

University of Montana

## ScholarWorks at University of Montana

---

Undergraduate Theses, Professional Papers, and Capstone Artifacts

---

2024

### Strategic & Management Analysis of Wendy's Co.

Aryal M. Love

al171826@umconnect.umt.edu

Follow this and additional works at: <https://scholarworks.umt.edu/utpp>



Part of the Business Administration, Management, and Operations Commons

Let us know how access to this document benefits you.

---

#### Recommended Citation

Love, Aryal M., "Strategic & Management Analysis of Wendy's Co." (2024). *Undergraduate Theses, Professional Papers, and Capstone Artifacts*. 528.

<https://scholarworks.umt.edu/utpp/528>

This Thesis is brought to you for free and open access by ScholarWorks at University of Montana. It has been accepted for inclusion in Undergraduate Theses, Professional Papers, and Capstone Artifacts by an authorized administrator of ScholarWorks at University of Montana. For more information, please contact [scholarworks@mso.umt.edu](mailto:scholarworks@mso.umt.edu).

**Strategic and Management Analysis of Wendy's**

Aryal Love

Davidson Honors College, University of Montana

Honors Capstone Project

Faculty Mentor: Dr. Theresa Floyd

December 5, 2024

**Strategic and Management Analysis of Wendy's Company**

This report section analyzes Wendy's Company (Wendy's) strategically. A company produces a strategic analysis to gather information that can influence the company's decision. A strategic analysis has two parts: an internal and external analysis. Both are of equal importance but focus on very different things. An external analysis includes information regarding components not within the company's control. Politics, legal requirements, social and cultural aspects, and market trends are all included in the external analysis portion. An internal analysis focuses on things that the company can control. The internal analysis includes the business plan, resources, mission, vision, strengths, and weaknesses. This report will examine both external and internal analyses of Wendy's.

### **About Wendy's**

#### **Figure 1**

*Wendy's Logo*



Dave Thomas founded Wendy's in Columbus, OH, on November 15, 1969. Wendy's became well-known for its square beef patties and iconic frosty (Barry, 2023). By November next year, Wendy's had established the first drive-through window. Since its conception, Wendy's has taken Thomas's goals and values and turned them into a billion-dollar company (Stock Analysis, 2024). As pictured in Figure 1, its logo is eye-catching and well-established (*Who We Are*, n.d.). The current president, CEO, and director, Kirk Tanner, has only been in his role since February 2024 but has already rolled out a dynamic pricing strategy. Thomas was an innovator with the drive-through window, and Tanner is following suit (Kohan, 2024).

Wendy's has always focused on making delicious hamburgers and its well-known frosty desserts. However, as the fast-food restaurant industry has developed and become oversaturated, Wendy's offers a more extensive and personalized menu (Wendy's, n.d.). Their mission and vision have remained the same as Wendy's menu has evolved. Wendy's mission statement is "to uphold and promote the highest standards of quality, integrity, and responsibility in our products, services, and relationships with our employees, customers, communities, and partners" (Wendy's, n.d.). Their vision is "to be the quality leader in everything we do" (Wendy's, n.d.). Wendy's focuses on food, people, and footprint when making decisions. Because of this, they list their stakeholders as "our customers, our people, our shareholders, and, of course, our communities" (Wendy's, 2023).

Wendy's core values and mission give it several advantages over its competitors. Wendy's uses quality ingredients, not frozen hamburgers, but fresh ones. Companies like McDonald's and Burger King cannot say the same. It focuses on developing and diversifying its menu to keep up with trends, such as offering chicken, wraps, salads, unique drinks, and desserts. Apart from its efforts to maintain quality ingredients and a diverse menu, it also focuses on its employees. Wendy's offers employee benefits such as health insurance, retirement plans, and paid time off. Burger King, Arby's, and Del Taco offer limited or no employee benefits (Resume Help, 2024). Wendy's is also transparent with its information. A recent corporate responsibility report was published in 2023. It included goals, key progress, governance, fiscal year information, and more (Wendy's, 2023).

### **External Analysis**

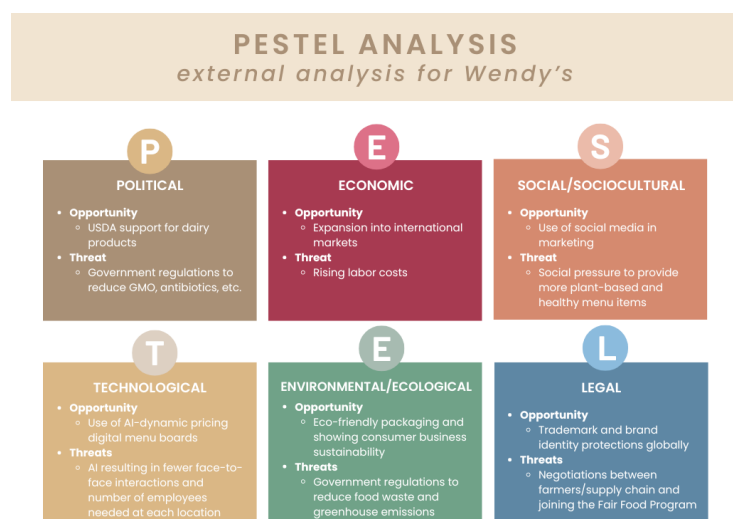
As stated above, an external analysis examines factors outside the company's control. This section of the report uses several vital and well-established external analysis methods. The external analysis portion will consist of five analyses: a PESTEL analysis, an Industry Life Cycle analysis, Porter's five Forces analysis, and a Functions analysis. Wendy's operates in the oversaturated fast-food restaurant industry, constantly facing external factors such as competitors. McDonald's, Burger King, and Shake Shack are all in active competition with one another.

