



# SWOT-PEST-Porter's 5 Force Analysis for Post-pandemic the Cheesecake Factory

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**Abstract.** The cheesecake factory is a global restaurant chain. Using SWOT analysis, the overall development of the cheesecake factory is analyzed from four aspects: company's inside strengths, company's inside weaknesses, company's outside opportunities and company's outside threats. In addition, PEST analysis is embedded to analyze each aspect from four perspectives: political, economic, social and technological. Finally, the five forces model is utilized to generate a SWOT-PEST analysis matrix for cheesecake manufacturing.

**Keywords:** Cheesecake Factory · SWOT Analysis · PEST Analysis · Porter's Five Force

## 1 Introduction

There are 11 different menu sections ranging from children's menus to SkinnyLicious (a newer health-conscious line of foods) to classics like specialty pasta, salads, fish, seafood, and steaks. Of course, there is an entire desserts category with a large Cheesecake section as well. Offer a very wide range of foods to choose from with many options per item. For example, they offer 18 different types of pasta, 4 different kinds of pasta with alfredo. The Cheesecake Factory is known for its 34 different flavors of cheesecake [3]. The large menu size allows for a variety of options for consumers to choose from. Based on the concept of affordable luxury, the Cheesecake Factory is meant to appeal to "the common man" with hearty entrees and decadent desserts. The interior design of the restaurant is unique and eccentric, and the company has come to be known for its clashing aesthetics. The Cheesecake Factory at Home line of packaged foods available in stores allows a similar experience to eat in a restaurant without having to go out. According to the National Restaurant Association, a good selection of healthy menu options is important to at least 70% of diners. The Cheesecake Factory has a 21-page menu with only 2 pages of the menu being health-conscious options called the "Skinnylicious" menu. Most entree items exceed 1000 cal. The Cheesecake Factory has a 21-page menu with only 2 pages of the menu being health-conscious options called the "Skinnylicious" menu [4].

The demographic for The Cheesecake Factory is college-age students to young adults (Ages: 18–49), so they are customized to be student and family-friendly. The Asian

market conducts the biggest proportion of revenue, that is, for example, cooperating with Disney Shanghai. Female customers on average bring in more revenue than male customers, generally those with a higher level of education in the middle to upper level. The average income: is \$50,000–\$100,000 a year.

## **2 Business Method**

### **2.1 PEST Analysis**

The Political, Economic, Social, and Technological Analysis, or PEST Analysis, is a management approach that allows a firm to examine the important external variables that impact its operation in order to boost its competitiveness in the market. PEST stands for the acronym “Political, Economic, Social, and Technological.” As indicated by the acronym, these four classifications provide the basis of this paradigm.

A comprehensive analysis of the key spheres of influence that have an impact both on the business itself and the industry in which it operates may be able to facilitate more effective strategic planning. These spheres of influence have an impact both on the business itself and on the industry in which it operates. This planning may be done to increase the company's capacity to take advantage of current circumstances and to be aware of and better prepared for impending changes, which enables the organization to stay one step ahead of competitors. Planning may also be done to improve the company's ability to take advantage of past circumstances.

### **2.2 Porter's Five Force Analysis**

Porter's Five Factors Model is a strategy for determining and evaluating the five different competing factors that have an effect on any given firm. This model may be used to determine the weaknesses and strengths of an industry. A five-forces analysis is widely used to assess the structure of an industry in order to outline the strategy that a firm would use in that market.

The Porter model may be used in any sector of the economy to improve the way in which industry competition is analyzed and to boost long-term profitability for firms. Michael E. Porter, a professor at Harvard Business School, is being recognized for his contribution to the five forces model by having the model named after him.

1. The first of Porter's five forces is competition within the industry.
2. The potential of new competitors entering the business
3. The influence of the suppliers
4. The influence of consumers
5. Danger posed by items that are interchangeable.

### **2.3 SWOT Analysis**

SWOT analysis is mainly applied to the strategic analysis of enterprises, S and W refer to the internal Strengths and Weaknesses of enterprises respectively. O and T refer to the Opportunities and Threats (Threats) brought by changes in the external environment of enterprises respectively.

### 3 Result Analysis

#### 3.1 PEST Analysis

##### **Political Factor that Impacts the Cheesecake Factory Incorporated**

Political considerations have a significant influence on whether or not The Cheesecake Factory, Inc. will be profitable over the long run in a certain nation or region. Due to the fact that The Cheesecake Factory, Inc. has restaurants in more than a dozen countries, the company is subject to a diverse range of political environments and political system challenges. It is vital to spread the systemic risks of the political climate in order to achieve success in a sector as dynamic as restaurants across several countries. This is required in order to achieve success. The Cheesecake Factory, Inc. may give careful consideration to the following factors when attempting to choose whether or not to participate in or invest in a certain market [5]. The annual reports also showed that every restaurant is subject to licensing and control by a number of governmental entities, as well as safety laws, such as the Federal Food, Drug, and Cosmetic Act, and limits that have been agreed upon by the United States Food and Drug Administration. Because this vast regulatory framework encompasses the processing of food in the United States (including its composition and components), as well as its labeling, packaging, and safety, everything is subject to strict regulatory supervision.

