

MONDAY EXTRA**Man Behind Burger King Turnaround****OVERVIEW**

A once-struggling Burger King is prospering with its strategy of offering upscale products (Steakhouse Burger with Angus beef) alongside \$1 sandwiches. CEO John Chidsey talked with The Wall Street Journal about why Burger King isn't rushing to sell espresso drinks like its competitors, and why the U.S. has room for thousands more Burger Kings.

REVIEW

Read the article "Man Behind Burger King Turnaround" and answer these questions:

- 1 What are fast-casual restaurants, and how have they helped fast-food restaurants?

- 2 What is Burger King's international growth strategy?

DISCUSSION/RESEARCH IDEAS

- How many of you have been to a Burger King recently? Do you think the chain has improved over the past few years? Why or why not? Has Burger King recently introduced new menu items or changed its décor? How does Burger King differ from the other big burger chains? Discuss as a class.
- Fast-food companies generally have been doing well compared to other firms. Mr. Chidsey gives both an external reason and an internal reason to explain why. What are they? What have fast-food restaurant chains done to improve business? Discuss as a class.
- How would you characterize the business strategy of Burger King, based on the article? Is the strategy low cost? Differentiation? Focus? Best value? If none of the above, how else would you describe it? Discuss as a class.
- Can you think of other firms that utilize a "barbell" product and pricing strategy? Who are they? Under what conditions does such a strategy make sense? Discuss as a class.
- Divide the class into two groups. Have one group go to a McDonald's and the other group go to a Burger King. Examine the type of people that visit each place. Specifically examine gender, age, with kids, without kids, party size, age and number of drive-thru customers. With all this information, answer the question "Is the McDonald's customer different than the Burger King customer?" Discuss your findings as a class.
- Mr. Chidsey said there are 3,500 McDonald's that do not have a Burger King within a three-mile radius. Discuss Mr. Chidsey's growth strategy for these McDonald's.

Editorial contributions from Mark Lehrer, Suffolk University, and Stowe Shoemaker, University of Houston.

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ANSWERS

1 Fast-Casual restaurants are eateries such as Panera Bread, which offer a more restaurant-like feel but still quick service. Burger King CEO John Chidsey said fast-casual restaurants helped fast-food restaurants get “their act back together.” He said many fast-food restaurants introduced new products and improved the quality of their menu items and have been able to compete in the marketplace.

2 Burger King’s international growth strategy is to continue to grow in the 70 countries it already is in—for example, Mr. Chidsey wants to add more stores in Germany, the United Kingdom and Japan. His priority is not adding stores in new countries.