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Strategic Analysis of Jamie Oliver's Restaurant Group: Causes of the 2019 Administration and a Repositioning Strategy for Sustainable Recovery

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Abstract: ***This study conducts a strategic analysis of Jamie Oliver's restaurant group, which once comprised nearly 40 UK sites across Jamie's Italian, Barbecoa, and Fifteen but entered administration in May 2019, closing 22 of its 25 UK restaurants, making approximately 1,000 employees redundant, and leaving debts of around £83 million. The analysis begins with internal and external diagnosis, including stakeholder analysis, to identify the problems that precipitated the collapse. These problems were both structural and self-inflicted: Oliver acknowledged that the Jamie's Italian model was "wrong from day one," that a "feeling of cockiness" drove poor business decisions, and that although his team excelled at "the hard stuff," they failed on fundamentals, particularly financial discipline and numeracy, with unsecured creditors later recovering only 2.47p in the pound. External pressures compounded these internal weaknesses: intense competition in the UK mid-market casual dining sector, rising rents, and brittle consumer confidence forced widespread closures, with Prezzo shutting almost 100 restaurants and Byron restructuring around the same period. In response, two strategic options are proposed and evaluated through a correlation matrix weighing their respective advantages and disadvantages. The selected option is operationalized through a structured implementation plan organized around three purpose-driven pillars—target definition, resource allocation, and monitoring—explicitly linked to profitability, operational efficiency, and shareholder interests. The analysis is situated within a cautiously recovering UK casual dining market, where outlet numbers returned to modest growth in 2024 and the full-service restaurant estate contracted from roughly 32,000 to 26,000 sites, indicating that strategic repositioning, rather than simple expansion, is the necessary condition for sustainable recovery.***

Keywords: Restaurant group, Strategic analysis, Administration, Strategic repositioning.

1. Introduction

Jamie Oliver's restaurants have closed many stores and had huge debts in the last several years. The issue of Jamie's restaurants was possibly the speed of expansion under intense competition and the effect of Brexit. Two feasibility options will be provided to solve it from the aspect of reducing cost and increasing sales, which are closing unsuitable stores to improve the rest of stores and stopping expansion to rise the current stores and implement the more suitable option one through strategic planning.

2. Strategic Analysis

2.1 Internal Analysis

Jamie's Oliver Restaurant Group is owned by Jamie Trevor Oliver MBE, who is a multimillionaire chef and has high reputation. When he opened the first one Jamie's Italian in 2008, it was popular by UK people and increased the profit, because Jamie chose the high-welfare ingredients from Italy with organic basics, which ensure the quality and unique of the restaurant while Jamie provided these great food with reasonable prices and large options (Financial Time 2018). Another is that Jamie took advantage of his own experience that he travelled Italy, introducing new on-trend ingredients for customers and creating new recipes with his staff for his restaurants (Financial Time 2018). Those resources will help Jamie's restaurant to create probability (Wernerfelt 1984). In addition, Jamie's Oliver is a multinational company who owns 59 restaurants in more than 20 countries, which include 56 Jamie's Italian restaurants, 1 Jamie Oliver's Barbecoa, 1 Jamie Oliver's Fifteen and 1 Jamie Oliver's Diner until now (Jamie Oliver 2019). In addition, since Jamie's Oliver Restaurant Group is the part of the whole Jamie Oliver's empire, Jamie as the shareholder would like to provide enough capitals for his restaurants in a corporate parent (Lynch 2015).

However, the poor decision- making of the location caused the high debts for Jamie's restaurants with £71.5 million (Farrell 2018). In contrast, the restaurant performed worse after appointing one of the CEO, Paul Hunt, who is the brother-in-law of Jamie. Although he fired many vital managers, Jamie still believe him and make detail decisions only by them. Another is that even there were many receipts in Jamie's restaurants, the innovation of the food is not enough and there is no one food representing Jamie's brand, see Table 1.

