



Strategic Marketing

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Executive Summary

This report provides a comprehensive analysis of Five Guys, a renowned fast-food chain, focusing on its market strategy. The external environment poses significant challenges, including political disruptions from Brexit and policy changes, economic pressures from inflation and minimum wage hikes, and social trends towards healthier eating. Technological advancements offer opportunities for efficiency improvements through automation and personalized customer experiences, but also require balancing customer satisfaction.

Internally, Five Guys' strengths lie in its focus on high-quality, fresh ingredients, customizable options, and word-of-mouth marketing. However, it faces weaknesses such as limited ingredient variety and high staff turnover. Opportunities for growth include leveraging technological innovations and expanding into stable European markets like Italy. Threats include rising costs due to policy changes and economic instability affecting consumer spending.

Overall, Five Guys must navigate these external and internal factors to sustain its competitive advantage and drive growth.

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1.0 introduction

This report offers a thorough analysis of Five Guys, a well - known fast - food chain. It starts with an external environment analysis, covering political, economic, social, technical, environmental, and legal factors. For instance, Brexit and policy changes impact its expansion, while inflation and minimum wage hikes increase costs.

Applying Porter's Five Forces model, it shows that buyers' bargaining power is low as the brand targets high - end customers, and suppliers' power is limited due to strict ingredient standards. In the value chain, Five Guys focuses on quality raw materials and word - of - mouth marketing, with good infrastructure enhancing the dining experience.

The internal environment analysis reveals strengths like fresh food and value - added services, but also weaknesses such as limited ingredient options. Opportunities include tech - driven interactions and expansion in Europe, while threats involve cost increases and new competitors. Overall, the report aims to assist in strategic decision - making.

2.0 External environment analysis

2.1 Political factor

The policy change has far-reaching implications for the food industry. For example, Wright (2024) points out that the food industry faces supply chain disruptions and tariff changes after Brexit, which could lead to increased raw material costs. In addition, government uncertainty about food policy makes it difficult for companies to plan long-term strategies. Woolfson(2025) points out that recently, the UK government has announced tax policy changes, including an increase in employer national insurance contribution rates, which is a significant challenge for businesses such as Five Guys. Five Guys CEO John Eckbert said the policy change would cost the company £4 million and limit its expansion plans. Eastlake(2024) points out that the new Labor government's announcement that it will ban advertising for "harmful" junk food could affect the marketing strategies of fast food chains like Five Guys. While there is currently no tax on foods high in salt, sugar and fat (HFSS), advertising restrictions could affect their sales. Coyne (2025) points out that political instability has led to a decline in business confidence. In 2024, the UK food and drink industry's willingness to invest has been affected, with more than half of manufacturers planning to limit investment. In this uncertain environment, Five Guys needs to carefully plan its expansion and investment strategy.

2.2 Economic factor

FoodManufacture (2024) noted that the UK inflation rate remained at 5.2% in 2024, resulting in an 8.3% year-on-year increase in the cost of ingredients. This cost increase is a significant challenge for Five Guys as it needs to absorb them while remaining price competitive. Woolfson (2025) points out that the UK minimum wage will rise by 6.7% in April 2025, which further increases the Labour costs of the Five Guys. CEO John Eckbert said such cost increases would limit the company's expansion plans and could lead to fewer jobs. Magbanua (2024) points out that economic uncertainty leads to changes in consumer behavior. Consumers are becoming more frugal and seeking more cost-effective options. Five Guys will need to respond to these changes with menu innovation and pricing strategies. Vanifatova (2025) notes that fluctuations in the GBP/USD exchange rate affect the cost of the Five Guys importing raw materials from the United States. This exchange rate change can lead to an increase in the company's procurement costs, which can affect profit margins.

2.3 Social factor

In recent years, British consumers have become more conscious of healthy eating. Quinn(2025) points out that according to ShareAction's report, the fast food industry has been blamed as a major contributor to the obesity crisis, with 60% of UK consumers visiting fast food restaurants at least once a week. So Five Guys needs to counter this trend by offering healthier menu options. Young people see fast food restaurants as places to socialize. Fischer (2024) points to research showing that young people value social experiences more and that fast food restaurants provide a comfortable gathering space for them. Five Guys can address this need by enhancing the in-store experience and offering products that are appropriate for group consumption.

2.4 Technical factor

Mobile orders increased from 35% in 2023 to 48% in 2025, but Five Guys APP's user retention rate was only 58%, lower than the industry average of 67%(Sheetal 2024). This shows the growing importance of mobile orders in Five Guys' business. This is a positive trend and shows that consumers are increasingly using mobile devices to order food. Kitchen automation equipment has a 23% return on investment and can reduce labor costs by 15%, but existing equipment utilization is less than 60%(Sun 2022). This shows the potential of automation technology to improve efficiency and reduce costs. Companies should consider increasing investment in such equipment to improve production efficiency and profitability. The dynamic pricing system increased customer unit prices by 9% in pilot stores, but led to a 23% customer complaint rate (Sheetal 2024). This illustrates the need for companies to balance revenue growth from dynamic pricing with customer satisfaction and find a balance.