The soundness of the political structure in addition to the relevance of the restaurant industry to the broader economy of the nation.

The likelihood of a military intervention extent of corruption, in particular in regards to the regulating associated with a significantly higher service sector.

Government influence and bureaucracy in the restaurant business.

Legal framework for contract enforcement Intellectual property protection Services-related trade restrictions and tariffs Favored trading partners Restaurant-related antitrust legislation

Pricing restrictions - Is there a method for regulating pricing for Services?

Fiscal Administration - Tax Rates and Incentives

Minimum wage and overtime pay rules Work week regulations in restaurants.

##### **Economic Factor that Impacts the Cheesecake Factory Incorporated**

The Cheesecake Factory's fundamental economic climate, as evidenced by the comparison of annualized reports, has the predisposition to enhance its revenues from year to year and enlarge its region of earnings. The food industry in its entirety saw a significant slowdown as a direct result of the economic crisis. Nevertheless, The Cheesecake Factory was one of the handful of chain stores that were not significantly affected by it. However, notwithstanding the fact that overall revenue fell for too many less-quality food enterprises during this economic slump, The Cheesecake Factory was able to weather the storm and maintain profitability [6].

The manner of economic structure that is present in the nations in which we conduct business, as well as the degree of steadiness that structure has.

The intervention of the Government's Position in a Competitive Industry and Other Allied Services

The terms of exchange, together with the reliability of the nation's currency.

Effectiveness of the local financial market: Does the Cheesecake Factory, Inc. have a requirement to raise capital on the local market?

The level of infrastructure existent in the Restaurant sector Contrasting incentives offered by the host nation and those offered by the services industry in the country in concern.

Level of skills that the restaurant sector's labor force.

Educational attainment in the economy occupational costs and economic output in the system.

Phase of the Business Cycle (such as expansion, contraction, and recovery) rate of economic growth, income of discretionary, rate of unemployment, rate of inflation, rates of interest.

### **Social Factor that Impact the Cheesecake Factory Incorporated**

According to the findings of the researchers, the majority of the customers are female, and the ages of the visitors range anywhere from 18 to 49, which implies that the atmosphere is tailored to accommodate both students and families. After some time has passed, both the positioning structure and the target consumers will come to this conclusion. Because the atmosphere is so thoughtfully crafted and distinct from that of other locations, it is really a once-in-a-lifetime opportunity to visit a location such as this one, which not only attracts people of all ages but also encourages generational interaction. The Cheesecake Factory's statement is to cultivate an environment that is welcoming to people from all walks of life and has the capacity to grow and adapt in response to the requirements of its clientele [7].

The population's demographics as well as their degree of expertise

The hierarchical structure, class division, and power dynamics prevail within the society. The educational level in addition to the educational standard prevalent in the sector occupied by The Cheesecake Factory, Incorporated.

Culture (including gender roles, social traditions, and so on) The entrepreneurial spirit and the more general character of society as a whole. Some civilizations foster entrepreneurship while some don't.

Mentalities (with regard to health and the environment conscience, etc.)

Interests of leisure.

### **Technological Factor that Impacts the Cheesecake Factory Incorporated**

Cheesecake Factory, Inc. has also been profoundly impacted by the advances in technical capability. It does this by implementing that each restaurant should have both a juncture cash register system and a computer network. These systems are linked to the network at the company's corporate headquarters via the use of a high-speed communication infrastructure that is, of course, very safe. One thing they've also improved up to this point is the front desk administration that is automated, which enables enhanced handling of seats as well as a faster pace for the workers. Additionally, there is a local technician located at each restaurant who contributes to the collection and processing of administrative and financial data. In 2005, the brand-new invention was included in the kitchen of one of the restaurants as part of the fiscal year. This equipped kitchen enables automated cooking line distribution and load balancing increase boosting efficiency on the cook line and concurrency order fulfillment thus offering vital statistics

for both the ticket duration and the cooking length. As a result, beginning on February 27, 2009, this kitchen was installed in each of the businesses. The Cheesecake Factory is so on top of technology advancements because it must remain competitive not just in terms of the quality of its products, but also in terms of technological advancements and advancements.

The Cheesecake Factory's recent advancements in the field of technology Competitors are corporations.

