

Competitive Analysis

PESTLE Analysis

1. Political Factors

Health and Safety Regulations: All food industries must comply with the Food and Drugs Act enforced by The Canadian Food Inspection Agency (CFIA), which inspects and approves production processes, thus impacting business operations (Government of Canada, 2024). In Ontario, the Health Protection and Promotion Act ensures regular inspections of food safety. Non-compliance can lead to business closures.

Trade Restrictions: Safe Food for Canadians Regulations include general requirements for importing various food items into Canada. However, specific requirements exist for potatoes, onions, and apples. Restaurants must hold a valid Safe Food for Canadians (SFC) license; otherwise, shipment entry will be denied. Businesses importing organic products must possess a valid organic certificate (Government of Canada, 2018).

Tax Policies: The general Corporate Income Tax is 11.5 per cent, with a lower rate of 3.2 per cent for qualifying small businesses until their income exceeds \$500,000. Businesses can benefit from lower taxes until they reach this limit. Currently, 13 per cent Harmonized Sales Tax affects businesses by increasing menu prices, influencing consumers' spending behavior (Government of Canada, 2024). The upcoming federal election in October 2025 could lead to policy changes

affecting trade, tax, and food safety, potentially impacting businesses both negatively and positively.

2. Economic Factors

Inflation Rates: Canada's inflation rate slowed to 2 per cent in September (WOWA, 2024).

According to the Bank of Canada, inflation may ease in the coming years but could remain above historical averages. To control inflation, the Bank might increase interest rates, affecting businesses by raising supply costs (Lord, 2024). Increased costs could also lead to higher utility bills, which would elevate food prices and reduce consumer spending.

Unemployment Rates: Ontario's unemployment rate as of August is 7.10 per cent, slightly lower than the long-term average of 7.37 per cent (YCharts, 2014). Although this rate is higher, it may make hiring easier for new businesses. However, higher unemployment could lead to slower economic growth, as unemployed individuals are less likely to spend on food and other goods.

Market Trends: Over the next decade, plant-based foods are expected to contribute more than \$4.5 billion to Canada's GDP growth (Government of Canada, 2024). According to CityNews Toronto, there is an increasing demand for plant-based foods, with consumers consuming less dairy and meat (CityNews Toronto, 2024). This shift in consumer preferences indicates a promising future for food businesses that adapt their menus accordingly.

3. Sociological Factors

Demographics: Ontario's population has grown from 7.8 million to 15.6 million between 1971 and 2023 (Ontario, 2024). Population growth is expected to slow, but continued immigration maintains a diverse and multicultural demographic. This diversity can have both positive and negative impacts on food businesses, depending on varying food preferences.

Attitudes Towards Safety & Lifestyle Changes: 40 per cent of Canadians are incorporating more plant-based foods into their diets (Bcdietitians, 2023). With increasing health consciousness, consumers are seeking alternatives to meat and processed foods. This lifestyle shift will benefit businesses that align their menus with these preferences.

Work-Life Balance: Toronto ranked 19th among the top 20 cities globally for work-life balance in 2022 but fell to 49th in terms of cost of living, housing affordability, employment, commute time, and inequality (CTVNews, 2022).

4. Technological Factors

Technological Advancements: The food tech industry in Canada is expanding, incorporating digital ordering systems and smart cooking appliances. According to the Toronto Business Development Centre, there is an anticipated 7.91 per cent annual growth in food deliveries through 2028. Meeting consumer demands for convenience and food safety can significantly increase profits for food businesses, especially during winter (TBDC, 2024).

E-commerce and Online Business: Social media usage is growing in Canada, leading platforms to incorporate e-commerce features. There is a shift from engagement metrics to retention rates, with platforms like TikTok and Instagram employing AI to enhance user experience. Food businesses can leverage various marketing strategies, including influencer marketing and voice search optimization, to engage their target audience and improve brand perception (TBDC, 2024).

Automation and AI: Canadian businesses are increasingly integrating AI technology into customer service. AI can analyze customer interactions to improve menu offerings and streamline kitchen workflows. Utilizing these technologies can enhance customer satisfaction, sustainability, and operational efficiency (TBDC, 2024).

5. Legal Factors

Employment Laws: The Employment Standards Act has undergone changes as of March 21, 2024. If an employee's skills are utilized during the training period, those hours must be counted as work time. Several updates to the Employment Standards Act have occurred in 2024 (Ontario, 2024).

Industry Regulations: According to the City of Toronto, new businesses must comply with municipal, provincial, and federal requirements before establishment, including zoning requirements and business registration. Adhering to these regulations and obtaining necessary licenses and permits is crucial to avoid fines (City of Toronto, 2024).

Consumer Protection Laws: The Consumer Protection Act of Ontario prohibits unfair practices such as false, misleading, or deceptive product representations. Legal issues can negatively impact consumer perceptions, making it imperative for businesses to avoid legal troubles to enhance brand reputation (Ontario, 2018).

6. Environmental Factors

Sustainability and Waste Management Initiatives: There is a growing trend among fast-food businesses to reduce waste and adopt sustainable packaging, aligning with the Waste-Free Ontario Act. Restaurant's use of biodegradable packaging can help establish a positive reputation.