2.5 Environmental factor

Five Guys UK has joined the Zero Carbon Forum, which aims to accelerate emissions reduction through collaboration and resource sharing, with the goal of achieving net zero emissions from its own operations by 2030 and across its supply chain by 2040 (Walton 2023). This reflects its strong sense of environmental responsibility. Companies are no longer just pursuing economic benefits, but are committed to achieving sustainable development by incorporating environmental protection into their development strategies. Five Guys UK has achieved 100% zero landfill by recycling 25% of its waste and converting the remainder into energy (Andrew 2021). This demonstrates the

company's efforts to reduce its environmental impact.

2.6 Legal factor

The UK government has introduced changes to the minimum wage and employers' national insurance contribution rates, which have increased Labour costs for Five Guys (Woolfson 2025). This shows that the policy adjustment has a direct impact on labor costs. The adjustment of the minimum wage standard by the British government means that the minimum wage paid by enterprises to employees will increase. At the same time, the adjustment of employers' national insurance contribution rate also directly increases the expenditure of enterprises on employee insurance. Together, the two policy changes have led to higher labor costs for companies like Five Guys. Five Guys requires full ingredient labeling of pre-packaged foods, including allergens, after the death of a severely allergic customer (Natasha's Law 2021). This illustrates how Five Guys must ensure strict ingredient tracking and employee training to avoid legal liability. Their customizable burgers (more than 20 toppings) increase the risk of cross-contamination with hyperchemogens.

3.0 Porter's five Forces model

3.1 Bargaining power of buyers

Five Guys focuses on high-end fast food, where customers are less price sensitive. Its focused strategy (offering only core products such as burgers and French fries) strengthens the brand's premium ability by competing on quality rather than low price (Evangelista 2024). Five Guys' emphasis on quality rather than low price competition reflects the company's emphasis on product quality. High quality products can enhance customer satisfaction and loyalty, and thus enhance the market competitiveness of the brand. In addition, high quality also means higher added value, which helps enterprises achieve higher profit levels. Five Guys has managed to appeal to a less price-sensitive demographic by clearly positioning themselves as high-end fast food. This positioning not only clarifies the market direction of the enterprise, but also helps the enterprise to stand out in the highly competitive market.

3.2 Bargaining power of suppliers

Five Guys insists on using fresh ingredients and building long-term partnerships with specific suppliers (Evangelista 2024). This high standard for raw materials may limit the number of suppliers, but through centralized sourcing and brand influence, it reduces the bargaining space of suppliers. By establishing long-term partnerships with specific suppliers, Five Guys is able to ensure a stable supply of ingredients and quality control. This refined approach to supplier management helps reduce supply chain risk and improve operational efficiency.

4.0 Porter's value chain

4.1 Primary Activities

Five Guys have developed healthy relationships with suppliers and are able to obtain quality raw materials from them (Evangelista 2024). This shows that they ensure a steady supply of high-quality ingredients through long-term cooperation with suppliers. Five Guys focuses on providing high quality food, especially burgers and fries (Anon 2022). This illustrates how they ensure consistent quality every time through strict control of ingredient quality and cooking process. Five Guys' marketing strategy relies heavily on word of mouth and quality. They attract customers by offering high quality products and increase brand awareness through word of mouth.

4.2 Support Activities

Five Guys' restaurants have good infrastructure and provide a comfortable dining environment for customers (FabricAcademy 2024). This shows that Five Guys clearly puts the dining experience of their customers first, by providing good infrastructure to ensure that customers can enjoy a comfortable and pleasant dining time in the restaurant. This emphasis on the customer experience helps to enhance customer satisfaction and loyalty. Good infrastructure and comfortable dining environment are important factors in shaping the brand image. By providing this environment, Five Guys conveys a high quality, detail-focused brand image to customers, which helps to enhance the brand's awareness and competitiveness in the market.

5.0 Internal environment analysis

5.1 Strengths

Five Guys maintains a "no freezer" policy and uses fresh beef and hand-cut fries for all burgers, offering more than 250,000 custom combinations (Anon 2024). This reflects Five Guys' high standards of food freshness, ensuring that customers are able to taste the highest quality food. Five Guys emphasizes that its fries are cut by hand, a detail that demonstrates its respect for and adherence to traditional craftsmanship. Handmade often means higher quality and finer craftsmanship, which provides customers with a different dining experience. Offering more than 250,000 custom combinations demonstrates Five Guys' deep understanding and satisfaction of customers' individual needs. This highly customizable option allows customers to customize their burgers according to their own tastes and preferences, which increases customer satisfaction and loyalty.

Five Guys' free peanut waiting service, efficient employee response, free refills and other value-added experiences strengthen brand loyalty (Sun 2022). These value-added experiences at Five Guys are designed to enhance customer satisfaction and pleasure during the dining experience. This shows that Five Guys takes the customer experience very seriously and regards it as a key means of driving brand loyalty. In the highly competitive fast food market, Five Guys differentiates itself from other competitors by offering these unique value-added experiences. This differentiated competitive strategy helps to attract more customers and enhance the competitiveness of the brand in the market.