## PESTEL Analysis

The PESTEL analysis examines a company's external environment, including political, economic, social, technological, environmental, and legal factors. Each portion allows the company to consider one opportunity and one threat. Figure 2, shown below, provides a brief overview of each opportunity and weakness identified for each factor. Below the image, each opportunity and threat is explained in detail.

**Figure 2**

### *PESTEL Graphic*



### *Political Factors*

Politics are constantly evolving and impacting the fast-food restaurant industry. However, one political factor that could provide an opportunity for Wendy's is the United States Department of Agriculture's (USDA) dairy support program (Butler, 2014). The USDA program helps support dairy farms by connecting them to companies like Wendy's to promote and ensure that dairy products are safe, economically viable, and socially responsible. The program aligns with Wendy's values of using whole and fresh ingredients (Butler, 2014).

A threat identified is the government's pressure to reduce the use of harmful preservatives in menu items. Although Wendy's is committed to serving fresh, quality beef, not all its food items are fresh. The government has identified harmful preservatives and wants to reduce or eliminate their use. If Wendy's cannot comply with the government's mandates, it may face fines and other consequences (Sow, 2019).

### ***Economic Factors***

Wendy's is a business whose main goal is to create revenue and make more money than it has year over year. Even though Wendy's is in an oversaturated market, there are always opportunities to boost revenue. One identified in the PESTEL Analysis is expanding to international markets. The more locations it has, the more customers it can reach and create more revenue (*How Do I Begin the Franchise Application Process?* n.d.).

Rising labor costs threaten Wendy's. Globally, inflation and the cost of living have increased. For Wendy's to retain its employees, it must pay workers a livable wage that is satisfactory at each location. Labor costs constitute a significant component of Wendy's costs; as they rise, its revenues shrink.

### ***Sociocultural Factors***

Social media marketing is a large opportunity for Wendy's to expand. Today, most people receive news and marketing via social media and other apps. Wendy's can establish a strong and innovative social media marketing campaign to reach as many of its target customers as possible (Panigrahi, 2024).

A social threat Wendy's faces is the pressure to serve healthier and more plant-based items. Society has become more concerned with the ingredients used, and there has been a movement to reduce the amount of meat eaten daily. Although Wendy's main menu items are meat-based, they must adjust or add more plant-based ingredients to satisfy the social pressure (Wire, 2021).

### ***Technological Factors***

The PESTEL analysis identifies the opportunity to use AI more in ordering, delivery, and menu boards. AI has become increasingly prevalent today. Wendy's must use AI's usefulness and adaptability to increase revenue and reduce costs (Luna, n.d.). Although AI can be extremely beneficial and useful, it also poses a threat to employees. Wendy's values its people, so it must develop a plan to manage its company's AI and people components (Reporter, 2023).

### ***Environmental Factors***

The opportunity for Wendy's to focus on business sustainability is a vital external factor. Not only is it important for the social aspects, but it is also important for Wendy's to no longer rely on outdated and dwindling resources. Establishing and maintaining a sustainable business is crucial to the long-term vision (*How Wendy's Canada Is Growing Lettuce with Love*, n.d.).

An environmental threat is the potential consequences for the government of not reducing food waste, emissions, and other harmful environmental components (Wendy's, n.d.).

### ***Legal Factors***

Wendy's could exploit legal opportunities to maintain and expand its brand and global identity. Trademarks can protect the company's and its franchises' integrity globally (Wendy's, n.d.). A legal threat Wendy's faces is the Fair Food program, which affects the relationship between farmers and Wendy's. If Wendy's does not participate in the Fair Food program, its suppliers may revoke their supply (Sainato, 2022).

### ***Synthesis of PESTEL***

Adopting AI is a key PESTEL opportunity for Wendy's to reduce costs and boost revenues. AI-powered digital menu boards can adjust to customer preferences, regional trends, and peak times while offering discounts on expiring or excess inventory. This reduces food waste and operational costs while increasing sales through dynamic pricing (Luna, n.d.).

Rising labor costs are the biggest PESTEL threat to revenue. Wages are a significant expense, but AI can help by automating tasks and reducing the number of employees needed per shift, making operations more cost-effective (n.d.-a).

### **Industry Life Cycle Analysis**

The industry life cycle analysis examines a company's stage and describes the introduction, growth, maturity, and decline stages. In the fast-food restaurant industry, Wendy's is in the maturity stage. This means the industry has reached the third stage of the life cycle. The maturity stage is usually characterized by being larger, older, and more stable. The fast-food restaurant industry has managed to do just that. Most companies have been established for a while; they are some of the largest companies globally and have remained consistent. The maturity stage means different things for the industry products, services, brand recognition, standardized features, research and development spending, and marketing strategies.

### ***Standardized Products and Services***



In the maturity stage, products and services are highly standardized. They don't differentiate very much across every location within each region or country. For example, the ability to order and receive the same meal in Montana is the same as in Oregon. Brand recognition is high. Almost everyone has heard of Wendy's, Burger King, and McDonald's. Most people can recognize their brand logos easily and recite the different theme songs. Another element of the maturity stage is standardized features. Every restaurant in the industry is incredibly efficient and has 'worked out all the kinks.' Each company knows what they are good at and can make their operations less expensive and more efficient. The companies in the industry choose to focus on the small things that set themselves apart from other restaurants.