Climate Change & Natural Disasters: Recent events such as forest fires, heatwaves, and floods in Ontario and across Canada can affect human health and agricultural productivity, as well as disrupt the transport of goods and resources (OCC, 2023). Businesses must be prepared to manage the risks and opportunities associated with these environmental impacts. The City of

Toronto provides guides and tips to help businesses prepare for emergencies (City of Toronto, 2024).

Porter's Five Forces

1. Threats of New Entrants

Barriers to Entry: Local fast-food restaurants generally face low barriers to entry, facilitating new competitors. However, the capital required for opening a fast-food restaurant can be significant, as it encompasses equipment, utilities, legal requirements, technology, and staffing costs, making it contingent on the available funds GreenBite has.

Brand Loyalty: Established fast-food chains like Burger King and McDonald's have strong brand recognition and loyal customer bases, making it challenging for GreenBite to attract consumers unless it offers something unique.

Location and Market Growth: Opening in downtown Toronto may be advantageous, given the reported employment of 601,010 jobs (City of Toronto, 2024), which can increase foot traffic and spending at local stores and restaurants (CTVNews, 2024). However, this also implies heightened competition for new entrants. The growing plant-based market in Canada is attracting new competitors, which could adversely affect existing businesses if new entrants offer innovative options.

2. Bargaining Power of Suppliers

Supplier Concentration: The number of suppliers for plant-based produce is limited.

Concentrated suppliers exert considerable control over supply costs, quality, and terms. Beyond

Meat has maintained a dominant position in the plant-based supply industry (Scott, 2020), limiting competition. Other suppliers, like Ingredion and Dupont (Danisco), also hold significant bargaining power.

Importance of Volume to Suppliers: Larger orders from restaurants and retailers can provide suppliers with stable and predictable revenue. Some suppliers offer long-term contracts to food chains to ensure stable pricing and volume. Despite the dominance of certain suppliers, there is a rising number of start-ups in the plant-based industry, with around 300 new entrants in the past three years. Additionally, established food giants like Nestlé and Tyson are expanding their plant-based options (Dcf-fm, Beyond Meat). Climate change impacts can further increase supplier costs and shipping challenges.

3. **Bargaining Power of Buyers**

Price Sensitivity: Gen Z and Millennials are the largest consumers of plant-based products. Due to inflation and rising interest rates, consumers have become more sensitive to price variations (Food In Canada, 2024). Given the higher costs of plant-based meat alternatives, fewer people may be willing to try them. Sales of plant-based products declined by 4 per cent, with plant-based meat and dairy alternatives decreasing by 7 per cent. However, 61 per cent of Canadians consume at least some plant-based products. According to a Dalhousie University report, only 22.3 per cent perceive plant-based alternatives as affordable, and just 38 per cent are willing to pay more for them (Dalhousie University, 2023).

Availability of Substitute Products: Fast-food chains like McDonald's, Burger King, and A&W offer both meat-based and plant-based menu items that serve as substitutes. Healthier options, such as salad bowls from local shops or Freshii, can also compete with plant-based fast food.

Grocery stores across Canada carry a wide range of frozen plant-based foods and ready-to-eat meals, providing consumers with alternatives.

Buyer's Access to Information: Consumers have easy access to information about plant-based diets, nutritional benefits, and product reviews through social media and websites. This accessibility allows them to compare prices and read reviews, leading to a greater focus on transparency in the food industry (Mine, 2024).

4. Threats of Substitute Products or Services

Availability of Substitutes: Fast food chains like McDonald's, Burger King, and A&W offer both meat-based and plant-based menu items that could serve as substitutes. Healthier choices, like salad bowls from local salad shops or Freshii, can also replace plant-based fast food. Grocery stores across Canada carry a wide range of frozen plant-based foods and ready-to-eat meals, allowing consumers to purchase plant-based fast-food substitutes conveniently.

Switching Costs: The cost of switching to another restaurant is low, so consumers can easily choose alternatives if they have a negative experience. This competition is significantly stronger in the fast-food market, where the prices for plant-based and meat-based options are similar. However, with inflation, consumers may go for cheaper food options that come with minimal financial risk. Social media reviews and videos are an easy way to lower switching costs and effort.

Performance Comparison: As Canadians increasingly adopt a plant-based diet, they prefer higher-quality food products over frozen ready-to-eat meals from grocery stores. Plant-based

restaurants are likely to attract health-conscious consumers, vegetarians, and flexitarians.

Consumers can shift to restaurants that provide organic ingredients for their plant-based offerings.

5. Intensity of Competition

Number and Diversity of Competition: The plant-based market in Canada is competitive, and even the supplier industry for plant-based products is becoming more so. Numerous competitors, like Burger King, McDonald's, and A&W, provide plant-based and dairy-free food products. Competitors like Burger King offer a diverse range of plant-based options on their menu, from plant-based burgers to plant-based nuggets and the Veggie Bacon King, appealing to flexitarians and vegetarians who enjoy the taste of meat.