2.2 External Analysis

2.2.1 Economic

The sterling and euro exchange rate have been impacted because of Brexit, both of them has decreased compared with dollars (Allcock, 2019). The wages were also affected with the inflation. Although the wages have increased while it slower than the speed of downward inflation (Partington 2019). So, the net wages were dropped. Therefore, for the companies in mature market of food sector faced the pressure in the world, especially in the UK, Australia and America (A Marketing Mindset 2016). On one hand, they have to spend more on rents, living salaries for labour and the apprenticeship levy (BBC News 2018). On the other hand, the uncertainty trade arrangements will have adverse influence on the export and

import of ingredients, like vegetables and fruit, in food industry, especially for the UK and EU countries (Spakman and Leering 2019). For the consumers, the confidence of consumption has dropped steadily (PwC 2019). They spend less on unessential products and services, like eating out (Financial Time 2014).

2.2.2 Sociocultural

The consumer tends to focus on the experience of consumption (BBC News 2018). They not only require the quality of food, but also persuade the environment when they are eating in the restaurant. For example, younger customers would like to show their eating experience on the social networks, such as Instagram, Facebook. Moreover, food health and great taste has been the tendency for people in the world (BBC News 2018). These means that the food sectors have to change their ways to adopt the taste of consumers to avoid the risk of missing out.

2.2.3 Technological

The improvement of social media, like food apps, provided range of food for customers, which allow them to have more choice according to their own tastes when they choose different products and services (BBC News 2018). And therefore, the loyalty of customer for one restaurant is low, which give the force to the restaurant to use any methods to keep the consumers. Another is that food delivery firms also put pressure on restaurant stores. Firstly, the restaurant has to hire more labours to undertake the task of delivery orders, which could increase the labour costs. Secondly, the restaurant store also would earn less, because they lose the chance to get profits from the extra products, like drinks and snacks, with the high commission charged by the delivery firms, see table 2.

Table 1: VRIO

Resources/ Capabilities	*Valuable*	*Rare*	*Costly to Imitate*	*Exploited by Organization*	*Competitive Implication*
Location	NO	-	-	-	Weakness
Shareholder capital	YES	NO	-	-	Strength
Worldwide stores	YES	NO	-	-	Strength
Recipe	YES	YES	NO	-	Strength and core competence
Ingredients	YES	YES	NO	-	Strength and core competence
Reputation	YES	YES	YES	YES	Strength and sustainable core competence
Brand Equity	YES	YES	YES	YES	Strength and sustainable core competence
Research and development	NO	-	-	-	Weakness
leadership	NO	-	-	-	Weakness

Table 2: PESTEL

Political ● The regulation of food industry is different in different countries ● The level of minimum wages ● Importing and exporting trade blocs ● Government support
Economic ● Brexit influenced the sterling and eruo exchange rate ● Consumers spend less eating out since less wages ● Trade tariff between Italia and the UK because of the uncertainty trade arrangement ● The mature market in food industry with mass competitors
Sociocultural ● Consumers contribute to the experience ● Consumers tend to healthy and organic food in the world
Technological ● Food apps allow consumers to find more ● Delivery
Environmental ● Waste ● Sustainable growth
Legal ● Expenditure tax on food

2.3 Stakeholder Analysis

The vision of Jamie's restaurant is "Change the way the world eats, for food", which has shown the purpose of Jamie Oliver, while the vision is too large and little unrealistic (Jamie's HR Portal, 2019). In terms of the stakeholders, according to the power and attention, the Figure 1 shows that the customers, employees, suppliers and government could be the key player, especially the customers and employees. The restaurant with the high competitions needs to change with the customers tastes and the innovation depends on employees. In addition, the competitors should also be focused to compete well in the mature market under the effect of Brexit. While the stakeholders might select by the interest of Jamie's restaurants, which might lack of reasonable corresponds with each other (Donaldson and Preston 1995).

