



BAUMUN'24 BOARD OF DIRECTORS Study Guide

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BAUMUN'24 | 3 - 5 MAY
#WelcomeToBosphorus

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Committee

What is the Board of Directors Committee?

Board of Directors (BoD) is a committee that simulates some of the problems that high school and university students may encounter in their future working life and is organized by a team that has experienced working life as well as mun experience. It is quite normal for delegates to have question marks in their minds before this committee, which has not been organized before and will be organized for the first time at BAUMUN'24, and you should have no doubt that we will eliminate all these question marks with the support we will provide with the guide and our team on the first day.

During the committee, each participant will represent a real Wendy's board member with equal authority. Since this is a format that will be applied for the first time in this process, we found it more appropriate to make a job description where each participant can be equally involved in the discussion without giving CFO, CMO or similar duties. Only the chair of the committee will serve as CEO in the committee. The only other distinction within the committee will be the distinction between the head office and the international office. How the CEO of the international office team will be selected will be described to the delegates via an update during the committee process.

The aim of the committee is to achieve a market share for Wendy's, as detailed throughout the guide, that is as large as that of its international counterparts. What you need to do to achieve this goal will be explained to you in detail by the crisis team as an update. The main objectives expected of you at the beginning of the committee can be found in the questions to be answered section of the guide.

In addition, before the conference starts, we will be expecting a position paper from each delegate on the general situation of Wendy's and what needs to be done to increase the company's market share.

We hope it will be a beneficial and entertaining committee for all of us. For position papers and further questions: yiğit.bilir@std.yildiz.edu.tr

Historical Background

History

Early years of Dave Thomas

Born on July 2nd, 1932, in Atlantic City, New Jersey, Rex David Thomas was immediately given up for adoption by his birth parents, Sam and Molly and between the ages of six weeks to six months was taken in by Rex and Auleva Thomas. After 4 years, however, his adoptive mother passed away which caused him and his father to start moving around the country continuously in order for Rex to find work. While doing so two events were pivotal to his future success: the summers he would spend with his grandmother Minnie and the meals he and his father had to get during the endeavor through finding work. Minnie would instill the importance of good service and treating others with respect into a young impressionable David which he would take to heart as he grew up. The meals he shared with his father on their journey were times when he felt good and had a rare chance to enjoy his father's company. They had to get meals outside of their house as the one that they could afford was lacking a kitchen. As Rex went into his third marriage and started to live in Tennessee, David at the young age of 12 went into his first job working at Regas Restaurant, a fine dining establishment. He then lost this job because of some issues he had with his boss and as his father wanted to move again, this time to Indiana, he acted quickly and landed a job as a busboy at the Hobby House Restaurant. He was 15 then and with his hard work and dedication got promoted to kitchen staff and finally felt at home. So, when his father was planning on moving yet again, David decided to stay and live on his own. With that he started working 50 hours a week, which meant that he would drop out of high school to pursue his dream, a decision that he deemed as his worst mistake in his life later on.^{1 2}

The Colonel and Fast-food

Dave met probably the most important person that he could have met during his time at the Hobby House and that man was none other than Colonel Harland Sanders, the man we all know as the father of another famous fast food restaurant chain, Kentucky Fried Chicken. Sanders first

¹ https://web.archive.org/web/20070628165205/http://www.wendys.com/dave/davethomas_biography.pdf

² Wibisono, A.B., 1997. Wendy's International, Inc.

approached the Clauss family, the owners of the restaurant, with hopes of selling his franchise and making a name for it in the Mid-West. The offer was first declined by the Clauss' but in the end they agreed to a deal because of Sanders' persistence, and it would lead to become a great business venture for them as they would later on be owners of more franchises of KFC. Thomas was the head chef during this time and developed a close relationship with Sanders, in hopes of making KFC more profitable and helping it gain more brand recognition. Some suggestions that were a huge hit for the restaurant were that they reduced the menu items to focus on the main concept which is fried chicken and put a face to the brand so it would be more recognizable and memorable. Thomas was the one who came up with the idea of putting Sanders' face on the buckets and from that the logo of KFC which we now know today would have Sanders' face on it as well. With the success that Thomas was having the Clauss family decided to put him in charge of four KFC stores during the mid-60's, which Thomas would turn a huge profit and would allow him to sell his share of the restaurants back to Sanders for a huge 1.5M\$. This amount of money would help him create Wendy's within the next year. Before this, however, he would venture even deeper into investing in the fast-food business in the form of being a part of the investor group that founded Arthur Treacher's, a seafood-based fast-food company that would peak in popularity in the mid-70's.