### ***Research and Development Spending***

In the maturity stage of an industry's life cycle, there are reduced but continued stable investments. Restaurants choose to focus more on cost-saving approaches to research and development spending. There is less need for a mature industry to invest in groundbreaking and innovative ideas; rather, they focus on improving already established things. Even though it tends to be reduced, defending the company against its competitors is still important. This may look like more spending on health & sustainability practices and operational efficiency

### ***Marketing Strategies***

Companies in the mature stage already have a strong and loyal customer base. They must focus on retaining those customers through loyalty programs and personalized marketing, such as promotions, discounts, coupons, etc. The industry also focuses more on social media and digital marketing to retain and attract customers. They also adjust campaigns to match cultural differences in global markets

### ***Synthesis of Industry Life Cycle***

The maturity stage serves as a threat rather than an opportunity. It is more of a threat than an opportunity because, in the maturity phase, sales start to decline, which means a decrease in revenue. Another element that makes this stage a threat is that they offer discounts and promotions to retain and attract customers to compete with other companies. The maturity stage for this industry also means very little product differentiation, so companies need to offer small but meaningful differences in their products. Another reason this stage serves as a threat is because there isn't much opportunity for growth.

In the maturity stage, companies have already established their place in the market and with their customers. However, as customers' preferences change, the companies pay more to improve quality, which increases costs and decreases revenues. As shown below in Figure 3, several companies are facing the decline stage.

**Figure 3**

*Strategic Group Graphic*

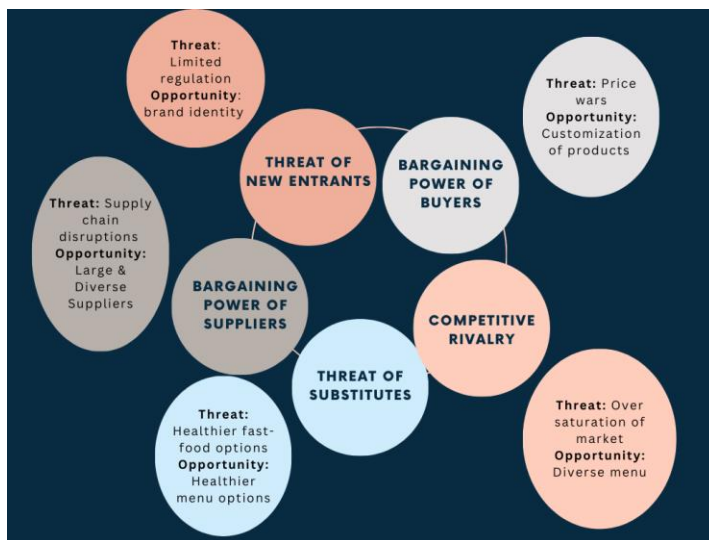


**Porter's 5-Forces Analysis**

Porter's 5-Forces analysis is an external method for assessing a company's competitive pressure. It includes threats from new entrants, the bargaining power of buyers and suppliers, the threat of substitution, and competitive rivalry. These are essential areas to focus on because how a company reacts to a competitor can increase or decrease revenues. Figure 4 shows each factor's brief and organized list of opportunities and threats.

**Figure 4**

*Porter's 5-Forces Graphic*



### ***Threat of Entry***

A threat of entry has been identified as the limited regulations for other companies entering the fast-food industry. Because regulations are so minimal, it is easier for new restaurants to develop and start their own. On the other hand, Wendy's can leverage the threat of new entrants by expanding its presence. In emerging economies, fast-food restaurants are rising (IBISWorld, n.d.). By taking advantage of this opportunity, Wendy's can build loyalty in new places before competitors (Pucci, 2020).

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

Buyers threaten to go elsewhere if another company offers the same or similar items at a lower price. In addition to price war threats, they also face the threat of buyers having better if another fast-food chain offers it and can better comply with customer demand than Wendy's (Waldow, 2024). However, if Wendy's can comply with rapidly changing customer demands, customers will prioritize Wendy's over competitors.

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

Supplier bargaining power threatens Wendy's because it may increase raw materials prices, cutting profit margins. Wendy's can establish good connections with its suppliers to ensure loyalty and support. A supplier with a well-maintained connection to Wendy's may prioritize Wendy's over its competitors (*Code of Conduct for Suppliers*, 2017).

### ***Substitute Products***

A threat to Wendy's is that customers can get the same or similar items as substitutes for a cheaper price. A major threat becoming apparent is Wendy's not being the cheapest or healthiest option on the market (Harper, 2024). Wendy's must adapt to remain competitive in the fast-food industry. An opportunity is that Wendy's can counter this threat of substitutes by innovating their menu options, specifically making healthier food options and more balanced meals (Gregory, 2016). Wendy's can remain competitive in the fast-food industry; it is just a matter of them recognizing and acting on it.

### ***Competitive Rivalry***

A competitive rivalry opportunity Wendy's can leverage is its unique marketing strategy. By introducing new products that are different from its competitors, Wendy's can stay competitive in the fast-food market (Thompson, 2015). A threat Wendy's faces is that other fast-

food chains are oversaturating the market (Investing.com, 2024). Wendy's competitors can also leverage their own unique marketing, products, and ambiance to compete directly with Wendy's.

### ***Synthesis of Porter's 5-Forces Analysis***

The bargaining power of suppliers is a crucial factor affecting Wendy's profitability. If suppliers raise costs or limit raw materials, Wendy's could face significant losses. Strong relationships with global suppliers are crucial to reducing this risk (The Wendy's Company Reports Third Quarter 2024 RESULTS, n.d.). Fostering a mutually beneficial relationship, such as offering loyalty discounts, could help Wendy's stay competitive in a challenging industry.

### **Internal Analysis**

This is the beginning of the internal analysis portion of the strategic analysis report. The methods used to conduct an internal analysis were business models and functions, integration synergies in the value chain, VRIO analysis, SWOT analysis, competitive advantage analysis, and strategic problems and solutions.