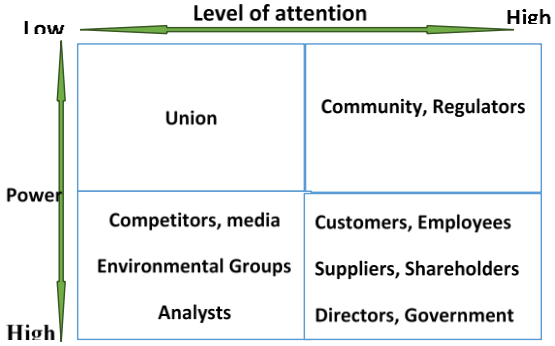


Figure 1: The customers, employees, suppliers and government

2.4 Business Issue

The issue is the expansion space was too quickly. According to the report, Jamie Italian had expanded to 43 restaurants from a one in Oxford in 2008 until the end of 2016 (Financial Time 2018). This decision has cause serious results, many of them suffered bankrupt. Although there are many restaurants before closures, after closing 12 of 37 UK Jamie's Italian and one of Jamie Oliver's Barbecoa, only 66 Jamie's Italian restaurants, 1 Jamie Oliver's Barbecoa, 1 Jamie Oliver's Fifteen and 1 Jamie Oliver's Diner have left. Many of restaurants are Jamie Oliver's trying to get in first without any experiences. For example, there are only one store in many countries, such as Austria and Taiwan, and there are only one Jamie Oliver's Diner. And another is that they have not made right decision on the stores. The CEO, John Knight thought that some stores are not close to the main consumers, such as university students and tourists.

From the business strategy level, there are many strategic business units in Jamie Oliver's restaurant group which are Jamie's Italian, Jamie Oliver's Barbecoa, Jamie Oliver's Fifteen, and Jamie Oliver's Diner, see table 4. Each of the restaurants have their own unique cultures and aims. For example, Jamie's Italian, as the main business in Jamie Oliver's restaurant group, providing "Rustic Italian food made with fresh, seasonal ingredients and a Jamie-style twist" for customers, while Jamie's fifteen, as the non-profit restaurant, provide the food using British ingredients. Otherwise, the price of receipts in each restaurant was not the lowest compared with others and they did not focus on one group for each brand. Therefore, According to Porter Generic strategy, Jamie Oliver's restaurants is stuck in the middle.

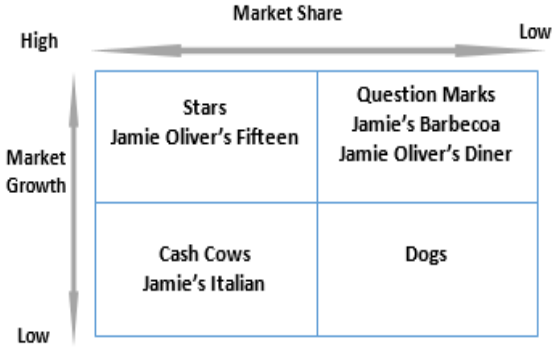


Figure 2: Strategic Business Units in Jamie Oliver's Restaurant Group

3. Strategic Options

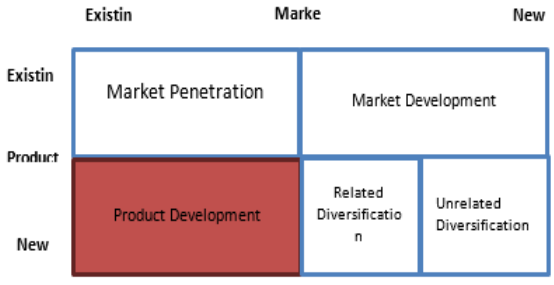
According to the internal and external analysis in part one, there are two options to solve it. The first one option is closing the unsuitable stores to improve the value of rest of stores. This option will reduce the cost of the company in the aspect of inventory and labours, like rents. Therefore, Jamie's restaurants will not need to invest more to improve the quality of food and service to meet the customers' needs and compete with other restaurants. Because the cost from closing the unsuitable store could be used on improving, which will probably earn more.

Table 4: BCG matrix



In addition, the second option is stopping expansion and improve the value of current stores. According to the Ansoff matrix, company could choose one area to invest financially with the portfolios of company (Lynch 2015). Improving the services and products in the current stores could be the service (product) development. Balancing the workers level, redesigning the environment of the restaurants, improving the after services and innovating new receipts for each restaurant will attract more customers rising the revenue, see Table 5.

Table 5:



4. The Pros and Cons of Options

Using first option will have some advantages and disadvantages. Form the aspect of suitability, this option would like to take advantage of the government supporting and the consumers' tastes to improve the value of rest of stores and avoid the adverse impact of Brexit. In addition, Jamie has the ability to remain the operation of the rest of store by using the high recognised brand and quality food with fair price. Moreover, in terms of acceptability, because closing the store will save the inventory cost, like rents and equipment, and the labour costs, the company could have opportunity cost on improving the products and services for the restaurants (Sloman and Jones 2017). This will not cause the increase of price, which will not impact on the sensitivity of price for customers. In contrast, even the company cannot ensure the growth sales through improving the products and services following the taste if customers, the cost could be controlled by Jamie Oliver restaurants group. Finally, it is possible to do that, because this option will not need to invest more, which will avoid the more pressure on current high debts.