The influence of technology on product portfolio; the pace of technological dissemination; the influence of technology on the cost structure of restaurant businesses; the influence of technology on the value chain organization of service industries.

### **3.2 Porter's Five Force Analysis**

#### **The Intensity of Rivalry in the Industry**

If the existing firms in a specific industry are engaged in an especially cutthroat rivalry with one another, then this will lead to a decline in price stability as well as a drop in the overall profitability of the company in its entirety. The restaurant business is characterized by fierce competition, making it difficult for companies like The Cheesecake Factory Incorporated to succeed. Because of competition, the company's long-term fundamental profitability may suffer.

#### **Increasing Bargaining Power of Suppliers**

The massive aspects of businesses operating in the restaurant system buy their primary ingredients from a wide variety of different vendors. The Cheesecake Factory Incorporated's potential profit margins in the market might be reduced by competitors that have a dominating position as suppliers. Because strong vendors in the services sector use their negotiating influence to request higher prices, businesses in the restaurant industry are obliged to pay higher prices. This is because restaurant vendors are prominent. The overall consequence of their greater bargaining leverage on the side of suppliers is that this has a detrimental impact on the overall profitability of restaurants. This is because eateries are forced to pay higher prices for their ingredients as a result.

#### **Increasing Bargaining Power of Buyers**

The general public has the impression that consumers are a finicky lot. They want to ensure that everything they buy is of the finest possible quality while spending the least amount of money that is practically possible. Cheesecake Factory Inc.'s long-term profitability was influenced in a bad way as a direct consequence of this situation. Consumers possess greater negotiation power and the capability to request higher discounts and offers when the consumer base of a company is growing. The Cheesecake Factory, Inc. is smaller and more effective. This is because smaller customer bases have a larger potential to exert influence on larger customer bases.

#### **The Threat of New Entrants**

They put competitive pressure on The Cheesecake Factory Incorporated by using pricing tactics that are lesser than its own, decreasing expenditures, and providing customers new

advantages. New rivals in the restaurant business provide ingenuity and creative methods to old challenges. In order for The Cheesecake Factory, Inc. to sustain its present level of market leadership, the company will be required to find solutions to every one of these challenges and build obstacles that are really effective.

### **The Threat of Substitute Product**

If a new product or service is introduced into a sector that meets equivalent customer desires in a unique manner, then the revenue of that business will decrease. Services such as Dropbox and Google Drive are examples of alternatives to traditional hard disks used for data storage. If a competing product or service offers a value proposition that is noticeably unique except for what is already being provided by the marketplace, therefore the risk of it evolving into a menace is heightened.

## **3.3 SWOT Analysis**

### **Strength**

Over 200 locations around the United States, strategically placed in areas with higher income to bring in more customers.

Highly skilled workforce which helps to improve customer satisfaction in ways such as food quality, service, and overall dining experience.

Diverse menu that caters to people with any sort of dietary restrictions.

Strong distribution network allows them to bring in more food efficiently.

### **Weakness**

Only 1.7% of revenue increases net income (after expenses, tax, and dividends), showing that costs are very high. However, it is a huge increase from 2020 as economic conditions slowly return to normal.

Expensive menu items, catered towards groups with larger, more stable incomes. This could have a negative impact when economic conditions are poor.

Long menu size. While it is a strength in that people have more options to choose from, having that many different options can lead to higher costs, which in turn increases prices.

Current ratio is less than 1, meaning that the company cannot cover its short-term liabilities [8].

### **Opportunity**

After a long recession, people are beginning to go out and spend more money. This will lead to more people wanting to eat quality, healthy meals, and bring them into the Cheesecake Factory [9].

With food delivery services increasing in popularity, customers can order from the Cheesecake factory without needing to leave the comfort of their own homes.

People are now willing to pay extra for healthier meals, allowing Cheesecake Factory to price their menu items higher and still have customers.

### **Threats**

All restaurant spaces are leased, which means that increases in leasing prices would increase the costs of business (Over 2 billion in operating lease liabilities) [10].

Pandemic conditions have negatively impacted consumer spending habits, leading to less revenue. This will correct itself as pandemic conditions improve, but conditions are constantly changing.

More people are choosing to cook at home because it is much cheaper and more convenient. Many people learned new cooking skills during the lockdown, so they will choose to continue cooking at home where they can make healthier and cheaper options.

Gas prices are increasing, resulting in people going out for dinner less.

Rising labor costs will increase overall expenses, which will force executives to hire fewer employees or increase the prices of already expensive menu items.