Wendy's

On November 15th, 1969, in Columbus, Ohio, Thomas opened the first Wendy's restaurant naming it after his daughter Melinda Lou, whose name her friends had a hard time pronouncing and deteriorated from Melinda to Menda to Wenda. Thomas ended up going another step further and naming the restaurant "Wendy's Old-Fashioned Hamburgers" which would manage to stay operational for a whole 38 years until it was forced to close due to lack of sales. The first restaurant's success was due to two main factors, the homey atmosphere it possessed and the menu items only consisting of made-to-order burgers and chili as the main dishes, French fries as sides and "Frosties" as desserts. The patties were made square-shaped with the motto of "Because we don't cut corners" and the shape is kept still today with the motto also still being active. With the huge success of the first restaurant just under a year the second Wendy's opened up in Columbus, with the distinct difference of having a pick-up window with its own grill. The concept of which franchise adopted the pick-up window first is still disputed to this day, but Wendy's was the first one to make it into a success. By June 1975, Wendy's grew to have 100 restaurants in America and

managed to go international by opening up its first restaurant in Canada in September 1975. Also, within the same month the first Wendy's stock was traded over the counter and just one year after it was offered publicly in the form of 1 million shares for each costing 28\$. By 1981 the chain celebrated the milestone of opening its 2000th restaurant by getting listed in the NY Stock Exchange with the symbol "WEN".³

The Dave Thomas factor

With the rising success of the franchise in 1982 Dave Thomas decided to resign from having a direct impact on Wendy's as he had thought the company would resume to grow and he could enjoy some time off after working so hard for so long. Unfortunately, without him at the helm numbers began to drop and with some decisions made by new management it seemed like Wendy's was going down a slippery slope. Even the famous slogan of 1984, "Where's the beef?" mostly known from the performances of Clara Peller in commercials wasn't enough to stop the decline of franchises. In 1985 the president of the company insisted Thomas returned to have a more direct involvement with the franchises. He started going around branches that were underperforming to impose his hardworking morals onto them to get them back to winning ways. In 1989 the company decided that Thomas would be able to impact better by being a television spokesperson and started shooting commercials with him talking about the morals of Wendy's. This would start off as an unfruitful endeavor as Thomas was not a seasoned actor that could perform so well and was criticized by advertising critics as being dull. Within the next year instead of Thomas just talking to the audience in a stiff and humorless manner the commercials began having a homelier and folksy charm in which Dave was well received. With the successful formula for the commercials found, Thomas would star on numerous advertisement campaigns and by the end of the century would surpass appearances in over 800 commercials, becoming a household name in the US. With all this growth it was only natural for Wendy's to become a fast-food conglomerate and in 1995, acquire the second-largest quick-service restaurant chain in Canada, Tim Hortons. This was already expected to happen as the two chains had done operations together back in 1992 when they opened a joint dining room restaurant which had two separate kitchens.

³ https://s1.q4cdn.com/202642389/files/doc_financials/2018/q4/TWC-10K-2018-AS-FILED-with-Exhibits.pdf

Early global expansion efforts

After expanding to Canada Wendy's decided to take it even further by opening restaurants in numerous different locations. In the late 70s the expansion managed to reach Australia but within 10 years every franchise location was bought out by Hungry Jack's, the Australian franchisee of another fast-food restaurant chain that specializes in burgers, Burger King. The expansion in Europe had its difficulties and unlucky circumstances. With the first locations of chains opening in Munich, West Germany in 1979, it came with an opportunity to expand throughout the country with low risk as there were numerous US maintained army bases all throughout. The next locations opened in Mannheim and Heidelberg but with the reunification of Germany in the early 1990s the army started withdrawing their troops back to the homeland which meant the restaurants would end up closing. The expansion project kept on going over in Asia as well with restaurants opening in Japan in 1980, in Hong Kong in 1982 in Singapore along with the Philippines in 1983 and lastly in South Korea in 1984. Some of these locations didn't prove to be as fruitful as it was anticipated and with a slowdown in performance in the chain in general Wendy's closed the branches in Hong Kong and Singapore in 1986 and 1987 respectively. Global franchising was still being pursued in numerous locations such as Greece, Mexico, New Zealand, Turkey, Guatemala, and Italy all through 1988 and 1990. The expansion was met with enthusiasm as the demand in Greece was high due to Wendy's being the first ever foreign fast-food chain in the country. Moves were made to satisfy the customers in Greece as 12 different locations emerged in 3 cities, but the success couldn't last as all of them got closed down in 2002 because of disputes had with a local franchisee. In 1996 success in Argentina was attempted with 18 different locations but were fast to close down due to the economic crisis the country suffered. 1998 was when South Korea was also abandoned, with all 15 restaurants that had opened up were closed. This was followed by complete exits from the UK, Argentina, and Hong Kong markets. Global growth just wasn't getting to the levels of the growth within the States, as the number of locations there managed to surpass over 6000 by 2002 as worldwide expansion was experiencing numerous difficulties.