Table 6:

	Option One	Option Two
Suitability	Highly Suitability	Moderately Suitability
Acceptability	Moderately Acceptability	Little Acceptability
Feasibility	Highly Suitability	Moderately Feasibility

5. Strategy Implementation

5.1 Objectives and Allocating Resources

The first option was developed by me and will be implemented by other managers, including market managers, operations managers, human resources managers, finance managers and research and development managers in Jamie's restaurants. In order to achieve the corporate strategic plan objective with increasing the return from 5%-7% over three years, this plan will be separated for each sector in Jamie's restaurant and allocated the resources for each sector using the resources of Jamie's restaurant.

In terms of marketing objective, according to the data from CSImarket (2019), the average revenue growth rate of restaurant industry in the world is 1.33% year on year, therefore, the marketing objective will be increasing sales through food from 1% to 1.33% year on year. Manager could use select the unsuitable stores through the sales of each Jamie's Italian restaurants, and promote the new receipts for customers through high brands reorganization, which could be used by advertising. Another is the operation sector, they need to shut down 10-15 Jamie's Italian restaurants in the world in accordance with the sales, profits and popularity of each restaurants over three years. In addition, they also need to consider the low cost on ingredients which could be solved by negotiating with small supplier and materials of designing the environment of rest of stores. Moreover, manager have to keep the manufacturing cost from 6% to 7.44% in accordance with the average cost of equity in the US (Damodaran 2019).

For the sector of human resources, it is necessary to manager the employees who need to leave the restaurants, which might need human resource managers to evaluate the performance of the workers and give redundant staff the suitable compensation, which might need the funds from shareholder's capital. And after three years, the manager could ensure that there are 1200 to 1370 employees in the restaurants. In addition, they also need to make sure the level of worker has been improved after training after one year. For the financial managers, it is important for them to allocate the money in the aspect of labour, stores and products and services improvement. And they need add the economic value by 3% and increase profits by 2% over two years. In term of research and development, the managers not only need to consider the training for employees, but also need to think about the innovation of the receipts and service. This need the experience of Jamie Oliver on food. Therefore, increasing cost 2% over one year for research and development is necessary and the restaurants should provide two of new receipts for customer every two months and change the environment every year.

4.2 Monitoring and Controlling

The objectives and resources could use balanced scorecard blow to monitor and control.

However, there are also some barriers and challenges when the managers face in implementation. Firstly, it is difficult to evaluate that which store have to close even there are some criteria and it is a heavy task to collect many kinds of indicators from each store. Secondly, employees will not satisfy with leaving the restaurant because of closing stores, they might object to leave the stores. Finally, the new receipts might not meet the taste of customers which will waste the investment on innovation.

Table 7: Jamie Oliver's Restaurants' Balanced Scorecard

perspective	Corporate Objectives	Strategic Measures (unit)	Target	Benchmark	Strategic Initiatives
Marketing	Using brands reorganization to promote products and services	sales through food	1% to 1.33% year on year	Average revenue growth rate of restaurant industry in the world (1.33%)	Analysing the position of every Jamie's Italian and promote products by advertising
Operation	Close selected stores and keep the low cost of materials	Number of stores and manufacturing cost	10-15 stores over three years and 6%-7.44% one year	Average cost of equity in the US (7.44%)	Closing unsuitable Jamie's Italian restaurant and find the small suppliers
Human resources	Redundant workers and provide training	The number of employees	1200 to 1370 employees over three years	-	Evaluating the performance of the workers and give

					redundant staff the suitable compensation
Financial	Create economic value added on rest of stores	Economic value added and net profit	3% EVA growth and 2% net profit over two years	-	Growing profit through rest of stores
Research and Development	Create new receipts and redesign the environment	New receipts and design	Two months and every year	-	Create the food through Jamie's experience and design the environment with consumers taste

6. Conclusion

According to the internal, external and stakeholder analysis, the issue of Jamie's restaurant was probably expending too quickly, which led to the adverse results. Closing unsuitable stores and improving the rest of stores as the more feasible option will possibly help the company recover better. Although there are some changes facing the implementation, it is feasible to achieve the option through monitor and control using Jamie Oliver's restaurants resources.

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