### **Business Model and Functions**

Wendy's primary business model is pay-as-you-go, with elements of bundling. Customers pay only for what they order, which helps Wendy's manage cash flow, reduce risks, and avoid credit transactions. This aligns with a cost leadership strategy by streamlining operations, minimizing financial risks, and maintaining affordability. The model also ensures daily revenue and enhances convenience, key factors in attracting price-sensitive fast-food customers.

### ***Primary Activities***

The pay-as-you-go business model has three primary activities that make the model efficient and effective. The first element is the process of ordering and then paying. A customer can place an order; the employee can specify the items the customer wants, and then the

customer only pays for those items. It is a simple and convenient process for both parties involved. The second activity is the ability to track inventory effectively. The company is aware of what is being sold daily, making it efficient and effective when reordering materials and products.

Lastly, an activity important to this model is gaining and retaining customers. The pay-as-you-go business model allows companies to establish loyalty and reward programs. Which, in turn, encourages customer engagement and loyalty.

### ***Support Activities***

Many different but equally important support activities are needed to allow this business model to function, but the main three are technology and information systems, human resources, and infrastructure. Technology and information systems are vital to this model because they require an efficient point-of-sale (POS) system, which is impossible without them. If a company that uses this model has an issue with its POS system, it may lose millions in revenue.

Another support activity is human resources. The pay-as-you-go model needs an adequate number of staff to support the model, and those employees also need support. Not only does human resources support the employees, but it also manages benefits, training, and development. Lastly, the pay-as-you-go model is centered around being efficient and effective. A company can only accomplish these things if the infrastructure allows it. The design and layout of the kitchen, drive-through, seating, bathrooms, etc., are crucial supporting activities.

### ***Synthesis of Business Model Functions***

The pay-as-you-go model allows Wendy's to gain and sustain a competitive advantage in an oversaturated market in various ways. The first and arguably the most important for a business is the reduced financial risk and increased access to cash flows. The model allows

Wendy's to quickly pay or reinvest the money they make to improve the company consistently. It also allows Wendy's to run and operate efficiently. With a simplified process of ordering and paying, they can run a smooth operation that satisfies customers quickly and helps increase revenues. This mode benefits Wendy's inventory management as well. Wendy's constantly knows what is being sold and what isn't, when, and how much. This means the turnaround from ordering to consumption is quick. Lastly, the pay-as-you-go model allows Wendy's to adapt to trends and new customer demands quickly. The pay-as-you-go model is the clear and correct choice for Wendy's because it reduces financial risks and improves operational efficiency and inventory management.

### **Integration Synergies in the Value Chain**

The value chain functions—Accounting, Finance, Human Resources, Marketing, Management Information Systems, and International Business—should align with the same financial activities or objectives.

#### ***Financial Dimension***

Wendy's accounting function ensures the accurate tracking of franchise fees and royalties, which help fund expansion while minimizing direct operational costs. The finance team manages revenue allocation, using the funds generated from franchises to fuel growth and shareholder returns. Marketing and advertising, though not direct income sources, drive brand visibility and increase customer traffic, ultimately boosting sales and profitability.

#### ***Cultural Dimension***

Human resources are key to aligning Wendy's financial objectives with its culture. They provide employee training that upholds company values and ensures high-quality customer service. Management Information Systems (MIS) support this effort by tracking performance

and streamlining training systems. This fosters a unified and positive experience for employees and customers, contributing to long-term profitability and brand loyalty.

### ***Technological Dimension***

Wendy's marketing function leverages data analytics to refine customer engagement and targeted promotions, leading to increased sales. MIS supports this by optimizing technology such as online ordering, mobile apps, and data analytics platforms, which enhance operational efficiency and supply chain management. These technological advancements align with financial objectives by improving customer interactions and streamlining decision-making processes.

### **VRIO Analysis**

VRIO Analysis is an Internal Analysis framework used to assess whether an organization's resources are (V) valuable, (R) rare, (I) inimitable, and (O) organized, thereby determining their contribution to competitive advantages or disadvantages. For Wendy's, resources such as its online ordering, mobile app systems, and data analytics tools are essential for success. Figure 5 below categorizes these resources and capabilities as strengths and weaknesses. The following section will evaluate these key strengths and weaknesses using the VRIO framework.

### **Figure 5**

*VRIO Graphic*





### *Synthesis of VRIO*

Wendy's value chain synthesizes the VRIO analysis by aligning its financial objectives with its distinct culture and leveraging technology to enhance its competitive advantage. The company's commitment to quality customer service and friendly operations is a valuable, rare, and hard-to-imitate resource deeply embedded in its brand identity. Consistent employee training reinforces these core values, ensuring that Wendy's maintains high standards and a unique customer experience. Additionally, Wendy's use of online ordering, a mobile app, and data analytics optimizes supply chain management, marketing, and customer engagement. These technologies provide valuable insights and streamline operations, creating a competitive edge that supports the company's strategic goals. By integrating these elements, Wendy's effectively aligns its resources with financial objectives and market demands, reinforcing its commitment to customer satisfaction and operational excellence.

## SWOT Analysis

SWOT Analysis identifies an organization's Strengths, Weaknesses, Opportunities, and Threats. Figure 6 below summarizes Wendy's SWOT analysis. The key strengths and weaknesses were derived from the VRIO Analysis, highlighting the advantage of fresh, never-frozen beef and the limitation of restricted global market penetration. The key opportunities and threats come from the PESTEL and Porter's 5 Forces Analyses, further analyzing external factors impacting Wendy's competitive position.

**Figure 6**

*SWOT Analysis*



## Competitive Advantage Analysis

A competitive advantage analysis involves evaluating quantitative and qualitative metrics relative to competitors to identify the company's distinctive advantages.