Another Thomas in the works and further expansion efforts

After living with a slow growing tumor for over a decade, Dave Thomas passed away on January 8th, 2002, due to the tumor making its way to his liver. With his passing Wendy's hit another slump.

Some newspapers even going as far as to say that Wendy's had lost its "soul".⁴ As the company was seemingly losing numbers, they began to focus on staying afloat rather than expanding out into the world. Until 2011 the only effort of going into foreign markets was done in 2009 as they opened back up in 2009, which wasn't a lasting endeavor as it closed in 2015. In late 2010 Melinda Lou Thomas, better known as the namesake of Wendy's, started appearing in commercials for the company in an effort to fill in the void of Dave. Her and her siblings had started buying restaurants in their native Columbus area and by September 2010 she owned or co-owned over 30 Wendy's restaurants. With her efforts and appearances in commercials the company was on the up and started worldwide expansion again. In 2011 a return to Japan and Argentina proved to be successful except for not having its original name in Japan (Wendy's is known as "Wendy's First Kitchen in Japan). Russia was next on the list with a plan to open up nearly 200 restaurants within the country over a 10-year period however the idea was short-lived as in 2014 as operations were ceased. Other notable expansions during this period were in Georgia and their neighbor Azerbaijan, as 25 restaurants were opened in 2013 in both countries. After that came the announcement that in 2015 restaurants in India would start opening as well. With the expansion overseas going well according to plan an effort to improve on the situation in the US was also made as in 2017 a deal with DoorDash was struck for food delivery and 540 restaurants were sold to open in better locations and renovate other existing ones. In 2019 an announcement was made that Wendy's would reenter the UK market with the first location being in Reading which opened in June 2021 and 20 other locations were planned to open up within the next few years. Other big locations like European countries and Australia are currently at a standstill due to trademark issues with the name. In 2023 a return to Australia was announced with over 100 locations being planned out however the ice cream parlor chain "Wendy's Milk Bar", a franchise that has been operational in Australia for over 40 years is not making it easy for the burger chain. A similar issue blocks entrance into the European market as "Wendy's Fish & Chips" owns the rights to the name in the continent.⁵

⁴ <https://www.tampabay.com/archive/2002/01/09/dave-thomas-1932-2002-wendy-s-loses-its-soul/>

⁵ https://en.wikipedia.org/wiki/Wendy_Thomas

Stock Market Details

Brief Analysis of Market Strategy

Consumers always desire quick service, affordable prices, and continuous menu updates. The fast-food sector adeptly meets these demands, especially during the early stages of the COVID-19 pandemic when options like drive-thru, curbside pickup, and delivery became essential for survival, contrasting with dine-in-centric establishments which struggled.

