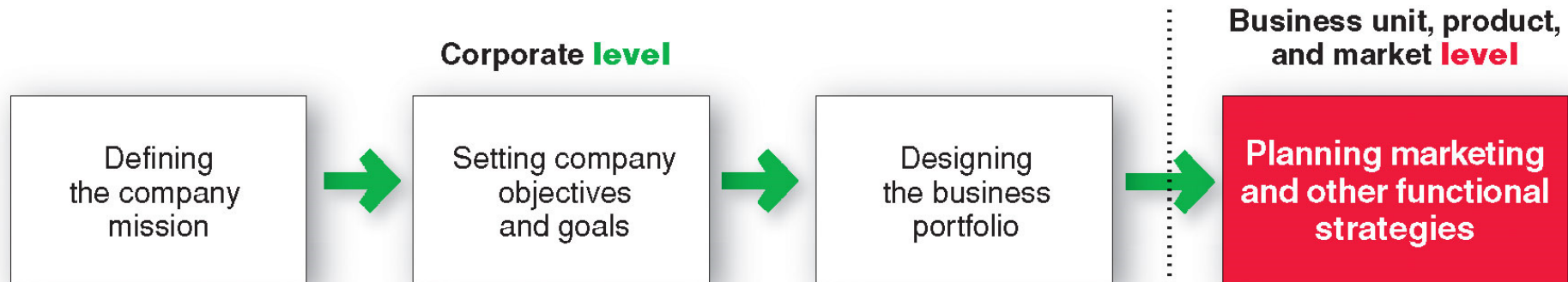
COMPANYWIDE STRATEGIC PLANNING

Strategic Planning

Strategic planning is the process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities

COMPANYWIDE STRATEGIC PLANNING

Steps in Strategic Planning



COMPANYWIDE STRATEGIC PLANNING

Defining a Market-Oriented Mission



- The mission statement is the organization's purpose, what it wants to accomplish in the larger environment
- Market-oriented mission statement defines the business in terms of satisfying basic customer needs

Mission and Vision

We will prepare and sell quick service food to fulfil our guest's needs more accurately, quickly, courteously, and in a cleaner environment than our competitors.

We will conduct all our business affairs ethically, and with the best employees. We will continue to grow profitably and responsibly, and provide career advancement opportunities for every willing member of our organization."

We proudly serve the best burgers in the business, plus a variety of real, authentic foods - all freshly prepared - just the way you want it! BURGER KING® Corporation operates more than 11,000 restaurants in all 50 states and in 60 countries around the world. 90% of the BURGER KING® restaurants are owned and operated by independent franchisees, many of them family-owned operations that have been in business for decades.

COMPANYWIDE STRATEGIC PLANNING

Setting Company Objectives and Goals

Business objectives

- Build profitable customer relationships
- Invest in research
- Improve profits

Marketing objectives

- Increase market share
- Create local partnerships
- Increase promotion

COMPANYWIDE STRATEGIC PLANNING

Designing the Business Portfolio

The business portfolio is the collection of businesses and products that make up the company

Portfolio analysis is a major activity in strategic planning whereby management evaluates the products and businesses that make up the company

COMPANYWIDE STRATEGIC PLANNING

Analyzing the Current Business Portfolio

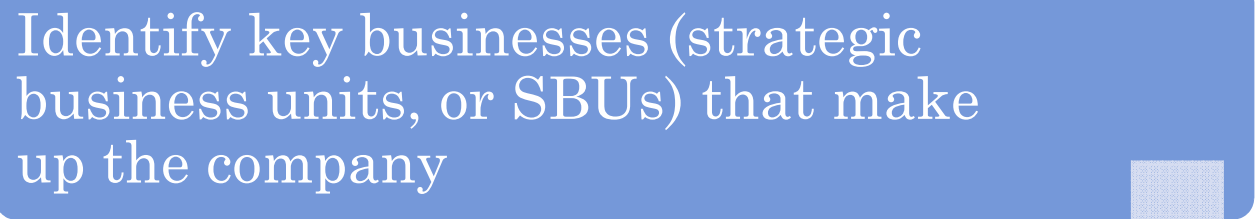
Strategic business units can be

- Company division
- Product line within a division
- Single product or brand

COMPANYWIDE STRATEGIC PLANNING

Analyzing the Current Business Portfolio

Identify key businesses (strategic business units, or SBUs) that make up the company



