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## FASTFOOD BUSINESS: OPPORTUNITIES AND THREATS

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### ABSTRACT

According to data of the General Statistics Office (2023), Vietnam's population is 100.3 million people in 2023, an increase of 834.8 thousand people compared to 2022. Currently, Vietnam is the third most populous country in Southeast Asia (after Indonesia and the Philippines) and ranks 15th in the world. In recent years, the fastfood market in Vietnam has truly become a powerful industry, stemming from Vietnam's young population and increasing consumption demand. Despite the great growth potential, the fastfood market also faces some significant threats. This article aims to point out the opportunities and threats for fast food businesses and propose some solutions to promote consumption and sustainable business for fast food production and business establishments.

### Keywords:

Fastfood market, business, opportunities, threats.

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## 1. Introduction

With globalization, modernization, and advancements in economics and science, living standards and the pace of life have increased, giving rise to new needs. As society progresses, people become busier and must adapt to life's changes, leading to faster-paced lives despite limited time. The question arises: how do we manage our time effectively between work and daily life? In this context, people tend to choose quick, convenient meals that provide necessary energy for continued work. This is the origin of fast food, a term referring to food prepared and served quickly. Originating in the 1940s in the US, it rapidly evolved into various forms like KFC, Burger King, Pizza Hut, McDonald's... becoming a popular trend that spread to other developed countries and worldwide. Consequently, fast food has become a significant research topic. Numerous works and books explore fast food globally from various perspectives, such as "American Culture Profile" (Huu Ngoc, 1995), "In Praise of Slow" (Carl Honoré), "The McDonaldization of Society" (G. Ritzer), "How to Feed Friends and Influence People" (Allyn Freeman, Milton Parker, 2005), and "Fast Food Nation" (Eric Schlosser)... These works examine the emergence and development of famous fastfood chains in the US during the 1950s, analyze fast food characteristics, and predict future trends. In Vietnam, the fastfood concept has become increasingly popular, transforming into a culinary cultural trend, especially among Generation Z. Numerous websites, including [Doanhnhnviet.net.vn](http://Doanhnhnviet.net.vn), [Hanoimoi.com.vn](http://Hanoimoi.com.vn), and [Kfcvietnam.com.vn](http://Kfcvietnam.com.vn), discuss fast food and offer diverse perspectives.

Gen Z is a term referring to the generation currently living in the internet age. This generation differs from previous ones because they were born and raised alongside the development of digital technology. Gen Z was born between 1997 and 2015. Recent statistics show that Gen Z accounts for about 1/3 of the world's population, which is more than 2.6 billion people, and in Vietnam, there are about 15 million Gen Z individuals, making up about 26% of the national workforce. Besides the common name Gen Z, there are other names such as Generation Z, iGen, Gen Tech, and the Internet generation. The origin of this term first appeared in an article titled "The Advertising Age" in September 2000. Because this generation was born right after Generation Y, following the alphabet, they are called Generation Z. This generation was born in the internet era, when scientific and technological inventions made the most remarkable advancements (Minh Nguyet, 2022). They grew up in the digital age, a digital world with modern technological devices, so Gen Z's lifestyle and thinking are more innovative and open. Gen Z in Vietnam can be said to be a "foodaholic" generation – true food enthusiasts. They are willing to spend up to 1/3 of their monthly expenses just on dining experiences. In particular, for Gen Z, hanging out at restaurants and experiencing outside dining services is always prioritized over eating at home. According to Decision Lab, the number of visits to restaurants/cafes by Gen Z in Vietnam in 2016 was around 90 million and continued to increase to 133 million a year later. However, instead of choosing formal restaurants, Gen Z tends to be "passionate" about self-service styles at fast food places or canteens. In addition, Gen Z's eating habits also have some relatively special points: Gen Z has a habit of eating many meals a day, with the time between meals not

clearly defined due to the influence of their highly dynamic study, work, and play schedules. Because of this habit, they often consume more fast food than other generations. With an open personality, Gen Z is always ready to “record” foreign food cultures in their “food handbook” (iPOS.vn, 2021).

This article will provide an overview of the fast-food market, assessing the opportunities and threats for businesses in this sector. Therefore, propose some solutions to boost consumption for fast-food production and business establishments.

## **2. The overview of fastfood market**

Fastfood refers to quickly prepared food items, consumed immediately on-site or packaged for takeaway. Typically, fast food is pre-prepared. Upon customer arrival, restaurants only need to heat or re-fry it within minutes to serve diners. Young people choose fastfood for its convenience, allowing them to eat while conversing or working. The flavor of fast food is also incredibly appealing with its rich, savory aroma (Viet Trinh, 2023).