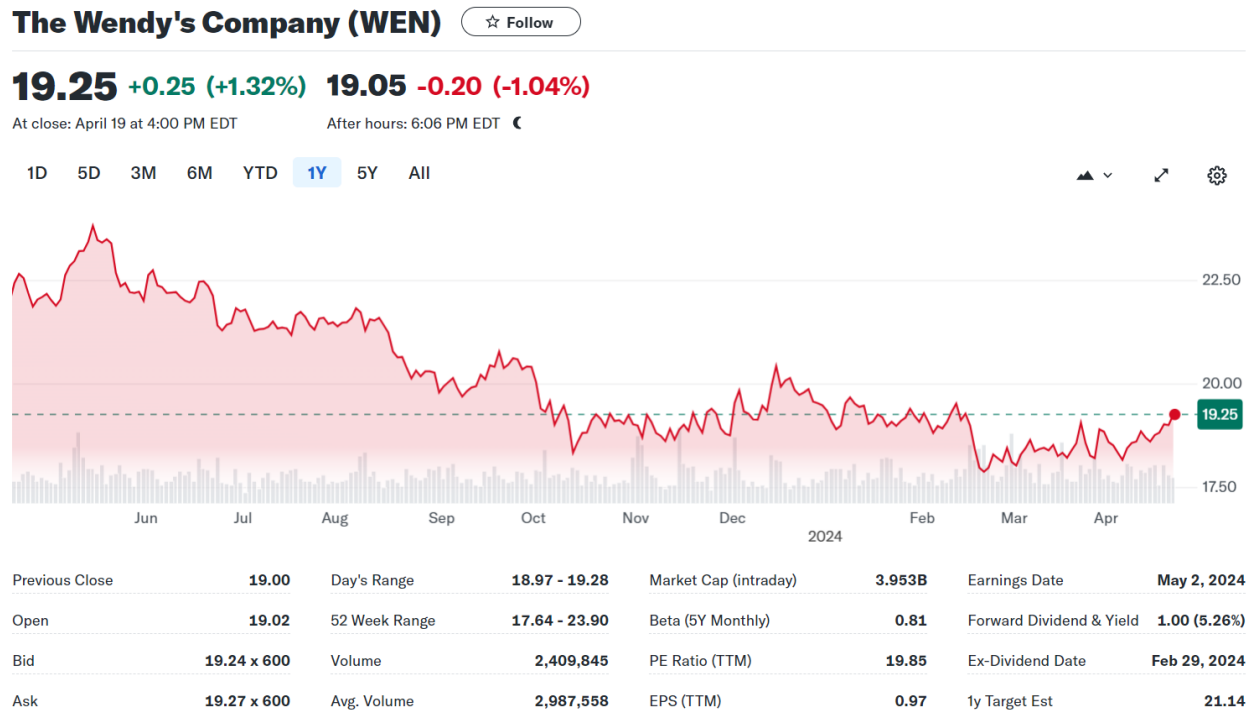
As the pandemic is currently receding, evident in shifting consumer habits, fast food establishments can capitalize on their digital and delivery infrastructure investments to foster sustained growth. Furthermore, their emphasis on providing excellent value positions them well to navigate challenging economic conditions with fewer vulnerabilities.

On behalf of Wendy's stock market structure after pandemics, In the fiscal year of 2021, Wendy's experienced significant growth, evidenced by a notable 10% surge in same-restaurant sales. This upturn can be largely attributed to the successful foray of the burger chain into the breakfast market. Impressively, approximately 8.5% of Wendy's total sales in the United States now stem from its breakfast offerings, a remarkable achievement considering McDonald's longstanding dominance in the fast food breakfast segment.

Breakfast constitutes a pivotal component of Wendy's overarching growth strategy. Distinguished by its innovative breakfast menu items such as the Frosty-ccino and the Breakfast Baconator, Wendy's distinguishes itself amidst fierce competition in this daypart. Augmented advertising expenditure further bolsters consumer awareness of Wendy's breakfast offerings. Additionally, Wendy's strategic initiatives encompass supporting digital sales channels and accelerating the pace of new restaurant launches. The company aims to expand its operational footprint to encompass as many as 9,000 restaurants by the culmination of 2025.

While McDonald's is synonymous with stability for investors, Wendy's presents an opportunity for accelerated growth. This is driven by the expansion of its comparatively modest restaurant network and its increasing prominence in the breakfast market.⁶

Here are some graphics from other competitor firms in order to delve a comprehensive understanding of stock market differences of competitors:



Stock Market Graph of Wendy's (WEN)

⁶ <https://www.fool.com/investing/stock-market/market-sectors/consumer-discretionary/restaurant-stocks/fast-food-stocks/>

McDonald's Corporation (MCD)

☆ Follow

271.99 +1.01 (+0.37%) **272.47** +0.48 (+0.18%)

At close: April 19 at 4:00 PM EDT

After hours: 6:52 PM EDT

1D 5D 3M 6M YTD **1Y** 5Y All



Previous Close	270.98	Day's Range	270.51 - 272.22	Market Cap (intraday)	196.106B	Earnings Date	Apr 30, 2024
Open	272.01	52 Week Range	245.73 - 302.39	Beta (5Y Monthly)	0.71	Forward Dividend & Yield	6.68 (2.47%)
Bid	--	Volume	2,213,321	PE Ratio (TTM)	23.51	Ex-Dividend Date	Feb 29, 2024
Ask	--	Avg. Volume	3,314,322	EPS (TTM)	11.57	1y Target Est	324.29

Stock Market Graph of McDonald's Corporation (MCD)

Yum! Brands, Inc. (YUM)

☆ Follow

138.50 +0.63 (+0.46%) **138.60** +0.10 (+0.07%)