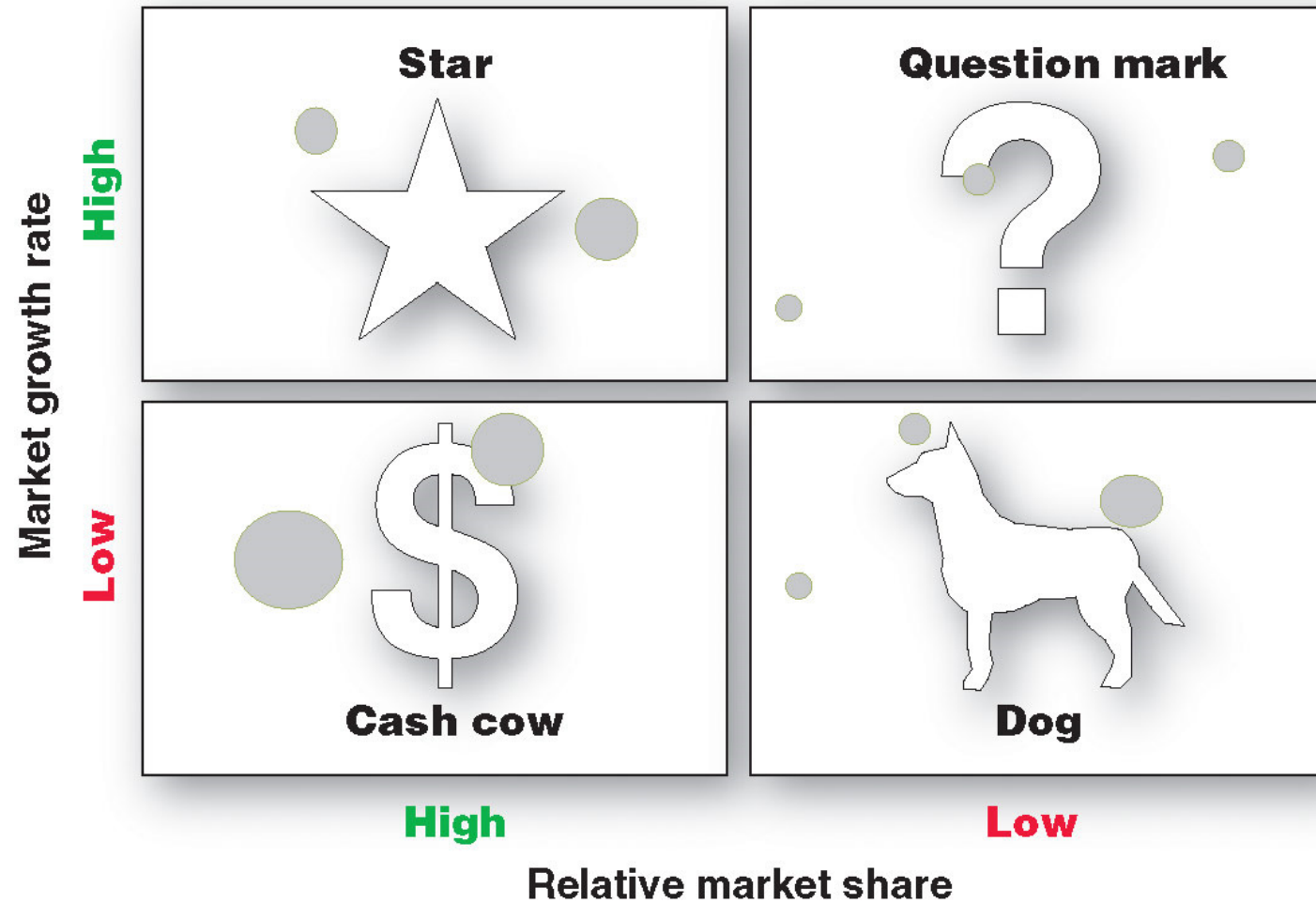
Assess the attractiveness of its various SBUs



