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Introduction

McCain is the world's largest producer of chips and other potato products like hash browns and waffles. It buys 12% of the UK potato crop. It is also one of the biggest suppliers of frozen light meals.

External factors

To be efficient, a business will set itself a number of objectives such as increasing sales and making a profit. To reach these objectives it must take into account its own, internal, strengths and the external influences on the business.

McCain needs to recognize the changes in the external environment and plan how to respond to them.

SLEPT

SLEPT is one tool that can be used to analyse the influence of external factors. The factors are Social, Legal, Environmental, Technological and Political. McCain analysed and dealt with these factors as follows:

Social and Legal factors

Social

McCain saw falling sales as a result of campaigns to encourage healthier eating habits. It has responded by reducing the salt and oil in its potato products and sending out the message that its chips are not unhealthy.

Legal

The government makes laws, regulations and standards, which businesses like McCain have to obey or even develop better standards. The Food Standards Agency has developed a system of 'traffic light' labels to help consumers to see which products may be unhealthy. The food industry has developed a system based on 'Guideline Daily Amounts' – what an average person should be eating to stay healthy. McCain uses both of these on its packaging. All of its potato products can display the green traffic light (low levels) for saturated fat and none of its products display a red (high, dangerous, levels) at all.

Economic, Political and Technological Factors

Economic

These include changes in buying habits as income rises and the move to a society that is more cash-rich but time-poor. This means an increase in the demand for convenience foods. McCain has met this challenge by providing a number of different varieties of its products to suit different tastes.

Political

There is government pressure for suppliers to come up with healthier foods. McCain supports the government and believes that the foods it provides are healthy when prepared properly.

Technological

The technology used to prepare food is fast moving. McCain's food technologists have used new technology to make its potato products healthier. The challenge was to reduce fat and salt but still maintain flavour. The solution was to switch to sunflower oils. This reduced saturated fats by 70%.

Conclusion

Businesses are always having to cope with change as external factors alter. Change comes from a number of sources and each presents a challenge. McCain, as a business that is focused on the market, knows that it is important to keep customers happy. They have listened to what customers want and made changes to give them the best value chips and other healthy food products.