At close: April 19 at 4:00 PM EDT

After hours: 5:49 PM EDT

1D 5D 3M 6M YTD **1Y** 5Y All



Previous Close	137.87	Day's Range	137.83 - 138.66	Market Cap (intraday)	38.988B	Earnings Date	May 1, 2024
Open	138.73	52 Week Range	115.53 - 143.25	Beta (5Y Monthly)	1.09	Forward Dividend & Yield	2.68 (1.94%)
Bid	--	Volume	1,224,285	PE Ratio (TTM)	24.82	Ex-Dividend Date	Feb 20, 2024
Ask	--	Avg. Volume	2,028,956	EPS (TTM)	5.58	1y Target Est	145.53

Stock Market Graph of Yum! Brands, Inc. (YUM)

Analyst Insights and Future Prospects

Among the 28 analysts who have weighed in on Wendy's stock, 12 think it's a good buy at its current price. Two analysts even predict that Wendy's shares will perform better than the overall market in the next 52 weeks.

The most optimistic forecast suggests that the stock could jump by over 44% to reach \$31. However, the median forecast is more moderate, projecting a 16.7% increase to \$25 over the next year.

Fifteen analysts believe that the stock should be held onto for now. There's only one analyst who recommends selling the stock, expecting it to underperform the market with a modest 2.7% increase to \$22 over the next year.

Despite facing challenges during the pandemic, Wendy's remains a strong and enduring brand in the fast-food industry. Most analysts anticipate a comeback, although it's likely that more customers will opt for the drive-thru rather than dining in.

While Wendy's recent earnings fell slightly short of expectations, there are still many reasons to be optimistic about the company. It has seen increases in revenue, profits, and cash reserves, and it offers a respectable dividend to shareholders. Wendy's is also adapting its business model and embracing technology to stay relevant in today's market.

For investors interested in steady dividends and established brands potentially available at discounted prices, Wendy's could be a solid choice.

Stock Market Review

Dave Thomas, the founder of Wendy's (NYSE: WEN), famously named the fast-food chain after one of his daughters, and the iconic pigtailed-girl logo has become instantly recognizable. From its humble beginnings as a single burger joint in Ohio during the 1960s, Wendy's has grown into one of the world's top ten fast food franchises.

Today, Wendy's is known for its square hamburgers and Frosties, which are served in over 6,500 restaurants worldwide. With a **market capitalization** exceeding \$4 billion, Wendy's is a major player in the fast-food industry.

Despite its global presence and iconic status, Wendy's stock (WEN) has faced challenges in recent years. Over the past five years, the stock has only increased by approximately 16%, significantly trailing behind the S&P 500's impressive 55% return over the same period.

Even more concerning is the fact that while the overall market has experienced a rebound, Wendy's stock has declined by 2.6% year-to-date. This decline can be attributed to the company's lower-than-expected sales performance.

However, there are positive signs for potential investors. Wendy's saw an increase in both revenue and income during the second quarter compared to the previous year. Additionally, the company offers an attractive annual **dividend** yield of 4.67%. Furthermore, Wendy's is actively implementing **technological advancements** and revamping its restaurants to adapt to evolving customer preferences.

The company aims to adapt to evolving customer preferences by revamping its restaurant designs. Recent studies indicate that a significant majority, ranging from 85% to 95% of customers prefer to take their food to-go rather than dine in. Consequently, Wendy's is shifting its focus away from dining rooms and towards streamlining production and pickup processes for quick and convenient service.

As part of this initiative, Wendy's is implementing a new kitchen redesign that is projected to enhance kitchen output by 50%. Additionally, the company is introducing more ordering kiosks, expanding mobile pickup options, and enhancing its digital order management system. **Management** is banking on the continued growth of online orders and drive-thru pickups to drive business forward.

In the past three years, Wendy's faced tough challenges due to lockdowns, staffing shortages, and strict health regulations. However, there's hope on the horizon. A recent report suggests that despite these hurdles, the fast food industry is expected to bounce back and grow by about 5% each year until 2029.

In addition to redesigning its restaurants to prioritize delivery and pickup services, Wendy's has exciting plans in store. The company recently announced a partnership with Google Cloud to

introduce Wendy's FreshAI into the fast-food scene. This means they're bringing artificial intelligence (AI) technology to help with taking orders and answering basic customer questions.