### ***Quantitative Analysis***

The financial metrics below compare Wendy's to McDonald's, showing that multiple ratios are necessary to assess a company's health. Strategic decisions and market conditions significantly impact these figures.

Figure 8 highlights key financial ratios. McDonald's leads in return on assets (ROA) with 25.33%, compared to Wendy's 5.53% (McDonald's: Burgers, Fries & More. Quality Ingredients., n.d.). This advantage is due to McDonald's efficient business strategy, while Wendy's focus on product freshness may contribute to its lower ROA. McDonald's also outperforms Wendy's in profit margin, with 31.16% versus 9.57% (YCharts - Financial Research and Proposal Platform, n.d.), reflecting McDonald's consistent profitability, while Wendy's performance is more volatile. In total revenues, McDonald's generates \$25.49 billion, far exceeding Wendy's \$2.18 billion (Statista - The Statistics Portal, n.d.), reflecting McDonald's more significant market presence.

Lastly, McDonald's net income of \$8.47 billion greatly surpasses Wendy's \$204.44 million, emphasizing its superior profitability and operational efficiency.

### **Figure 7**

#### *Quantitative Analysis Table*

Quantitative Analysis Table			
FINANCIAL METRICS	WENDY'S	MCDONALD'S	INTERPRETATION
Return on Assets (ROA)	5.53%	25.33%	McDonald's holds a sustainable competitive advantage in ROA due to its long-standing, efficient business strategy. Wendy's focus on adding freshness to some products may contribute to a decline in its ROA.
Profit Margin	9.57%	31.16%	McDonald's shows a sustainable competitive advantage in this metric, with consistently higher profit margins over the past two years, while Wendy's margins remain more volatile and lower.
Total Revenue	\$2.18 Billion	\$25.49 Billion	McDonald's holds a competitive advantage with Total Revenue over ten times that of Wendy's, and both appear stable and sustainable over the past decade, according to Statista.
Net Income	\$204.44 million	\$8.47 billion	McDonald's has the competitive advantage and it is sustainable.

### *Qualitative Analysis*

Qualitative analysis compares non-financial factors between companies in the same industry. Figure 9 highlights four metrics for Wendy's and McDonald's, offering insights into culture, customer satisfaction, management quality, and brand reputation.

Wendy's scored 58/100 in culture, while McDonald's scored 69/100 (Comparably - Transparent Cultures, Brands & Salaries, n.d.), showing McDonald's sustainable advantage in this area if it improves employee concerns. Wendy's leads in customer satisfaction with 76% compared to McDonald's 71% (Statista - The Statistics Portal, n.d.), reflecting its strong customer focus despite volatility. In management quality, McDonald's scores 61/100, slightly ahead of Wendy's 57/100 (Comparably - Transparent Cultures, Brands & Salaries, n.d.), but both companies need improvement. Finally, brand reputation scores are nearly identical, with Wendy's at 1.6 and McDonald's at 1.5 (Consumer Affairs: Research. Review. Resolve., n.d.), indicating no clear advantage in this area. These qualitative insights complement financial data for a fuller view of competitive positioning.

**Figure 8***Qualitative Analysis*

Qualitative Analysis Table			
NON-FINANCIAL METRICS	WENDY'S	MCDONALD'S	INTERPRETATION
Culture	58%	69%	McDonald's culture will be more sustainable overtime.
Customer Satisfaction	76%	71%	Wendy's has maintained a sustained competitive advantage over McDonald's.
Management Quality	57%	61%	Nether company has a competitive advantage over the other.
Brand Reputation	1.6	1.5	Neither company has a competitive advantage over the other.

*Synthesis of Competitive Advantage Analysis*

Quantitatively, McDonald's has a clear competitive advantage, particularly in profit margin and total revenues. McDonald's consistently outperforms Wendy's with a profit margin of 31.16% versus Wendy's 9.57% (YCharts - Financial Research and Proposal Platform, n.d.). This advantage is sustainable due to McDonald's efficient operations and established business model. Wendy's lower profit margin is partly due to its focus on fresh, never-frozen beef, which improves product quality but impacts operational efficiency. McDonald's total revenues exceed Wendy's by more than ten times, reinforcing its dominant financial position. Wendy's must improve operational efficiency and product value to narrow this gap.

Qualitatively, Wendy's leads in customer satisfaction with 76%, compared to McDonald's 71% (Statista - The Statistics Portal, n.d.), showing a stronger focus on customer experience despite fluctuations. However, McDonald's excels in organizational culture and management quality, scoring 69/100 and 61/100, respectively, while Wendy's scores 58/100 and 57/100

(Comparably - Transparent Cultures, Brands & Salaries, n.d.). Both companies have room for improvement, but McDonald's holds a slight edge in these areas. Wendy's should invest in these internal aspects to support long-term growth. Both companies have similar brand reputation scores, indicating no clear advantage.

To remain competitive, Wendy's should prioritize improvements in internal metrics like employee satisfaction, management quality, and CSR initiatives. As environmental, social, and governance (ESG) practices become more important in consumer decisions, Wendy's should align its values with these evolving expectations to meet the needs of both consumers and employees.

### **Strategic Recommendations**

Through a SWOT analysis, Wendy's faces both an opportunity and a threat in its competitive landscape. As the larger competitor, McDonald's poses a significant threat by offering lower prices while maintaining profitability, supported by better supplier deals and substantial investments in technology and advertising. This puts pressure on Wendy's, which struggles with higher costs and maintaining competitive prices, affecting its profits and growth. To stay competitive, Wendy's should emphasize the freshness and quality of its products, which serve as key differentiators while also improving cost management. Strategic investments in technology, supply chain optimization, and marketing will strengthen Wendy's market position, address cost challenges, and enhance its differentiation strategy, ultimately helping to close the gap with McDonald's and create growth opportunities.