Decide how much support each SBU deserves



COMPANYWIDE STRATEGIC PLANNING:



COMPANYWIDE STRATEGIC PLANNING

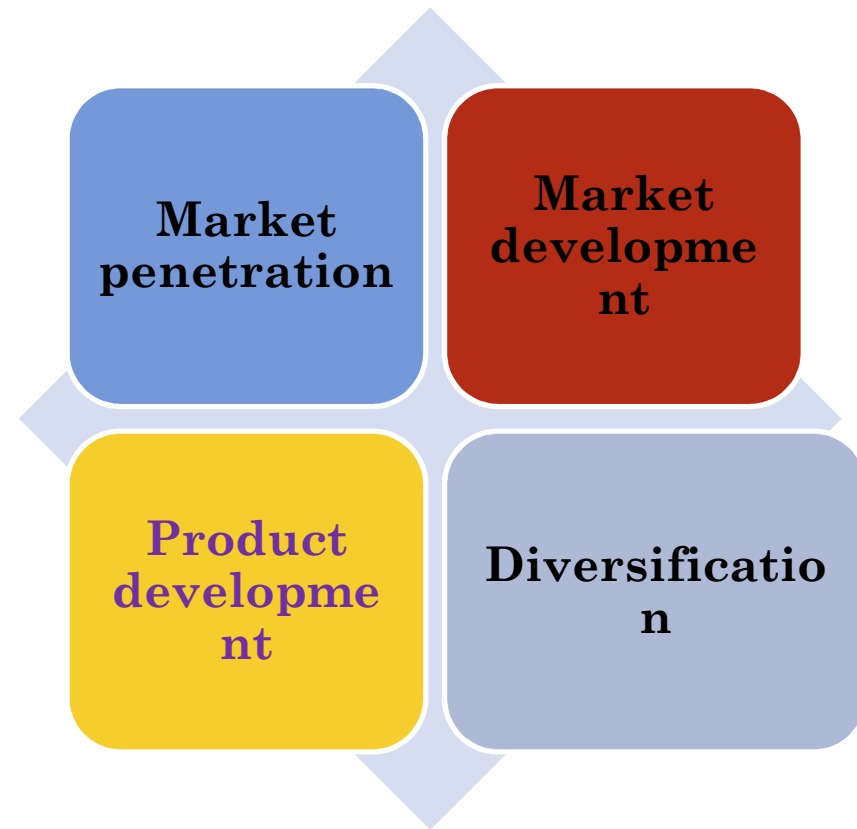
Problems with Matrix Approaches

- Difficulty in defining SBUs and measuring market share and growth
- Time consuming
- Expensive
- Focus on current businesses, not future planning

COMPANYWIDE STRATEGIC PLANNING

Developing Strategies for Growth and Downsizing
Product/Market Expansion Grid

a tool for identifying
company growth
opportunities



COMPANYWIDE STRATEGIC PLANNING

Developing Strategies
for Growth and Downsizing

Market penetration

growth by increasing sales to current market segments without changing the product

Market development

growth by identifying and developing new market segments for current products



COMPANYWIDE STRATEGIC PLANNING

Developing Strategies
for Growth and Downsizing

Product development is a growth strategy that offers new or modified products to existing market segments

Diversification is a growth strategy through starting up or acquiring businesses outside the company's current products and markets

COMPANYWIDE STRATEGIC PLANNING

Developing Strategies
for Growth and Downsizing

Downsizing prune, harvest or divest businesses that are unprofitable or that no longer fit the strategy

PLANNING MARKETING

Partnering to Build Customer Relationships



Value chain is a series of departments that carry out value-creating activities to design, produce, market, deliver, and support a firm's products