Wendy's is also on a mission to fully automate their drive-thru lanes, which is a big challenge in the fast-food world. They're even thinking about using robots to deliver orders from the restaurant to customers waiting in the parking lot. These innovative moves show that Wendy's is determined to stay ahead of the game in the ever-changing world of fast food.⁷

SWOT Analysis of Wendy's

SWOT analysis stands for a strategic planning for business models in order to identify the Strengths, Weaknesses, Opportunities and Threats that the organization is facing or can possibly face. Here is Wendy's SWOT analysis in the market, it is essential to plan your actions according to these features of the company:

Strengths

1. Remarkably one of the best customer services
2. Essential amenities like flat-screens, Wi-Fi, fireplaces and comfortable seating arrangements
3. Well-thought menu
4. Competitive prices
5. Global outreach (The aim is to become even more global.)
6. Positive brand image with meals and brand name
7. Leans towards healthier diets currently
8. High quality and fresh ingredients
9. Effective marketing through critical channels and national advertising funds
10. Strong financial position
11. Targeting millennials

Weaknesses

1. A significantly lower number of locations than competitors
 - a. Even though Wendy's may have opened restaurants in up to 29 countries, this still implies that it is significantly lower in comparison to its competitors such as

⁷ <https://financhill.com/blog/investing/is-wendys-stock-a-buy>

McDonald's, which runs its restaurants in approximately 120 countries. Therefore, it is essential for the expansion of Wendy's to become even more global, to make it completely an international brand.

2. High costs of running franchises and inconsistency of customer reviews

Wendy's operates a larger number of franchises (6,541) compared to its company-owned restaurants (408). Managing these franchises can be challenging and costly in order to maintain consistent standards. Additionally, customers may encounter varying experiences at different Wendy's locations, which could potentially have a detrimental effect on the brand's reputation.

3. Unhealthy meals still on the menu

Opportunities

1. Semi-urban markets

Wendy's has the chance to grow its presence in semi-urban markets, where there is a rising demand for fast food. By proactively recognizing and responding to these shifting trends, Wendy's can maintain a competitive edge and capitalize on this opportunity.

2. Acquisitions

- a. The company can uphold its competitive edge by acquiring robust businesses that pose significant competition. These acquisitions not only diminish competition but also enhance the brand's value by expanding the number of operational locations. A business strategy centered on acquiring smaller brands could prove advantageous for Wendy's.

3. Digital opportunities

- a. The pandemic and the swift advancement of technology have introduced new avenues for growth in Wendy's digital ventures. In 2021, Wendy's witnessed online sales accounting for 8.5% of its total sales, and the company has forged a partnership with Uber Eats for food delivery services. Through offerings like mobile apps, delivery options, promotional coupons, and gift cards, Wendy's has the potential to broaden its customer reach and enhance its customer service offerings.

4. Expanding menu options

- a. Another avenue for growth for the fast food chain lies in diversifying its menu options. For example, Wendy's began incorporating a breakfast menu into its offerings nationwide in 2020, contributing to approximately 7.3% of total US sales in 2021. In the coming years, Wendy's can delve deeper into introducing new menus and recipes to appeal to a broader customer base.

Threats

1. Inflation's impact on price level
2. Consumer behavior attractions and changes
3. Competition intensity
4. Strict regulations⁸

Past Events

Investments and Marketing Strategies

Sponsorships

Wendy's is significantly active in sponsorships and financial partners. Since August 2023, Wendy's has partnered with Ohio Premier Soccer Club as a corporate sponsor. Wendy's logo will appear on Ohio Premier jerseys until the end of the season in 2025.⁹

Another sponsorship is the NCAA partnership. Since 2017, Wendy's has been the biggest QSR (quick-service restaurant) corporate partner of the organization. Wendy's has dipped its toe in the college space recently as the presenting sponsor for the Wooden Award, given annually to the nation's best college basketball player.¹⁰ Wendy's also presented the ESPN College Basketball Awards Show in April 2017. Wendy's has a much deeper position in college athletics, particularly March Madness. Wendy's released special menus for March Madness throughout the years.

NASCAR, being a major organization has also been important to participate for Wendy's. First started the partnership in 1984 for a brief time, Wendy's returned to NASCAR race divisions with

⁸ <https://bstrategyhub.com/wendys-swot-analysis/>

⁹ <https://opsoccer.com/ohio-premier-proudly-welcomes-wendys-as-a-new-corporate-sponsor>

¹⁰ https://www-sportsbusinessjournal-com.translate.goog/Daily/Issues/2017/02/14/Marketing-and-Sponsorship/Wendys-NCAA.aspz?_

Xfinity Series in 2022, sponsoring Noah Gragson with Beard Motorsport. The company also signed a contract with Gragson's later team Legacy Motor Club in 2023. Later that year some controversies over Gragson made him suspended from the sport and the sponsorship ended. Now, Wendy's been sponsoring the Trackhouse Racing Team in two different NASCAR divisions (Cup Series and Xfinity Series) since January 2024. Wendy's is the primary partner for Trackhouse Racing drivers; Daniel Suárez, Ross Chastain, and Shane van Gisbergen in this year's race.¹¹

Additionally, Wendy's had other important partnerships as well. They were the official sponsor for the Inter Miami Soccer Club in 2021. Also was sponsorship with the famous series Rick and Morty and had menus and campaigns created especially for the series.