Backward vertical integration offers Wendy's a strategic opportunity to enhance its market position through improved quality control, cost reduction, and a secured supply chain. By managing its beef supply, Wendy's can lessen reliance on external suppliers, stabilize prices, and

boost profit margins, providing a competitive advantage. This strategy also promotes cost-effective innovation by reallocating resources for new product development and technological progress. Furthermore, backward integration supports Wendy's growth by enabling expansion, creating a more dependable supply chain, and encouraging leaner operations, which contribute to long-term stability. It creates opportunities for market differentiation via improved pricing and quality, thereby strengthening brand loyalty and increasing market share. With economies of scale, Wendy's can sustain competitive pricing while exploring new revenue streams, such as localized menu options. By optimizing operations and managing its supply chain, Wendy's guarantees consistent quality and an outstanding customer experience, further enhancing brand loyalty and resilience and positioning the company for sustained growth despite market fluctuations.

### **Analyzing the Management Strategies of Wendy's**

This section examines the management strategies that have contributed to Wendy's success, concentrating on four essential areas: operational management, marketing strategies, employee relations, and adaptability. By exploring these aspects, the analysis emphasizes how Wendy's addresses the challenges of the fast-food industry while preserving its distinctive brand identity. Wendy's believes innovative management practices—focusing on efficiency, consistency, employee satisfaction, and market responsiveness—have played a crucial role in maintaining its competitive advantage (Wendy's®, n.d.-b).

#### **Operational Management**

This section explains Wendy's strategies and practices to ensure efficiency, quality, and consistency in its daily operations. It's about how the company maintains its commitment to

fresh ingredients through a robust supply chain, enforces standardized procedures to deliver consistent customer experiences, and leverages technology to enhance operational efficiency.

This section also highlights how these practices support Wendy's brand promise of quality while meeting the logistical and financial challenges of operating in a competitive fast-food industry. Thus, it illustrates how effective operational management contributes to Wendy's success.

### ***Supply Chain Efficiency***

Wendy's distinguishes itself through its insistence on fresh, never-frozen beef—a cornerstone of its brand promise. This operational decision presents logistical challenges uncommon in the fast-food sector, which predominantly relies on frozen ingredients for cost-effectiveness and convenience (Wendy's®, n.d.-b). Wendy's has developed a robust supply chain strategy to address these challenges.

Regional distribution centers are strategically positioned to minimize transportation times and preserve ingredient freshness. These are essential factors in this strategy. Supplier relationships are also vital. Wendy's partners with vendors who meet quality and sustainability standards. By streamlining supplier communication and implementing advanced logistics technology, Wendy's achieves consistency across locations without sacrificing its commitment to quality.

### ***Standardization & Consistency***

Consistency in product quality and service is a critical aspect of Wendy's operational management. The company invests heavily in standardized procedures to ensure that every customer, whether in the United States or abroad, enjoys the same level of quality.



Training programs for employees and franchise operators emphasize adherence to standardized recipes, cooking methods, and service protocols. For instance, cooking times and temperatures for Wendy's signature items, such as its square burgers and baked potatoes, are meticulously specified and enforced. Regular audits and quality checks further uphold this consistency, enhancing customer trust and loyalty (Wendy's®, n.d.-b).

### ***Use of Technology in Operations***

Wendy's has embraced technological advancements to streamline operations and enhance customer experience. Kitchen automation tools, such as timers and digital inventory systems, ensure precision and reduce waste. Point-of-sale (POS) systems integrate seamlessly with mobile ordering platforms, enabling Wendy's to cater to the growing demand for convenience. Additionally, data analytics tools help managers forecast demand, optimize staffing, and reduce operational inefficiencies.

### **Marketing & Brand Management**

Marketing and brand management are crucial to Wendy's strategic efforts to build and maintain a strong and unique brand identity in the competitive fast-food industry. This section discusses how the company differentiates itself through innovative marketing campaigns, a bold and humorous social media presence, and value-driven promotions that resonate with customers. By analyzing these marketing approaches, this section demonstrates how Wendy's continues to enhance customer loyalty, attract new markets, and solidify its position as a leader in the fast-food industry.

### ***Establishing a Brand Identity***

Wendy's sets itself apart in the fast-food market through its commitment to "old-fashioned" quality, as symbolized by its iconic red-haired mascot and square hamburgers. This branding reinforces the company's identity as a premium fast-food option.

The company has also emphasized transparency and authenticity in its marketing, often highlighting the quality of its ingredients and the care taken in preparation (Wendy's®, n.d.-b). Campaigns focusing on fresh ingredients and made-to-order meals resonate with customers seeking a higher standard of fast food.

### ***Social Media Strategy***

Wendy's innovative use of social media has gathered widespread attention, particularly its humorous approach on Twitter. Wendy's has cultivated a relatable and approachable brand persona by engaging in playful banter with competitors and responding directly to customers. This strategy attracts younger audiences and strengthens brand loyalty among existing customers.

One notable example is the viral "*National Roast Day*" campaign, in which Wendy's humorously critiques users who request a roast. This bold and unconventional approach has positioned Wendy's as a cultural phenomenon, increasing its visibility and reinforcing its modern, customer-focused brand image.

### ***Promotional Campaigns***

Wendy's promotional strategies, such as the "*4 for \$4*" meal deal, have driven customer traffic and increased sales (Wendy's®, n.d.-b). These value-oriented promotions balance affordability and quality, appealing to budget-conscious customers without compromising Wendy's premium positioning.