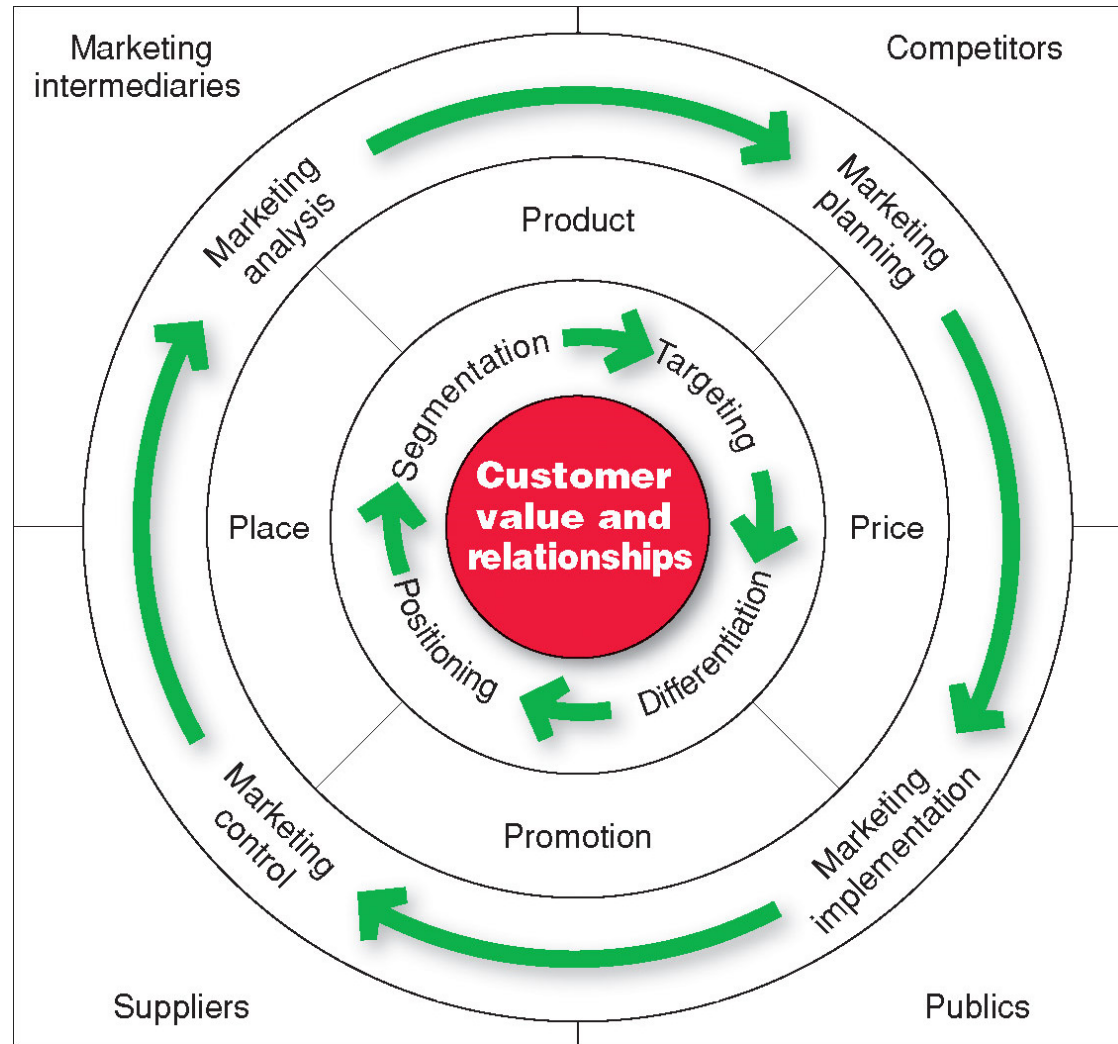
PLANNING MARKETING

Partnering to Build Customer Relationships



Value delivery network is made up of the company, suppliers, distributors, and ultimately customers who partner with each other to improve performance of the entire system

MARKETING STRATEGY AND THE MARKETING MIX



MARKETING STRATEGY AND THE MARKETING MIX

Market segmentation is the division of a market into distinct groups of buyers who have different needs, characteristics, or behavior and who might require separate products or marketing mixes