Investments

Wendy's is very active in investing in social justice matters. Dave Thomas Foundation for Adoption is an organization supporting foster care adoption funded by all the employees, franchises and suppliers. Their signature program Wendy's Wonderful Kids has found thousands of permanent, loving homes for children in foster care. Dave Thomas personally puts importance on social matters. As he says: "Help others succeed. Give everyone a chance to have a piece of the pie. If the pie's not big enough, make a bigger pie."¹²

Wendy's also put high goals for their development and invests in different areas for these goals. They put approximately 15 million dollars into enhancing its mobile app experience and loyalty capabilities. Also, 20 million dollars to introduce digital menu boards in all company-operated restaurants in the United States.¹³ These are expected to be finished by the end of 2025. Also, Wendy's want to accelerate the momentum of its FreshAI program, which is a drive-thru chatbot that built by Google Cloud and proven to reduce average service times by 22 seconds at an Ohio test site.¹⁴ The chatbot is currently active in only four restaurants in Ohio, but the plans are to install it in 2,610 stores by 2025.

¹¹<https://www.forbes.com/sites/gregengle/2024/01/16/wendys-returning-to-nascar-with-trackhouse/?sh=1a8ffc93f560>

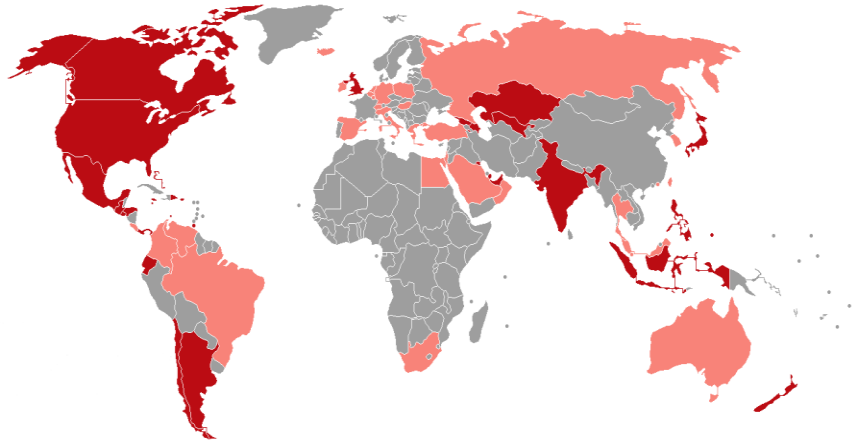
¹² <https://www.wendys.com/csr-what-we-value/people/community>

¹³<https://www.customerexperiencedive.com/news/wendys-investment-app-digital-menu-experience-q4/708092/>

¹⁴<https://www.restaurantdive.com/news/wendys-expand-generative-ai-drive-thru-test/702184/>

Former Location of Wendys

- Australia
- Brazil
- Costa Rica
- Germany
- Greece
- Hong Kong
- Hungary
- Israel
- Italy
- Malaysia
- Netherlands
- Russia
- Singapore
- South Africa
- South Korea
- Spain
- Switzerland
- Taiwan
- Thailand
- Turkey
- Venezuela ¹⁵



There are multitudes of reasons why Wendy's seems to keep failing in certain locations, but these reasons usually boil down to 4 main concerns:

1. Wendy's taste does not conform to local expectations.
2. New entry into volatile, saturated markets.
3. The company's lack of corporate-consumer communication.
4. Trademark issues.

When European and Asian markets are investigated the main criticism from the people are usually that the taste of Wendy's simply doesn't compare to local chains and restaurants, adding this onto the fact that the fast-food markets in these locations are very volatile and saturated leads to a very hard to navigate situation that needs to be addressed to expand. Wendy's management has failed time and time again to show the initiative of communicating with their target base and customizing themselves accordingly. Last but not least, regardless of any other factors; Wendy's has been in a long-lasting legal feud with a local Dutch mom-and-pop shop named Wendy's Fish and Chips over the trademark name of Wendy's being used in Europe. The Dutch courts have shut down Wendy's USA's several attempts to use the trademark in the last two decades.