### **Employment Management**

This section outlines Wendy's strategies for fostering a motivated and engaged workforce in a high-turnover industry. It highlights investments in training, workplace culture, and diversity initiatives, emphasizing employee satisfaction and career growth. By supporting its team, Wendy's enhances loyalty, productivity, and exceptional customer service, showcasing the value of effective workforce management for long-term success.

### ***Training & Development Programs***

Wendy's training and development programs are designed to equip employees at all levels with the skills and knowledge necessary to excel in their roles, contribute to the company's success, and advance their careers. These programs begin with comprehensive onboarding for new hires, introducing them to Wendy's operational standards, customer service protocols, and core values. Through hands-on training and digital learning platforms, employees receive step-by-step guidance on their responsibilities, from food preparation techniques to effective customer interaction (Wendy's®, n.d.-b).

Wendy's offers specialized leadership training on team management, conflict resolution, and business awareness for managerial staff. Programs like the Wendy's Management Training Program (WMTP) are tailored to groom team members for leadership roles, ensuring a pipeline of qualified managers who understand the company's goals and culture.

Additionally, Wendy's emphasizes career growth opportunities, encouraging employees to see their roles as more than just jobs. By offering mentorship programs, certifications, and the potential for internal promotion, Wendy's fosters a sense of loyalty and motivation within its workforce. These development efforts are particularly critical in an industry known for high turnover, as they help retain talent and build a dedicated, skilled team that can uphold Wendy's commitment to quality and customer satisfaction.

## ***Workplace Culture***

Wendy's prioritizes cultivating a positive and inclusive workplace culture that fosters employee satisfaction, collaboration, and a sense of belonging. Central to this culture is the company's emphasis on open communication, where employees at all levels are encouraged to share their ideas, concerns, and feedback. This approach empowers team members and creates an environment where everyone feels valued and heard.

Recognition is another cornerstone of Wendy's workplace culture. The company celebrates employee achievements through various initiatives, such as Employee of the Month programs, performance-based rewards, and appreciation events. These efforts help boost morale and motivate employees to deliver their best consistently. Wendy's also invests in fostering teamwork and camaraderie among its staff.

Additionally, Wendy's is committed to work-life balance, offering flexible scheduling options to accommodate its employees' diverse needs. This approach is particularly beneficial for part-time workers and students, who often comprise a significant portion of the workforce.

Wendy's workplace culture enhances employee retention by prioritizing respect, recognition, and inclusivity. It ensures that team members are motivated to provide exceptional customer service, which is integral to the company's long-term success (*Workplace Values, Culture & Resources*, n.d.).

## ***Diversity & Inclusion***

Wendy's is committed to fostering diversity and inclusion, recognizing their importance for innovation, employee satisfaction, and business success. This commitment is reflected in its inclusive hiring practices, partnerships with diverse organizations, and efforts to ensure job opportunities are accessible to individuals from all backgrounds. By attracting a workforce that

mirrors its global customer base, Wendy's goes beyond to create a welcoming and empowering environment.

The company emphasizes equal opportunities for advancement through leadership development programs that identify and nurture talent from underrepresented groups. Focusing on mentorship and career progression, Wendy's aims to increase diverse representation in senior leadership, addressing historical disparities in the fast-food industry. These efforts ensure employees from all backgrounds have a clear path to grow within the organization.

Wendy's further supports inclusion with policies addressing employees' unique needs, such as flexible scheduling, religious accommodations, and sensitivity training. Employee resource groups and anti-discrimination initiatives create a safe space for employees to express their identities. By fostering a respectful and supportive workplace, Wendy's enhances employee morale, strengthens innovation, and gains a competitive edge in serving its diverse global customer base.

### **Adaptability in a Competitive Market**

This section highlights Wendy's adaptability in the fast-food industry, emphasizing innovation in menu offerings, technology, and global expansion. It examines how the company balances its core brand identity with evolving consumer preferences, showcasing adaptability as crucial for sustained growth and competitiveness.

#### ***Responding to Industry Trends***

Wendy's has demonstrated adaptability by introducing menu items that align with evolving consumer preferences, such as plant-based and healthier meal choices. This willingness to innovate ensures that Wendy's remains relevant in a dynamic market.

#### ***Leveraging Technology for Customer Convenience***

Technological advancements have enhanced customer convenience and engagement, including mobile ordering apps, delivery partnerships with platforms like DoorDash, and loyalty programs. These innovations position Wendy's as a forward-thinking leader in the fast-food industry.

### ***International Expansion***

Wendy's has expanded its global footprint by tailoring its menu and marketing strategies to local tastes and preferences. Wendy's competes in diverse international markets by balancing its core offerings with regional adaptations.

### **Conclusion**

In conclusion, Wendy's success stems from its strategic management across operational efficiency, marketing, employee relations, and adaptability. By leveraging a robust supply chain, standardized procedures, and technology, Wendy's ensures consistent quality and efficiency in its operations. These efforts, combined with a strong brand identity and innovative marketing campaigns, have solidified Wendy's position as a leader in the fast-food industry.

The company's commitment to employee development and workplace culture further strengthens its competitive edge. Investments in training, recognition programs, and inclusivity foster a motivated and loyal workforce. Wendy's dedication to diversity and equal opportunities ensures a supportive environment that reflects its global customer base and drives innovation.

Wendy's adaptability has also been crucial to its growth. By responding to consumer trends, embracing technology, and expanding internationally, Wendy's demonstrates its ability to thrive in a dynamic market. These strategies collectively highlight the importance of forward-thinking management in achieving sustained success and competitiveness in the fast-food industry.

