



OPERATIONAL CASE STUDY

INDUSTRY ANALYSIS

FIREWORKS

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CHAPTER 1

HOW TO USE THIS ANALYSIS

1. What to expect from this analysis

“An awareness of the industry that the business is in will help you to think of the wider issues that might impact on decisions that you could be asked to comment on.”

- Examiner's Report

The examiners expect you to have excellent knowledge of the pre-seen industry and to demonstrate this in the exam. As the examiner says, the case study is designed to test your application in the real world, and not to test your theoretical knowledge. This industry guide is designed to help you to meet that expectation and maximise your marks in the exam!

This requirement links directly into your role. In the pre-seen, you are told:

"You are a Finance Officer working within the Finance Department of FireWorks. You are principally involved in the preparation of management accounting information and providing information to managers to assist with decision making. At times, you are also expected to assist with the preparation of the financial statements and answer queries regarding financial reporting and other financial matters."

You are expected to provide logical business advice as if you were an employee working in this industry, and as if you know this industry inside out. If you know the types of issues in the real world and the types of decisions that real world companies

are making, the chances are that your own logic in the exam will be better and producing a logical, well rounded report is key to passing this exam.

One key way of maximising your marks in the OCS exam is to have sound knowledge of the relevant industry and to demonstrate that knowledge throughout. However, the industry is large, and there is a lot of information. You have to make sure you have the right information about the industry.

That's where we come in. In this industry analysis, we've scoured the web, journals and magazines for the most relevant information relevant to your exam. We do the difficult job of collecting the right information for you, so all you have to do is read this report, learn the key points and then use them in the exam.

CHAPTER 2

INTRODUCTION TO THE OUTDOOR COOKING EQUIPMENT INDUSTRY

1. History

Introduction

The phenomenon of grilling is not a new one – our early human ancestors began cooking meat over fire sometime between 2 million and 250,000 years ago. **However, the modern outdoor grill**, a now common sight in gardens and parks on a hot summer afternoon, **is a much more recent invention**, originating in the early 20th century.

The invention of the 'brazier' grill

Ellsworth B. A. Zwoyer **patented the first design for a charcoal briquette** – the small, pillow-shaped lump of charcoal that is still used in charcoal grills today – **in 1897**. Originally intended for industrial applications, such as smelting metal, the rounded shape of the briquette allowed for better air circulation and, hence, burned at higher temperatures. **It was soon taken on by two entrepreneurs**: Henry Ford, the founder of the Ford Motor Company and Edward G. Kingsford.

Ford and Kingsford began manufacturing charcoal briquettes from discarded wood scraps that were a by-product of the Ford automotive manufacturing process. **They**

began to sell the charcoal briquettes as part of a picnic kit which included a portable 'brazier' grill at Ford dealerships. These grew in popularity as more and more households ventured further afield in their cars on weekends and holidays.

However, **this first brazier grill was basic in design**. It was completely open to the elements and allowed little control over the cooking process, often leaving the outside of food burnt and the inside raw. As such, **the outdoor grill was seen as a novelty and a form of entertainment** rather than a serious method of cooking.

The modern outdoor grill

After World War II, more and more people began living in the suburbs of cities, allowing more space for outdoor cooking. **In the early 1950s, George Stephen came up with the design for the first 'modern' grill**. He was a metalworker for Weber Bros. Metal Spinning Company which, among other things, manufactured metal harbour buoys. Stephen had the idea of modifying a buoy to create a grill. He cut the buoy in half, welded legs to the bottom and added a grate to the opening. He added vents to the remaining half of the buoy to create a lid. **This revolutionary new design allowed greater control over the cooking process**. Stephen's new 'kettle' grill was first sold by Weber in 1952.

As the use of natural gas became more widespread in the 1960s, the kettle grill was adapted so that it could run on gas. Gas-powered grills quickly became popular as they were quick to ignite and easier to control. **The first electrically-powered wood pellet grill was patented by Traeger Grills in 1986**. This patent meant that Traeger had a monopoly over wood pellet grill sales for the next 20 years. In 1994, George Foreman released its famous hinged electric grill that is still a household staple today. While the original design was for indoor use, companies soon began releasing outdoor models.

Today, the outdoor grill market is a thriving multi-billion dollar market and a major element of the wider outdoor cooking industry.