¹⁵ <https://en.wikipedia.org/wiki/Wendy%27s>

Scandals

Collecting Fingerprints from Employees

Under the terms of a class action settlement, Wendy's has agreed to pay \$18.2 million to current and former employees whose biometric information—specifically, fingerprints obtained via a finger-scanning point-of-sale system—was purportedly obtained without their consent, in violation of the Illinois Biometric Information Privacy Act (BIPA). Wendy's was sued for allegedly violating privacy laws by collecting employee biometrics without first receiving informed written consent. Wendy's has agreed to pay impacted parties, with each class member anticipated to receive around \$575 after fees and costs; the precise amount will depend on the number of claims filed. Wendy's disputes the accusations and any BIPA violations.¹⁶¹⁷

E-Coli Outbreak

Six states and 97 individuals have been impacted by an E. Coli outbreak linked to Wendy's restaurants, according to the US Centers for Disease Control and Prevention (CDC). 81% of the 67 people with thorough food histories said they had eaten at Wendy's the week before their illness started. There have been 43 hospital admissions and 10 cases of hemolytic uremic syndrome, a serious illness that can result in kidney failure, despite no fatalities being documented. The CDC warns that the real number of cases might be greater because not all afflicted people get tested for E. coli or seek medical attention, raising the possibility that the outbreak would spread to states not yet included in the list.¹⁸

Chili finger lady

When Anna Ayala reported in 2005 that she found a human finger in Wendy's chili, the restaurant suffered losses exceeding \$20 million due to a media frenzy. But later, it was a con job that Ayala and her husband had planned. They inserted the actual finger, which they had borrowed from a

¹⁶ <https://www.mashed.com/1409702/wendys-scandals/>

¹⁷ <https://www.fastcompany.com/91030897/wendys-class-action-lawsuit-settlement-claim-finger-scan-biometric-data>

¹⁸ <https://www.mashed.com/1409702/wendys-scandals/>

friend. Ayala accepted a plea deal for grand larceny and was sentenced to four years in prison; her husband was given a 12-year term. This incident emphasizes the value of conducting in-depth investigations and the repercussions of false assertions.¹⁹²⁰

Dynamic Price Fixing

In 2025, Wendy's plans to begin testing "dynamic pricing" will be part of a \$20 million investment in new digital menu boards at its US outlets. This tactic entails adjusting menu items and prices in response to demand by using technology to do so. The new menus will include elements like dynamic pricing, day-part options, AI-enabled menu modifications, and suggested marketing, according to CEO Kirk Tanner. The company's objectives are to increase sales growth, improve worker experience, and improve order accuracy through consistent merchandising execution and upselling. Wendy's explained that dynamic pricing will not raise prices during high demand but offer reductions during slower periods.²¹²²

¹⁹ <https://www.nbcbayarea.com/news/local/wendys-chili-finger-lady-comes-clean/1884507/>

²⁰ <https://www.nbcbayarea.com/news/local/wendys-chili-finger-lady-comes-clean/1884507/>

²¹ <https://nbc24.com/news/offbeat/wendys-burger-chain-retracts-dynamic-surge-pricing-comments-that-sparked-controversy-online-pricing-model-menu-boards-ai-suggestive-selling>

²² <https://theconversation.com/wendys-wont-be-introducing-surge-pricing-but-its-nothing-new-to-many-industries-224910>

QTBA

- Should the board continue with the implementation of the Dynamic Price Fixing strategy?
- Which actions can the board take in order to become global?

For Example:

In 2016, The Wendy's Company acquired the ownership of First Kitchen from Suntory Holdings Ltd. First Kitchen Ltd. was an already existing fast-food chain in Japan with 136 stores and the first one opened in 1977. Wendy's First Kitchen offers a fusion of American style food and Japanese flavors.

Wendy's already had stores in Japan but with this collaboration, Japan has become a major port for the company and Japan is one of the biggest markets in the fast-food industry (Brazil, India or Middle East are some of the other ones).²³

This is the website of Wendy's First Kitchen for further researching:

<https://wendys-firstkitchen.co.jp>

- What strategies can the board devise to address the slight shortfall in Wendy's recent earnings performance and ensure sustained growth in revenue, profits, and cash reserves?

Further Readings

[Drive link for articles](#)

²³<https://www.prnewswire.com/news-releases/franchisee-wendys-japan-to-acquire-first-kitchen-with-136-restaurants-300277624.html>