5.2 Weaknesses

Five Guys only uses peanut oil to cook, excluding potential customers with peanut allergies (Sun 2022). Using only peanut oil also meant that Five Guys failed to adequately consider the potential customer base with peanut allergies. For these customers, Five Guys' dishes may pose a health risk, so they have to choose other food brands. This reflects the Five Guys' limited selection of ingredients and their disregard for the needs of specific customer groups. Although Five Guys is specific in its selection of ingredients, it also leaves room for improvement and innovation. For example, Five Guys could consider introducing a variety of cooking oil options to meet the needs of different customer groups. This will help expand its addressable market and enhance the brand's inclusion and diversity.

Five Guys has a high turnover rate and requires ongoing investment in hiring and training (Sun 2022). High staff turnover means Five Guys face challenges in managing human resources. Employee turnover will not only lead to the waste of human resources, but also affect the operational efficiency and customer satisfaction of the enterprise. As a result, Five Guys needs to devote more resources to recruiting and training new employees to keep the business running. To reduce staff turnover, Five Guys can take a number of improvements. For example, establish a fair compensation system to ensure that employees' efforts are proportional to their returns; Provide good career development and growth opportunities, so that employees can see the future potential within the organization; Create a positive work environment and atmosphere, including harmony, trust, open and inclusive work environment, and pay attention to employees' mental health and work stress.

5.3 Opportunities

Five Guys enhance interactions through personalized mobile apps and AR/VR technology to increase online order share (Anon 2024). By introducing AR/VR technology, Five Guys is providing customers with a new interactive experience, which demonstrates the great potential of technological innovation to enhance the customer experience and drive business.

Five Guys uses eco-friendly packaging and locally sourced ingredients to appeal to environmentally conscious consumers (Dorich 2019). The use of environmentally friendly packaging and locally sourced ingredients reflects Five Guys' social responsibility as corporate citizens. Companies not only focus on their own economic interests, but also actively fulfill their environmental and social responsibilities. This responsible attitude helps build the good reputation of the business and enhances the trust and support of consumers.

Five Guys has a stable political environment in Europe (e.g., Italy) and potential for expansion (Dorich 2019). This shows that Italy and other European regions have a large consumer group and mature consumer market. With the gradual recovery of the European economy and the improvement of consumer confidence, the catering industry, as an important part of the service industry, will usher in more development opportunities. As a well-known restaurant brand, Five Guys has great potential for market expansion in Europe with its unique product characteristics and quality service experience.

5.4 Threats

The increase in UK employers' National Insurance (NI) rates led to a £4 million increase in costs in 2025, delaying store expansion and recruitment plans (Woolfson 2025). This shows that companies are highly sensitive to cost changes, especially restaurant chains like five guys, which need to keep a tight rein on costs as they expand. The increase in national insurance rates directly increases the manpower costs of enterprises, which is a significant burden for enterprises that rely on a large number of employees.

Boutique burger brands emerge and consumers become more price sensitive (Anon 2024). This shows that with the increase of boutique burger brands in the market, consumers have more choices and comparison objects. This competitive situation has prompted consumers to pay more attention to price and look for more cost-effective products. When consumers find that other brands offer similar quality products at lower prices, they may turn to these brands, causing brands like Five Guys to lose customers.

The European economy is unstable, and the rising unemployment rate in Italy affects the frequency of fast food consumption (Dorich 2019). This illustrates how Five Guys, as a high quality, relatively premium burger brand, has seen its consumption frequency directly affected by economic instability and rising unemployment. If the European economy continues to be unstable, Five Guys may need to adjust its marketing strategy in Europe to meet the challenge of declining consumer frequency.

6.0 Conclusion

This report offers a comprehensive analysis of Five Guys, a well - known fast - food chain. The external environment poses various challenges. Politically, Brexit and policy changes disrupt expansion and raise costs. Economically, inflation, minimum wage hikes, and exchange rate fluctuations impact operations. Socially, the trend for healthy eating requires menu adjustments, and the demand for social spaces offers an opportunity. Technologically, mobile orders are growing, but there are issues to resolve. Environmentally, Five Guys is committed to sustainability, and legally, it faces increased labor costs.

Porter's Five Forces analysis shows Five Guys has advantages in dealing with buyers and suppliers. Its value chain emphasizes quality raw materials and word - of - mouth marketing.

Internally, Five Guys has strengths like fresh food and value - added services, but also weaknesses such as limited ingredient options and high staff turnover. Opportunities exist in tech - driven interactions and European expansion, while threats include cost increases and new competitors.

In conclusion, Five Guys needs to leverage its strengths, address weaknesses, seize opportunities, and counter threats. Adapting to external changes, innovating, and focusing on quality and sustainability are key to its long - term success.

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