Market segment is a group of consumers who respond in a similar way to a given set of marketing efforts

MARKETING STRATEGY AND THE MARKETING MIX

Market Targeting

Market targeting

is the process of evaluating each market segment's attractiveness and selecting one or more segments to enter

MARKETING STRATEGY AND THE MARKETING MIX

Market positioning is the arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of the target consumer

Whole marketing plan supports the positioning strategy

MARKETING STRATEGY AND THE MARKETING MIX

- Differentiation begins the positioning process
- Whole marketing plan supports the positioning strategy

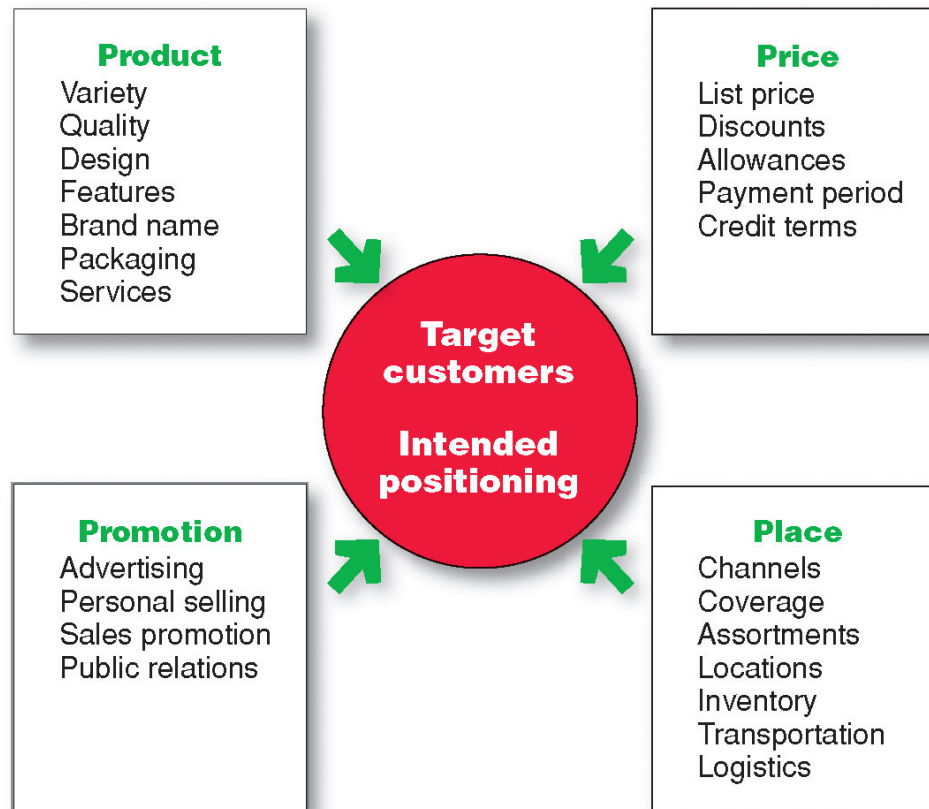
MARKETING STRATEGY AND THE MARKETING MIX