Application to the pre-seen

FireWorks was founded in 1984, 32 years after Weber released the first modern kettle grill. However, despite this three-decade gap, **FireWorks was still an early entrant into the Beeland market**, with few Beeland inhabitants owning an outdoor grill at the time. **This allowed it to establish itself relatively easily in the Beeland market with its first charcoal grill**.

While gas grills were popular elsewhere in the world at this time, **it wasn't until 1998 that FireWorks released its first gas model**. The lack of competition in the Beeland market at this time may have meant there was little pressure on FireWorks to innovate and expand its product range. Similarly, **FireWorks was quite late to the market with its first electric wood pellet grill**, releasing this in 2018 – 12 years after Traeger's patent expired and 32 years after the first model was released.

However, **Beeland is now a thriving market for outdoor grills**, responsible for 7% of the total amount consumers spent on outdoor grills and accessories across the globe in 2021. Within the Beeland market, FireWorks faces competition from four specialist global brands, two other specialist regional brands and other non-specialist brands. In 2021, **FireWorks accounted for 13% of the total amount of outdoor grill sales in Beeland**.

2. Product

Product

Outdoor cooking equipment

There are a number of key products offered by companies in the outdoor cooking equipment industry. The major types of products in terms of industry value share are: **grills, stoves/cooktops, coolers, smokers, boilers, fryers and steamers, ovens and kettles**.

The outdoor grill market

Within the outdoor cooking industry, the outdoor grill holds the greatest share of the value. A grill, often referred to as a barbecue, is a cooking device that cooks food by applying heat from below. As the name suggests, outdoor grills are those designed specifically for use outdoors. There are three major types of outdoor grill available on the market today: **charcoal, electric and gas**.

Gas-powered outdoor grills are the most popular of the three types. According to a report by The NPD Group, gas grills accounted for 54% of sales in the US in the last half of 2020. Gas grills use petroleum or natural gas to fuel a gas flame that either cooks the food directly or heats elements in the grill that, in turn, cook the food. While they are generally more expensive than charcoal grills, **they are quick to ignite, and it is typically easier to control the temperature**. However, gas grills

generally **do not burn as hot as charcoal grills**. **Infrared grills are a variation of gas-powered grills**, using gas to heat a steel, ceramic or glass tile which then emits infrared radiation and cooks the food. These are typically able to reach higher temperatures than traditional gas grills.

Charcoal grills come next in terms of popularity. These burn charcoal briquettes or lump charcoal as fuel. Despite the newer innovations in grilling, charcoal grills still remain a firm favourite with many customers. As mentioned above, **they tend to burn hotter compared to gas grills, and they tend to be cheaper and give the food a smokier flavour**.



As the name suggests, **electric grills use an electric heating element to provide the heat to grill the food**. While electric grills **struggle to recreate the same chargrilled taste** as gas and charcoal, they are **typically safer to use in smaller spaces, easy to use and quick to heat up**. The wood pellet grill is a variation on the electric grill which burns wood pellets, ignited using an electric ignitor rod.

Outdoor grills can be moveable or built-in as part of an outdoor kitchen. Those that are moveable are typically either designed for **backyard use or to be portable**. **Companies operating in the outdoor grill market typically offer accessories alongside their outdoor grill models**.

Direct competitors

The following list was identified by Fact.MR, the market research firm, as the key companies in the outdoor grill industry.

	Company	Products
1	The Coleman Company, Inc.	US outdoor recreation brand producing portable charcoal and gas grills for campers and road trippers. One model is designed for backyard use.
2	Spectrum Brands, Inc.	US company producing grills for the global market under the brand George Foreman. Specialises in indoor grills, but also produces a range of outdoor grills and hybrid indoor-outdoor grills.

	Company	Products
3	The Middleby Corporation LLC.	US company manufacturing indoor and outdoor grills under various brands, catering for residential and commercial customers.
4	Char-Broil LLC	US company specialising in charcoal, gas and electric outdoor grills. Produces a large range of backyard and portable grills.
5	Kenmore	US brand of kitchen appliances selling a range of backyard charcoal and gas grills.
6	Traeger	US company specialising in wood pellet grills.
7	LANDMANN	German company producing a range of portable and backyard charcoal, gas and electric grills for the global market.
8	Broilmaster	US company producing a range of backyard electric, infrared and charcoal grills.
9	Fire Magic	US company producing built-in and standalone charcoal, gas or electric grills for backyard use.
10	Weber Inc.	US company manufacturing a range of charcoal, gas, electric and wood pellet grills for backyard use. Produces a small number of portable grills.

