

# Analysis of wendy's international, inc.

[Business](#), [Industries](#)



Wendy's International, Inc. is engaged in the operating, developing, and franchising fast-food and fast-casual restaurants globally. They operate the Wendy's restaurant chain that is comprised of 6,645 restaurants as of December 30, 2007. Of this total restaurant count, approximately twenty-one percent (1,414 or 21.29%) is operated by the company while the rest (5,231 or 78.71%) are run by company franchisees. WENDY'S INTERNATIONAL, INC. STRENGTHS WEAKNESSES • Global presence/ Overseas Market • International brand recognition

• Top 3 in the US fast-food hamburger business • Slow and inadequate product development • Increasing price competition • Decreasing revenue and negative income growth OPPORTUNITIES THREATS • International expansion • Growing dining-out market • Shift menu mix • Strength of competition • More health-conscious consumers • Rise in commodity cost

Analysis of Market Issues Strengths Approximately 5,400 of all the Wendy's restaurants are located within the United States while the rest are distributed in twenty six countries around the globe.

The global presence and international brand recognition of Wendy's provides more opportunities for growth, expansion, and an overall increase for profitability. Also, the Wendy's restaurant chain is considered as the top 3 hamburger chain in America. This means that it has a considerably large share of customers of fast-food chains who are fond of hamburgers (approximately 13%). As such, this provides opportunities in retaining and possibly increasing its number of customers and amount of profit.

Weaknesses

Since 2005, Wendy's International, Inc. has been suffering from decreasing revenue and negative income growth. Based on the latest "Direct Competitor Comparison" table of YahooFinance, Wendy's has suffered from a negative quarterly revenue growth during the second quarter of this year while its major competitors continued to increase their revenue (Burger King (9.50%), McDonald's (4.00%), and YUM (12.10%)). Apparently, this weakness can be largely attributed to the inadequate product development of the company.

Much of their products have not evolved for the past five years. Furthermore, Wendy's have not introduced a new food breakthrough for the last ten years. Such is highly needed to attract the changing demands of the fast food target market. In contrast to the slow product development, Wendy's has been suffering from increasing price competition brought about by its major competitors and the new entrants. Opportunities Wendy's should try to target more countries around the globe especially in Europe, Asia, and Latin America.

Apparently, the rapidly growing dining out market provides an opportunity to attract more customers. However, in order to potentially increase its market share, Wendy's should try to find ways to incorporate new product choices in its menu. The company should try to incorporate other major food commodities aside from hamburgers.

Threats Aside from its top two major competitors- Mc Donald's and Burger King, Wendy's also face threats from new entrants, as well as other fast food restaurant chains. This includes Jack in the Box, Inc. , YUM! Brands, Inc., and others. The incidence of health scares (i. e. Mad cow disease, E. coli  
<https://assignbuster.com/analysis-of-wendys-international-inc/>

outbreak) and the increasing demand for health lifestyle bills also pose threats to the stability of the restaurant's sales. In addition to these threats, the possibility of raw materials to increase costs can considerably affect Wendy's position in the fast-food service price competition. Action Plan for Wendy's International, Inc. Wendy's should consider expanding their global reach especially in countries that are gaining interest over quick service and fast food restaurants.

This includes countries in Asia, Europe, and Latin America. To promote revenue growth, Wendy's should try to examine the various components of the sales of its competitors. In particular, they should try to focus on breakfast servings. Apparently, breakfast remains to be a major element of sales for the fast-food industry. Accordingly, 80% of the breakfast sales come from the "drive-thru" section. In the case of Wendy's, the company should incorporate breakfast food choices that are very easy to prepare and serve.

To make sure that the consumer demands are met, Wendy's should try to incorporate product innovations primarily in the form of family value meals and food delivery methods. They should try to address major quality and taste issues associated with their major products. In addition to that, they should try to incorporate healthier product items in their menu. They should also make necessary changes to their pre-existing products in accordance to the increasing demands for healthier food choices. They should try to incorporate sandwiches, salads, and other side dish alternatives to hamburgers and French fries.

Such shift in menu mix can help target the growing dining-out market comprised of health conscious consumers. This promotes market penetration

and expansion. Also, incorporating new food choices with lower raw material costs may also help alleviate the problems associated with increasing prices of commodity expenses.

References: Wendy's International, Inc. Retrieved September 24, 2008 from [http://www.wikinvest.com/stock/Wendy%27s\\_International\\_\(WEN\)](http://www.wikinvest.com/stock/Wendy%27s_International_(WEN)) Wendy's International, Inc. Retrieved September 24, 2008 from <http://finance.yahoo.com/q/pr?s=WEN>