Developing an Integrated Marketing Mix

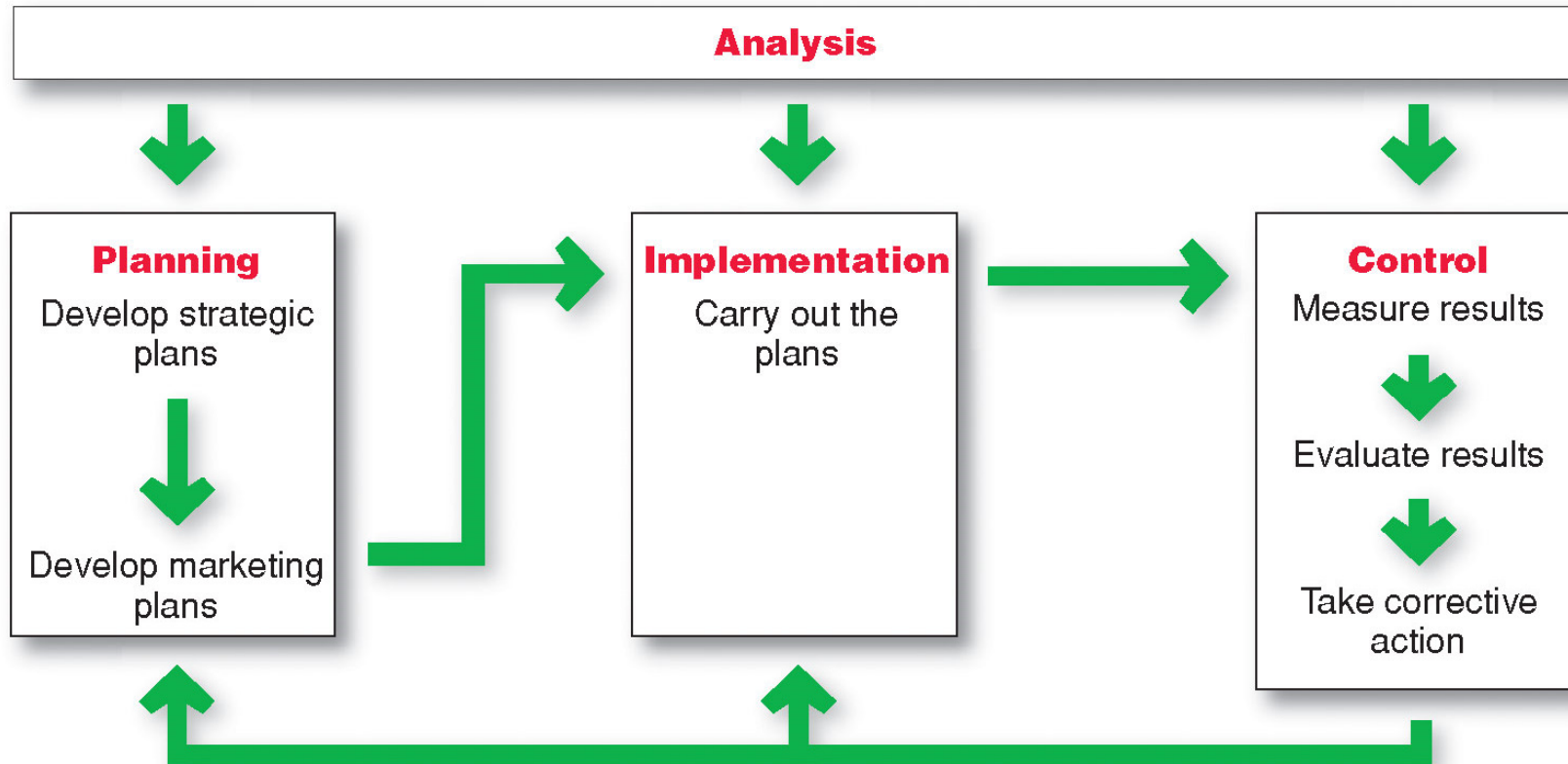
Marketing mix is the set of controllable tactical marketing tools—product, price, place, and promotion—that the firm blends to produce the response it wants in the target market