## References

- anonymous. (n.d.). *Wendys-2023-Corporate-Responsibility-Report*.
- Barry. (2023, November 15). *Wendy's logo gets A fresh new look: A modern twist on A classic design*. LogoCreator.Io. <https://logocreator.io/blog/wendys-logo/>
- Butler, K. (2014, June 23). *How the US government helps McDonald's sell junk food*. Mother Jones. <https://www.motherjones.com/environment/2014/06/usda-dairy-checkoff-mcdonalds-taco-bell/>
- Careers home*. (2019, November 1). Wendy's Careers. <https://wendys-careers.com/>
- Comparably - Transparent cultures, brands & salaries*. (n.d.). Comparably. Retrieved November 12, 2024, from <http://Comparably.com>
- ConsumerAffairs®: Research. Review. Resolve*. (n.d.). ConsumerAffairs. Retrieved November 12, 2024, from <https://www.consumeraffairs.com/>
- Gregory, L. (2016, January 2). *Wendy's five forces analysis & recommendations (porter model)*. Panmore Institute. <https://panmore.com/wendys-five-forces-analysis-porters-model>
- Harper, S. (2024, March 1). *Wendy's lower off-peak pricing won't really help poor customers*. *Forbes*. <https://www.forbes.com/sites/shaunharper/2024/03/01/wendys-lower-off-peak-pricing-plan-wont-really-help-poor-customers/>
- How do I begin the franchise application process?* (n.d.). Wendy's. Retrieved November 12, 2024, from <https://www.wendys.com/franchising/international>

*How wendy's canada is growing lettuce with love.* (n.d.). Wendy's. Retrieved November 12, 2024, from <https://www.wendys.com/blog/how-wendys-canada-is-growing-lettuce-with-love>

IBISWorld. (n.d.). *Global fast food restaurants - Market research report (2014-2029)*. Retrieved November 12, 2024, from <https://www.ibisworld.com/global/market-research-reports/global-fast-food-restaurants-industry/>

Investing.com. (2024, November 5). Wendy's SWOT analysis: Fast food giant's stock faces growth hurdles. *Investing.Com*. <https://www.investing.com/news/company-news/wendys-swot-analysis-fast-food-giants-stock-faces-growth-hurdles-93CH-3703234>

*Kirk tanner: President and chief executive officer, director.* (n.d.). Retrieved November 12, 2024, from <https://www.wendys.com/kirk-tanner>

Luna, N. (n.d.). *Wendy's dynamic pricing controversy sparks industry shift towards menu optimization*. Food On Demand. Retrieved November 12, 2024, from <https://foodondemand.com/04192024/wendys-dynamic-pricing-controversy-sparks-industry-shift-towards-menu-optimization/>

*McDonald's: Burgers, fries & more. Quality ingredients.* (n.d.). Retrieved November 12, 2024, from <http://McDonalds.com>

Panigrahi, S. (2024, January 24). *Wendy's social media strategy: Serving humorous engagement online*. Keyhole. <https://keyhole.co/blog/wendys-social-media-strategy/>

Pucci, R. (2020, July 22). *Wendy's beefs up customer engagement with loyalty launch -*. PaymentsJournal. <https://www.paymentsjournal.com/wendys-beefs-up-customer-engagement-with-loyalty-launch/>



reporter, G. staff. (2023, August 16). 'AI cannot taste the way a chef can': Are chatbots a threat to fine dining? *The Guardian*. <https://www.theguardian.com/environment/2023/aug/16/ai-fine-dining-chefs-restaurants>

Sainato, M. (2022, April 28). Why Wendy's is the source of unrest among US farm workers. *The Guardian*. <https://www.theguardian.com/environment/2022/apr/28/us-farm-wendys-fair-food-program>

*Statista - The statistics portal*. (n.d.). Statista. Retrieved November 12, 2024, from <http://Statista.com>

*THE WENDY'S COMPANY REPORTS THIRD QUARTER 2024 RESULTS*. (n.d.). THE WENDY'S COMPANY REPORTS THIRD QUARTER 2024 RESULTS. Retrieved November 12, 2024, from <https://www.irwendys.com/news/news-details/2024/THE-WENDYS-COMPANY-REPORTS-THIRD-QUARTER-2024-RESULTS/default.aspx>

*The wendy's story*. (n.d.). Wendy's. Retrieved November 12, 2024, from <https://www.wendys.com/wendys-story>

Thompson, A. (2015, December 18). *Wendy's generic competitive strategy & growth strategies*. Panmore Institute. <https://panmore.com/wendys-generic-strategy-intensive-growth-strategies>

Waldow, J. (2024, May 24). Fast-food chains like McDonald's & Wendy's are locked in a price war. *Modern Retail*. <https://www.modernretail.co/marketing/fast-food-chains-like-mcdonalds-wendys-are-locked-in-a-price-war/>

Wendy's®. (n.d.-a). *Corporate social responsibility & what we value*. Wendy's® CSR. Retrieved November 12, 2024, from <https://www.wendys.com/csr-what-we-value>

Wendy's®. (n.d.-b). *Reducing restaurant food waste*. Wendy's® CSR. Retrieved November 12, 2024, from <https://www.wendys.com/csr-what-we-value/footprint/food-waste>

*Who we are*. (n.d.). Wendy's. Retrieved November 12, 2024, from <https://www.wendys.com/who-we-are>

Wire, N. M. (2021, June 25). CBS 42. *CBS 42*. <https://www.cbs42.com/news/wendys-takes-a-different-approach-to-new-plant-based-burger-will-not-use-a-meat-alternative/>

*YCharts - Financial research and proposal platform*. (n.d.). YCharts. Retrieved November 12, 2024, from <http://YCharts.com>

(N.d.-a). Retrieved November 12, 2024, from <https://www.bls.gov/news.release/pdf/eci.pdf>

(N.d.-b). Retrieved November 12, 2024, from <https://www.bls.gov/news.release/pdf/eci.pdf>