
An Evaluation of the PESTEL Factors Impact on the Fast Food Industry in the United States

Fast food is a type of food prepared quickly and served as a takeaway or quick meal usually involving reheating cooked meals. It was first cited in Britain in 1860 with the first fish and chips shops. In the 1950s, drive-through restaurants were first popularized in the United States. Moreover, the National Institute of Health defines fast foods as being highly saturated in salt, sugar, calories and viewed as alternatives to home cooked meals. PESTEL Analysis is a framework used to investigate the macro- environmental factors that have an impact on the performance of organizations (Cadle, Paul & Turner, 2010). The term PESTEL is an acronym standing for Political, Economic, Social, Technology, Environment and legal. In 1967, a Harvard professor Francis Aguilar founder the term PEST which he further could be used independently or in combination with Porter's Five Forces and SWOT analysis (Arline, 2014). A good understanding of the external factors allows businesses to identify areas of opportunities and threats. This paper aims at assessing the PESTEL factors that have significantly impacted on the fast food industry in the United States and point out probable future opportunities that the industry may capitalize.

The United States is a well-known behemoth in the fast food industry, as it recorded in 2015, a whopping \$200 billion worth of revenue from the industry. There exist over 200,000 fast food restaurants where it is estimated that over 50 million Americans have a meal at one of the restaurants daily (Fast Food Industry Analysis 2016 - Cost & Trends, 2016). The fast food brands in America are categorized into burger joints, sandwich shops, pizza places and coffee cafés. Some of these brands include Jack in the Box, Arby's, Domino's Pizza, KFC, Pizza Hut, Burger King, Taco Bell, Subway and McDonald's (McConnell & Bhasin, 2012). The industry plays an invaluable role of employing over 4 billion and counting thus assisting in reducing the unemployment rate in the country. In particular, franchise restaurants added in 2015 a total of 200,000 jobs in the industry (Fast Food Industry Analysis 2016 - Cost & Trends, 2016). A PESTEL evaluation of the fast food industry in the United States involves the following;

Political Factors

The political factors refer to what degree does the government of a country intervene in the economy. Other aspects such as political instability or instability in overseas markets, government policy, tax policy, labor laws, foreign trade policy, trade restrictions and environmental laws are also taken into consideration and must be adhered to by the firms. Globally, fast food brands ought to ensure that they have complied with the packaging

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regulations and hygiene and food quality specifications so as to protect public health.

However, in the United States of America, despite the many published reports on fast food being the cause of childhood obesity, there is little or no government intervention (Fast Food Industry PESTEL Analysis 2016 - Cheshnotes, 2016). However, the European counterparts, who came up with several initiatives to reduce the level of salt in foodstuffs following a report that demonstrated a link between salt intake and heart disease in the UK. Further, in Germany fast food restaurants are required to specify on some nutritional factors for every meal served like levels of calories, sugar, saturated or unsaturated fat and salt levels in response to a food labeling initiative.

The reason for the self-regulating nature of the food industry is attributed to two factors. US political system uses Laissez-Faire economics and the aggressive and concentrated nature of the food industry in the capital. McDonald plays a vital role and together with other fast food restaurants the Trans Fat Content had been foiled from being enacted into being a regulation.

Economic Factors

Economic factors influence how an organization does business and contributes to the amount of profit to be enjoyed. Interest rates, the disposable income of firms and consumers, inflation, exchange rates and economic growth are key concepts that are thoroughly reviewed. The economic recession that occurred was quite disruptive in most industries, as it resulted in profits and consumer demand for goods and services drastically reducing (Kliman, 2012). Many individuals prefer eating out at a fast food restaurant to having a meal at traditional restaurants. However, at the height of the recession crisis in 2008, the demand for McDonald's products did not increase or decrease compared to the other markets of the same product in Japan and France where the demand increased. However, the fast food industry recognized that this does not make them recession-proof thus in a bid to increase sales, a variety of products at low prices have been introduced to the menus. Also, customer service was remarkably redefined to attract and retain previous and new clientele.

Social Factors

The social-cultural factors reflect the shared attitudes and beliefs of the population. Some of the areas of high concern include health consciousness, age distribution, career attitudes and population growth. In particular, the perception of health and lifestyle has increased due to the intervention of the media. Moreover, the fast food industry has received condemnation for the high number of childhood obesity. McDonald has experienced negative public opinion from its consumers as it contributes significantly to the health issues. In response to this, the super size option in McDonald was faced out and milk, water, fruit smoothies, salads and fruits were added

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to the menus (Pompper and Higgins, 2007). Also, most fast food companies in an attempt to retain its users and reduced negative public image, the nutritional content of meals are displayed and also, low calories food are served.

Technological Factors

The use of internet has opened ample opportunities in high impact marketing and low-cost products and services for firms and industries. In the fast food industry, social media and online marketing have overwhelmingly supported the corporations and translated into more revenue and fewer expenses. Technology has become indispensable in the fast food industry as innovative ways are developed so as to collect customers' feedback on the products. Moreover, some of the technological factors affecting Burger King include access to automation technologies that will aid in improving operational efficiency (Kissinger, 2015).

Environmental Factors

The fast food brands were pressured by the US Food and Drug administration into adopting greener approach so as to ensure continued customer loyalty. Presently, McDonald is taking the initiative to encourage other enterprises on recycling and waste management (PESTEL analysis of McDonald's and the food industry, 2016).

Legal Factors

The legal factors consist of issues on product safety, advertising standards, health and safety, product labeling and equal opportunities. The primary areas affected by the law are in nutritive value and food quality. Fast food brands ought to recognize the importance of compliance, sustainability and hygiene so as to ensure the survival of the companies (PESTEL analysis of McDonald's and the food industry, 2016).

Some of the opportunities for growth that can be capitalized over the next five years include involvement in IPOs and private equity for restaurants to increase investments, expansion to foreign markets as food craving is on a high and more capital expenditure with the aim of expansion and remodeling. Also, the industry focuses on mobile ordering apps like Taco Bell and tabletop menus in a bid to make their delivery services fast. The fast food industry remains a lucrative form of business as the individual taste for food is rapidly changing and the temptation to salt and calories filled meals remains a concept too stubborn to eradicate.

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