Product Differentiation: Consumers are likely to show loyalty to plant-based businesses when their brand values align with those of consumers regarding health and sustainability. Strong brand loyalty means that customers who are loyal to a brand are more likely to make repeat purchases. A plant-based fast-food restaurant can stand out by offering unique menu items that are not available elsewhere. For example, Burger King's Impossible Whopper patty, made of soy and potato, is a well-known option among plant-based consumers.

Market Growth: According to the Government of Canada, plant-based foods are expected to contribute more than \$4.5 billion to Canada's GDP growth over the next 10 years. Additionally, there is a growing demand for brand presence on social media. Approximately 81.9% of Canada's total population is active on social media (Kemp, 2024), increasing engagement with brands and restaurants. Developing marketing strategies on these platforms can enhance recognition and

visibility. For instance, McDonald's Canada has around 204K followers on Instagram and engages its audience by posting information about the quality of its menu offerings.

SWOT Analysis

Based on the PESTLE and Porter's Five Forces analyses, here is a list of strengths, weaknesses, opportunities, and threats that could impact GreenBite's operations.

Strengths

- Canadians are becoming more aware of health and nutrition-based food and are incorporating a plant-based diet into their lifestyles. This can drive interest in GreenBite's 100 per cent plant-based menu.
- GreenBite uses only Canadian-sourced, organic, and non-GMO ingredients. Consumers in Canada are increasingly seeking organic ingredients in their plant-based food, which can attract them to GreenBite.
- The use of eco-friendly packaging and sustainable operations (e.g., solar-powered kitchens, composting programs) can appeal to environmentally conscious customers.
- GreenBite offers a unique and innovative food menu, including kale chips, hummus wraps, organic sodas, and fair-trade coffee, which can differentiate the business from others and attract more customers.

Weaknesses

- As a new entrant, GreenBite has limited brand recognition. It may struggle to gain recognition and reputation initially compared to well-established chains like McDonald's.

- Since they offer organic and premium ingredients, their menu prices may be higher, which could negatively influence price-sensitive customers.
- Plant-based suppliers hold more bargaining power, which can lead to higher costs. Maintaining good relationships with suppliers while providing consistent quality and fresh, plant-based food can be challenging for a new entrant.
- GreenBite may have a limited marketing budget. As a new entrant, various procedures and payments must be addressed, including costs for new equipment, and hiring employees. This could be a potential challenge as it competes for recognition with other established food chains.

Opportunities

- Health trends change significantly over time. Leveraging plant-based health trends or overall healthy lifestyle trends can positively enhance GreenBite's reputation.
- GreenBite can capitalize on its location in downtown Toronto. With heavy foot traffic and a concentration of working professionals, GreenBite can host workshops and events focused on a plant-based healthy lifestyle. Collaborating with downtown offices to provide food during lunch hours could also be beneficial.
- Toronto's growing multicultural population allows GreenBite to develop creative menu options that align with diverse consumer cultures, attracting a wider range of customers.
- As seasons change, consumer preferences also shift. GreenBite can introduce seasonal items and limited time offers to provide more variety and encourage repeat purchases.
- Customers in Canada demand more transparency from fast food restaurants. GreenBite can use this opportunity to include product information, such as calorie counts and ingredient lists on their menu or website. Many people also have allergies, so offering alternatives for certain allergens could enhance customer satisfaction and loyalty.

Threats

- The growth of the plant-based fast-food industry has led to intense competition. The industry is dominated by well-established fast-food chains with strong customer loyalty, and the rise of plant-based restaurants increases competition. It can be challenging for GreenBite to establish a foothold in such a competitive market.
 - The economy is always fluctuating. A recession can lead to reduced consumer spending, making people reluctant to try new dining options. Inflation may increase ingredient and food supply costs, raising GreenBite's overall menu prices and significantly impacting sales.
 - Climate change poses a significant threat to GreenBite's operations. Changes in weather, extreme heat, or forest fires can affect the health of employees, making it difficult to operate. Such conditions can also delay the transportation of food supplies. GreenBite must maintain a sufficient stock of supplies, otherwise a lack of food availability could diminish brand loyalty and customer experience.
 - An upcoming federal election may result in policy changes in the agriculture and food sectors. Such changes can affect GreenBite's pricing, marketing strategies, and supply chain costs. Staying updated with regulations and taking necessary steps is crucial.
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Recommendations

1. Due to the increasing competition in the plant-based and overall fast-food markets, I suggest that GreenBite research its competitors' plant-based menus and develop creative, diverse, and customized menu options that no other brand offers. This will help differentiate GreenBite and increase brand loyalty.

2. GreenBite should establish a presence on one of the most widely used social media platforms.

This will help them stay informed about current food, health, and lifestyle trends that align with their target customers. They can also use social media to showcase visually appealing dishes, customer reviews, emphasize the quality of their products, and develop loyalty programs.

3. Most importantly, I believe GreenBite should focus on building brand identity and brand experience. Customers are human, and they thrive on emotions. I suggest that GreenBite create a compelling brand story that aligns with customers' values and core beliefs. Emphasizing health and sustainability and sharing related stories will help build GreenBite's reputation.
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