MARKETING STRATEGY AND THE MARKETING MIX

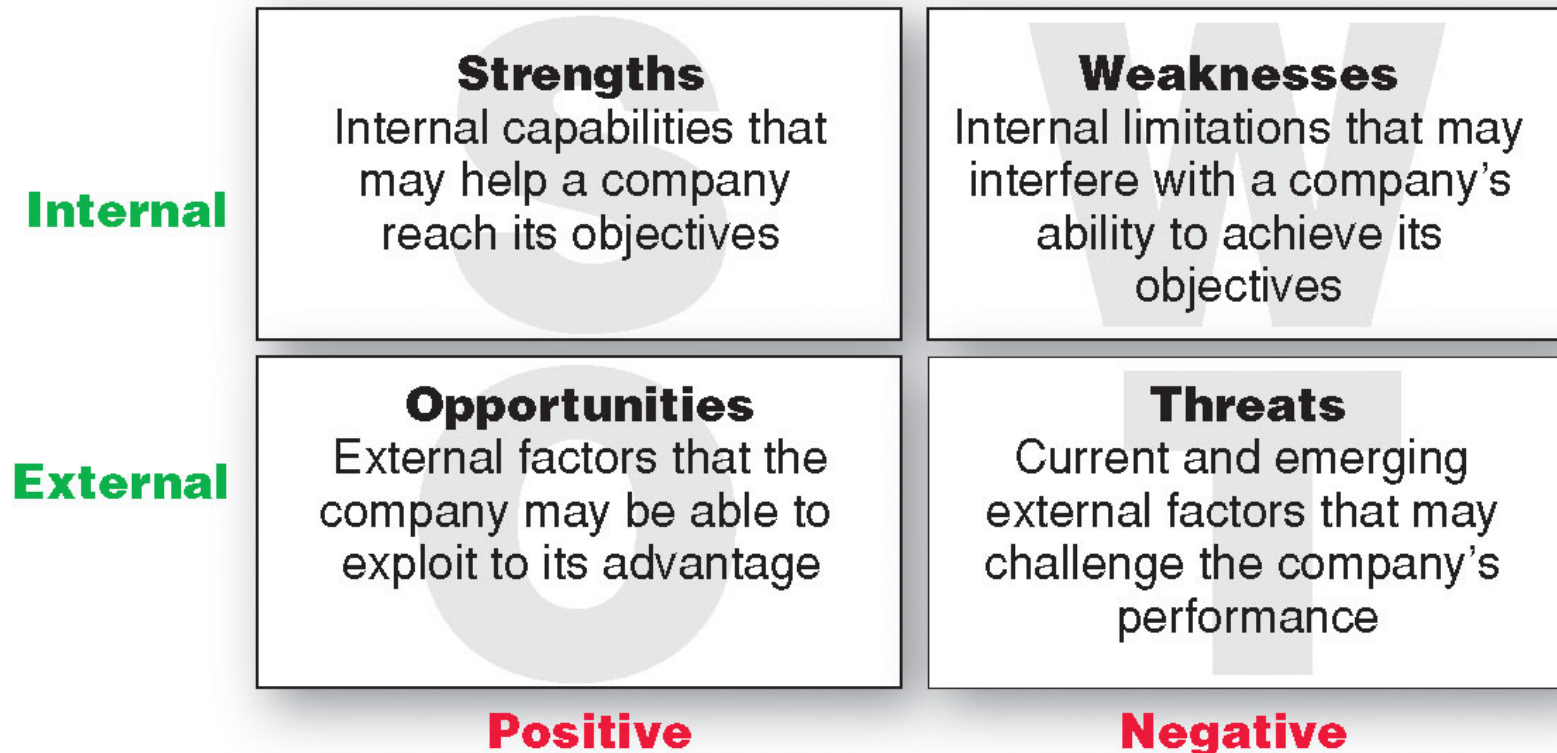
Developing an Integrated Marketing Mix



MANAGING THE MARKETING EFFORT



MANAGING THE MARKETING EFFORT



MANAGING THE MARKETING EFFORT

Market Planning—Parts of a Marketing Plan



Executive
summary

Marketing
situation

Threats and
opportunities

Objective
and issues

Marketing
strategy

Action
programs

Budgets

Controls

MANAGING THE MARKETING EFFORT

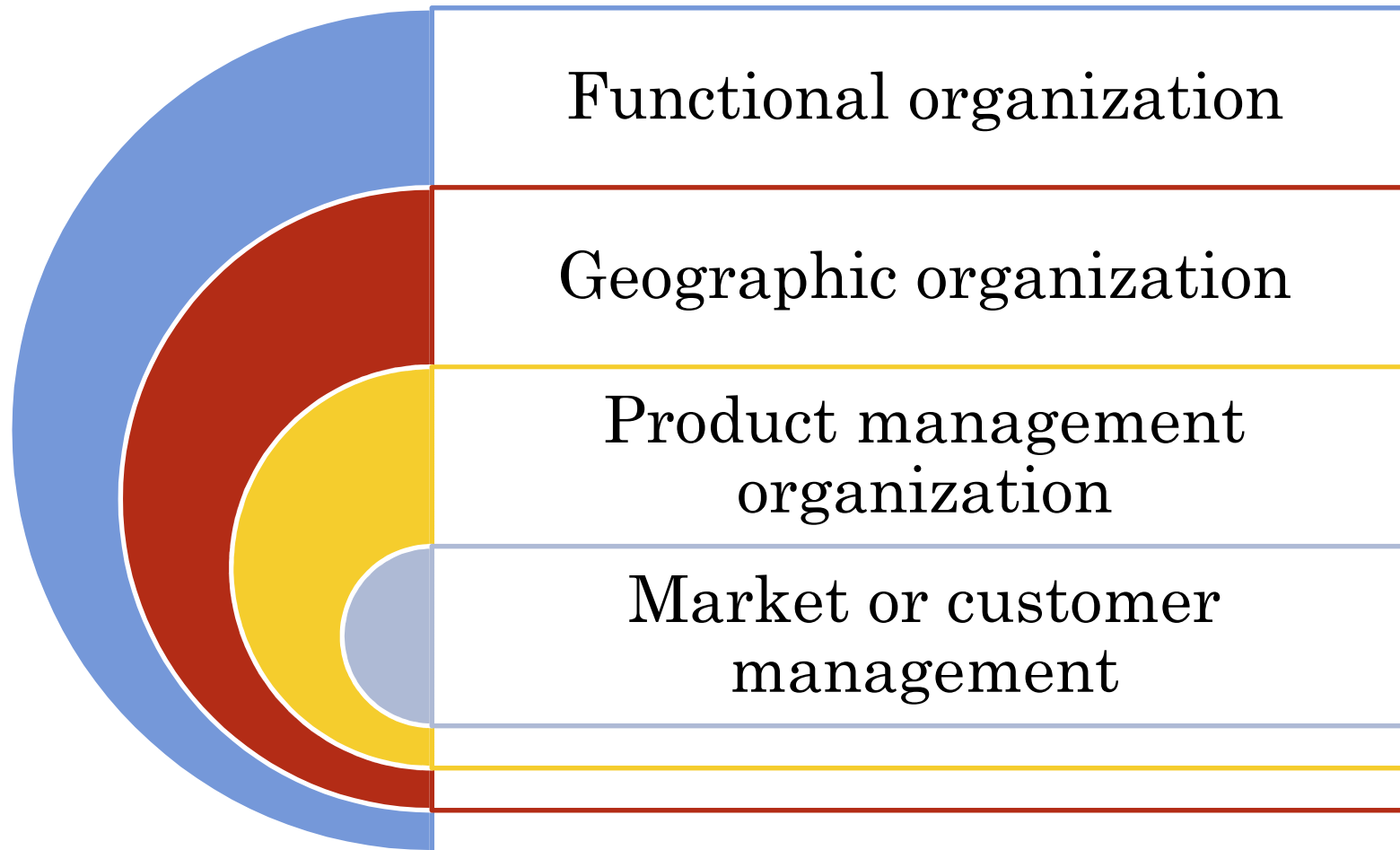
Marketing Implementation

Implementing

- Turns marketing plans into marketing actions to accomplish strategic marketing objectives
- Addresses who, where, when, how

MANAGING THE MARKETING EFFORT

Marketing Department Organization



MANAGING THE MARKETING EFFORT

Marketing Control

Controlling

- evaluating of results
- taking of corrective action to achieve objectives
- Operating control
- Strategic control

MEASURING AND MANAGING RETURN ON MARKETING INVESTMENT

Return on Marketing Investment (Marketing ROI)



Return on marketing investment

- is **net return** from a marketing investment divided by the costs of the marketing investment.
- provides a measurement of the **profits generated** by investments in marketing activities.