The vibrant lives of young people often leave them with little time to prepare their meals. Instead, they lean towards fast food and pre-prepared meals. Food delivery apps are also experiencing explosive growth and becoming a trend (Vu Khue, 2022).

Fastfood is becoming an integral part of global food culture. Due to its convenience and speed, especially in today’s busy life, this type of food is rapidly growing and becoming indispensable in daily life. In Vietnam, the fastfood market is booming with numerous restaurant chains and is attracting attention and investment for development (MQ - Win Flavor, 2024).

Nowadays, we can easily find fast food and bottled beverages in supermarkets, restaurants, traditional markets, and street food stalls. Every morning, passersby can simply stop by a street vendor for a quick and easy breakfast of bread, steamed buns, or sticky rice. Or, for office workers, lunch is incredibly simple; they just need to open a fast-food delivery app like Grabfood or Now on their phones or call directly to a restaurant for delivery. It’s evident that the overall fastfood market in Vietnam is incredibly dynamic, becoming a trend in the modern busy lifestyle. Additionally, young people also love foreign brands like McDonald’s, KFC, Pizza Hut, Starbucks, and Burger King (Tran Dung, 2024).

## **3. The opportunities for fastfood businesses**

Firstly, *the demand for fast food in Vietnam is currently growing strongly and becoming a global consumption trend.* Vietnam has a young population, with a large proportion of working-age individuals, mainly office workers, who are busy and have a high demand for convenient and fast food. Fast food is an indispensable part of their lives. Increasingly, young people are choosing to live in cities and the capital, due to greater job opportunities, accompanied by high demands for entertainment, shopping, and tourism (Tran

Dung, 2024). Societal development makes people busier with daily life, leaving less time for cooking. Many people are changing their eating habits, choosing fast, convenient foods to save time (Viet Trinh, 2023). Young consumers have dynamic lives, often under pressure from work and time constraints. This drives them to seek out stores offering fast, convenient, and diverse food options. In addition, Vietnamese consumers are willing to embrace, experience, and spend on new things (Mai Kim Lien, 2023). Regardless of the period or era, street food always holds a certain place in the hearts of every consumer in Vietnam. Especially for young people, due to its convenience, quick preparation, and attractive presentation, while still ensuring delicious flavors (Anh Dung, 2022). Consumers are willing to spend more on fast food products, exceeding even spending on essential daily needs. This has created a great opportunity for manufacturers (Duyen Duyen, 2018).

Secondly, *the fast food market in Vietnam is extremely dynamic and has become a trend in modern life*. Foreign brands entering Vietnam are diverse, including Subway, McDonald's, Starbucks, KFC, Burger King, Pizza Hut... serving fast food such as fried chicken, hamburgers, sandwiches, french fries, pizza... Famous fast food chains quickly spread nationwide and develop rapidly with franchised stores.

Currently, the fast food market is developing very strongly with the presence of millions of fast food and snack shops across the country. Moreover, street food stalls and mobile vendors are also extremely active. Simple breakfasts with bread, sticky rice, steamed rice rolls, vermicelli noodles, pho... Lunch with office meals, pho, vermicelli noodles... are very quick and convenient (Chu Hanh, 2023). The emergence of online food ordering applications is also a factor contributing to the development of the fast food market. Consumers can easily search, order, and receive food through "food delivery apps" quickly and conveniently. This creates an effective connection between businesses and customers (Mai Kim Lien, 2023).

Thirdly, *the development of fastfood ordering and delivery applications has opened up new opportunities for this business sector*. Businesses in the industry have taken advantage of this opportunity to develop flexible business models such as street food, sandwiches, pizza, ice cream, milk tea... They serve customers through traditional fast food restaurants, delivery services, and online food ordering applications. These business models not only meet culinary needs but also create job opportunities and economic development (Mai Kim Lien, 2023). If in the past, people had to go to the store to buy food or take it away, now delivery offers more convenience for customers. Instead of traveling in unfavorable weather conditions and heavy traffic, customers can order food through delivery apps. The process of having a simple meal is just using a smartphone or computer with an internet connection, selecting dishes, ordering, and waiting for the food to be delivered. Customers are constantly surrounded by advertisements for promotions, preferential policies, and gifts when ordering on apps. This directly stimulates online spending and ordering behavior. The

growth of technology is one of the significant factors driving the development of the food delivery market (iPos.vn, 2018).

#### **4. The threats for fastfood businesses**

Despite its enormous growth potential, the fast food market in Vietnam also faces many threats.