Market trends

Global market growth

As mentioned earlier, the outdoor grill market is a thriving multi-billion dollar market and a major element of the wider outdoor cooking equipment industry. **The market research firm Fact.MR valued the outdoor cooking equipment industry at US\$8 billion in 2021.** Outdoor grills currently hold the largest proportion of the value of the industry, with a market value of US\$5 million in 2021, followed by outdoor stoves and cooktops. According to Fact.MR, **the industry has experienced low levels of**

CHAPTER 8

INDUSTRY EXAMPLES

Using industry examples in the case study

This industry analysis has given you a lot of useful information on the case study industry. The key though, is using that knowledge in the exam. It's no good knowing all this, yet not using it – it won't earn you marks!

The easiest way to gain marks with your knowledge is to quote relevant industry examples, and explain how what is happening in the industry affects the issues in your exam. As such, in this section, we give you 25 examples relevant to key issues in the case with a view that you can learn these and use them to gain marks.

Do pay attention to the styling of each of the 'example paragraphs' we've created for you too. This is the style you should use in the exam where you both give your example and then relate it to the issue in the unseen. Without relating it, you won't score marks, so that really is key.

Here goes then, a list of great industry examples for you to learn and use!

1. Weber's podcast and video series

Example

Weber, the global leader in outdoor grill manufacturing, has released its own podcast and video series that share experiences, tips and advice relating to grilling.

Its "Grilling" podcast is hosted by celebrity chef Simon Rimmon and features other celebrity chefs as guests, such as Marco Pierre White and Yotam Ottolenghi.



The video series, also hosted by Rimmon, is based on the podcast. As part of each episode, the celebrity chefs complete a cooking challenge on Weber's new GENESIS outdoor grill.

Relevance to the pre-seen

FireWorks could release its own podcast and/or video series in order to reach new customers, as well as to increase engagement with its current customers, helping to build customer loyalty.

Unseen issues on which to use this example

Marketing channels, customer engagement, differentiation

Sample exam paragraph

There is the potential for us to make use of new online marketing channels in order to reach new customers and increase engagement with our existing customers. For example, Weber has a successful podcast and video series in which it shares experiences, tips and advice relating to grilling. Its video series also features celebrity chefs cooking on its products. We should consider offering similar online content.

2. Weber's Grill Academy

Example

Weber, the global leader in outdoor grill manufacturing, runs its own cooking classes focused on grilling through its 'Grill Academy'. These are taught from select locations throughout the world, including in the US and Europe.



There are three different levels of class that customers can take, and each class is taught using Weber's products.

Relevance to the pre-seen

FireWorks could start running its own grilling classes in Beeland. Not only could this provide the company with an additional revenue stream, but it could also provide a new channel to reach its customers and build loyalty.

The pre-seen mentions another company, Udenfor Grills, that also runs grilling classes. Udenfor has experienced a substantial increase in sales since its classes began, and it has been able to set up the classes with relatively low levels of investment by running classes as "pop-up" events with as few fixed costs as possible.

Unseen issues on which to use this example

Marketing, marketing channels, differentiation, market development

Sample exam paragraph

We could differentiate our current product offering by providing cooking classes focused on outdoor cooking and grilling in Beeland. Weber, the global leader in outdoor grill manufacturing, runs its own grilling classes at select locations throughout the world. Not only could this provide us with another revenue stream, but it would also open up another channel for us to reach new customers and build customer loyalty with our existing customers.

3. Cookshack's use of lean methodologies

Example

Cookshack, a US manufacturer of grills and smokers, has applied lean production methodologies to its manufacturing. According to CEO Stuart Powell, this has allowed the company to realise significant cost savings and increase its production capacity without having to increase the size of its workforce or factory.



Relevance to the pre-seen

FireWorks could apply lean methodologies to its operations in order to make them more cost-effective and efficient. There is the potential for any cost savings to then be passed on to the customer.

Unseen issues on which to use this example

Operations, lean methodologies, competitive advantage

Sample exam paragraph

We could implement lean methodologies in our operations in order to achieve greater efficiencies and cost savings, such as by reducing wastage and the amount of inventory that we hold at any one time. Cookshack, a US manufacturer of grills and smokers, was able to realise significant cost savings and increase its production capacity simply by applying lean techniques to its manufacturing process. Customers in Beeland are known to be particularly price-sensitive.