Burger King:
Cutting Corners and Tampering With Data

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EXECUTIVE SUMMARY

This case is about Burger King, an American multinational chain of hamburger fast-food restaurants. The 2020's '3.15' Consumer Rights TV Show in China exposed the mismanagement of its restaurants in Nanchang city (China). It was revealed that they had cut corners and tampered with the production date labels of expired bread and meat products. The release of this information has sparked widespread discussion on the internet. This case will present a variety of public attitudes about those negative reports, how the brand reacted to this controversial situation, and the shift in business strategy from the brand after the discovery of the scandal.

BRAND BACKGROUND

The Development of Burger King

Burger King was co-founded by James McLamore and David Edgerton in 1954 in Miami, USA. Just in time for the rapid growth of the American fast-food industry in the 1960s (*Brand History,* n.d.). During its initial period, Burger King focused on promoting its most popular burger-Whopper. Because of the distinctive advertising, Burger King grew rapidly in the United States and its chain stores have expanded at a breakneck pace. Before long, its rapid expansion ran into the obstacle of a shortage of capital. To gather more capital, Burger King took the Pillsbury Company's merger advice. However, this option didn't help Burger King to improve its current situation. Without getting enough support from the Pillsbury Company, Burger King could only watch its rival rising rapidly. By the early 1970s, McDonald's had far surpassed Burger King as the market leader in terms of the number of stores, with Burger King in second place (*Burger King,* n.d.).

To go against the status quo, Burger King has launched a whole new marketing campaign. It came up with 'Have it your way to be against the leader of the fast-food industry. Burger King's new marketing

campaign focused on customers' changing tastes and advocated satisfying customers' tastes which correspond to the slogan 'Have it your way'. Burger King's marketing strategy was a huge success which led to the Market share and restaurant sales soaring. The rapid growth of Burger King posed a threat to McDonald's. Then McDonald's resorted to legal action to cancel Burger King's advertising. Due to legal action, Burger King had to stop its offensive strategy and turned to imitate McDonald's by adopting the same strategy as McDonald's. They decided to enter the burger, breakfast, and chicken markets at the same time. Thus, Burger King started to go downhill.

From then on, Burger King has not found a new niche and failed to position itself appropriately. This led to the inability to capture customers and lose the opportunity to reach its peak period (Burger King, n.d.).

Burger King in China

Burger King opened its first store in China in June 2005, located on Nanjing West Road in the Jing'an District of Shanghai. As early as around 2003, Burger King had the intention to enter China`s market. They commissioned an international consulting firm to conduct an initial study of the Chinese market. Burger King touched China more closely after Brennaman joined in August 2004. The manager, who was CEO of Continental Airlines and the head of PricewaterhouseCoopers Consulting, began his tenure with his sights set on China. He believed that 'The Chinese market is huge and changing day by day, and we see it as a very important market. (Burger King, n.d.)

'Localization' is the core concept of Burger King's business in China. In addition to products that are close to the taste of Chinese customers, Burger King is intentionally integrating into China in terms of raw material supply, logistics system, and management team. In the path of expanding the Chinese market, Burger King was also determined to go out of the Chinese character and let more Chinese investors help it to open up the territory. After opening about 10 directly operated restaurants in China, they have adopted franchising to accelerate their expansion. Until 2019, Burger King has been present in more than 140 cities and exceeded 1,300 stores (*CCTV 3·15 Gala Statement*, n.d.).

Public Perception of Burger King

Before the controversial issue, Burger King was not as well-known as KFC (Kentucky Fried Chicken) and McDonald's since Burger King has relatively fewer restaurants in China. Burger King was in the development stage in China and was gaining popularity. More and more people considered Burger King's fries the best among these three famous fast-food restaurants. Burger King was gradually known for its large volume and deliciousness. Thus, Burger King was adding stores in China at a very fast pace and gradually narrowing the gap between McDonald's and KFC. However, Burger King's development was brought to an abrupt halt when food safety issues were revealed at the right time.

THE CONTROVERSIAL ISSUE

'3.15' Consumer Rights TV Show is a public service party co-sponsored and broadcast live by China Central Radio and Television (CRTV) and national government departments to protect the rights and interests of consumers on the night of March 15 every year (Burger King China, 2020). '3.15' Consumer

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