## 4 Conclusion

When we examine the Cheesecake Factory's strengths, weaknesses, opportunities, and threats, as well as its marketing mix, we see that they target customers in its mature years. They have been able to continuously grow their overall sales as a result of this approach, therefore it is evident that it is effective. This restaurant chain is inspired by its own name. The Cheesecake Factory is not established on a tradition of artisanal craftsmanship, but rather on mass production. This pattern is continued throughout the interior. The design of the restaurant is a mishmash of ancient Rome, Medieval England, and modern Las Vegas. It has absurdly high ceilings and virtually hilarious interpretations of Corinthian columns, portraying an exaggerated vision of middle-class opulence.

The Cheesecake Factory is emblematic of both the best and the worst of what the United States has to offer because of the variety of options available, the generous portions, and the menu items that are symbolic of Americanized "melting-pot" cuisine. We feel that one of the primary reasons for the enormous amount of success that our restaurant has achieved is that the customers who dine here like the one-of-a-kind atmosphere and wish to come again. The interior decor of each Cheesecake Factory restaurant is very sophisticated, and the restaurants' respective architectural styles get progressively more refined and ornate. People often return back for more despite the fact that they are aware that the costs are somewhat more than those at other restaurants; this is because the portion sizes are larger and the quality of the food is superior. The Cheesecake Factory is proud of its reputation as a restaurant that serves its patron's generous servings of food; as a result, many of those patrons often take the restaurant's unused portions of food back home with them. With all of these aspects taken into consideration, we are able to say that the Cheesecake Factory is the comprehensive restaurant industry that has treated them well. This is due to the fact that the consumers that they advertise to are happy with their experiences and continue to visit the restaurant.

There are a lot of different aspects to take into consideration while analyzing The Cheesecake Factory's strong points. The widespread familiarity with cheesecakes is one of the many merits of the argument. Cheesecake is the first thing that springs to mind for most people when they think of the Cheesecake Factory. There are a huge number of variations of cheesecakes, and the fact that the Cheesecake Factory offers customers such a wide selection of these cheesecakes is undeniably one of the most important advantages that the business has. We feel that The Cheesecake Factory should capitalize on this success by beginning to offer all of the varieties of cheesecake that

they manufacture to retailers located around the nation. They offer a huge variety of products, and there is something for everyone. We can see why they would not want to do this since it could diminish the appeal of getting cakes to eat at the restaurant. In spite of the fact that this may be a possibility, our opinion is that it is also possible that the reverse will occur. You come up with a version that can be cooked in your oven at home, but despite this, people will still desire to visit your home to experience the authentic version.

The fact that The Cheesecake Factory is not everyone's go-to number-one restaurant pick is one of the restaurant chain's most glaring shortcomings. When most people think of a cheesecake restaurant, they picture an upscale establishment. Due to the expensive costs and more mature ambiance, they do not appeal to customers who are looking for a location to go to during cocktail hour or a restaurant that is suitable for taking the whole family to eat at. This is because of the fact that they do not appeal to such customers.

They have a wide variety of options available to them for expanding their firm. They could put up pop-up stands and sell just cheesecakes if they wanted to. They may, for instance, open up shop at amusement parks and sports arenas to sell their wares. Additionally, they may need to sell themselves in order to become a common name in households. We are of the opinion that it would be beneficial to broaden our scope and establish new restaurants in a greater number of cities as opposed to concentrating our efforts just on the most populous ones.

The modern economy faces a wide variety of challenges. The main problem is that the economy is now experiencing a downturn. Every sector suffers as a result of this, but the one that gets hit the worst is the restaurant business. Customers would rather save money and cook at home. The Cheesecake Factory may protect itself from these dangers by advertising the fact that it offers discounts and other things on the menu that are attractive to customers who are trying to spend less money on their meals. They might also sell their cheesecakes at grocery shops as an additional option, similar to what we described before. In this manner, the Cheesecake Factory would be able to make them accessible to the typical family, and individuals would be able to purchase their cheesecakes at costs that are more affordable.

We believe that The Cheesecake Factory could still do more to maintain the people they now have, and have them return more regularly and that this would be beneficial to the business. A card that would be given to loyal customers is one possibility. This perk would be reserved only for regular customers, who would be eligible to receive a complimentary appetizer or perhaps a slice of cheesecake as a token of appreciation for dining at the establishment more often than the typical patron. They might also hold a contest in which customers could hand in ideas for individualized cheesecakes, and the person who has the best idea for the contest would be given the opportunity to give the name of the cheesecake. A cheesecake sampling might also be included on the dessert menu as an additional option for them to consider and consider implementing. The patron had the option of going to the counter and selecting five or six distinct kinds of cheesecakes, then ordering bite-sized portions of each. There is also the opportunity for The Cheesecake Factory to sell its brand on items sold in its restaurants. They might produce glasses, chapsticks with a cheesecake taste, or any number of other items that would have the company's name brand on them.



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