Firstly, *high competition is one of the major threats when running a fast food business*. The fast food market not only has the participation of large brands, but also the emergence of many small businesses. This creates a fiercely competitive environment. Consumers are increasingly demanding in terms of food quality and service. This requires businesses to constantly research and innovate to create many attractive dishes. At the same time, service quality must be improved to enhance the customer experience (Mai Kim Lien, 2023). It is not easy to gain market share in the Vietnamese fast food market because this is a “food paradise” country (Tran Dung, 2024). Vietnamese street food is extremely diverse, rich, and attractive in terms of food and drinks, and has affordable prices, suitable for the majority of people, especially the young generation, students... Therefore, foreign giants with high food prices cannot compete with street food stalls in Vietnam (Nguyen Chuan, 2022). We encounter street food stalls everywhere, from pho, bun, bread, sticky rice, snacks such as sausages, fried dumplings, fried squid cakes, spring rolls... Vietnamese food is very diverse and attractive in taste and color, and each region has its own specialties.

Therefore, this is a challenge for foreign fast food brands in Vietnam. To conquer this demanding market, brands must diversify their menus with many dishes and diverse flavors. Looking at the overview of the fast food market in Vietnam, we can see that, compared to the number of fast food restaurants, street food stalls, and snack bars in Vietnam, the number of foreign fast food chain stores is still quite modest. In particular, price competition is very high. While Vietnamese dishes are affordable and in line with the general income of Vietnamese people, foreign fast food is quite expensive because it has to ensure the price and quality of raw materials, rent, staff... (Tran Dung, 2024). The costs for renting premises, purchasing materials, labor costs, and advertising costs... are all very high. This also creates great competitive pressure for businesses.

Secondly, *the trend of healthy eating among consumers is growing strongly*. As society develops, people are increasingly concerned about the health of themselves and their families. Since then, a healthy diet has also been increasingly focused on. Especially the trend of eating according to scientific methods, ensuring physical and mental health (Hoai Anh, 2021). They pay more attention to nutritious foods and change their cooking methods to have a healthy diet (Cimigo, 2022). Therefore, you need to create a difference, making food that is both delicious, attractive in flavor, and ensures the health of consumers (Hanh, 2023).

Thirdly, *ensuring product quality and food hygiene and safety is a major challenge*. The increase in the number of orders needs to go hand in hand with maintaining product

quality. At the same time, ensuring food safety to avoid public health problems (Mai Kim Lien, 2023). Because the food market is always fluctuating and competitive, product quality is very important to attract customers. This requires you to invest a large amount of money to buy ingredients and equipment to ensure that product quality is always guaranteed (Adsplus.vn, 2023). Businesses must carefully check the origin and quality of raw materials, ensuring hygiene during processing, from washing ingredients, processing to preserving products, all need to be strictly controlled, staff need to be trained in food hygiene and safety and comply with regulations, and there should be periodic inspections to ensure compliance with food hygiene and safety standards.

## **5. Some solutions to promote the fast food market in Vietnam**

Firstly, improve customer service and promotional programs. In the modern business world, customer service plays a vital role in building and maintaining business success. Good customer service creates a positive customer experience, making them feel satisfied and wanting to return. Businesses need to focus on providing good product quality, fast service time, and friendly, dedicated staff. In addition, after-sales customer care by resolving complaints, answering questions, and receiving customer feedback is also essential. All these factors together create good customer service, helping businesses attract and retain customers, while also creating a difference from competitors. Besides, organizing attractive promotional programs is also an effective way to attract new customers and boost sales. From there, businesses can enhance prosperity and sustainability in an increasingly competitive market.

Secondly, develop products and expand the store network. Fast food businesses need to constantly develop products and expand their store network. Product development not only helps meet the diverse needs of customers but also helps businesses create a difference from competitors. Expanding the store network not only helps businesses reach more customers but also helps increase revenue and profits. However, expansion needs to be carried out strategically to ensure effectiveness and sustainability. These efforts will help businesses compete more effectively in an increasingly fierce market.

Thirdly, leverage technology and optimize the purchasing process. Businesses need to leverage technology and optimize the purchasing process. Utilizing technology, such as using mobile applications for online ordering, not only helps customers purchase more conveniently but also helps businesses improve efficiency and increase revenue. At the same time, optimizing the purchasing process, such as reducing waiting time and enhancing service efficiency, will help improve the customer experience and increase their satisfaction. These improvements will help businesses compete more effectively in the current fast food market.

## Conclusion

Vietnam's fast food market is experiencing robust growth, presenting numerous opportunities and threats. Regarding opportunities, economic development and evolving lifestyles have created substantial demand for fast food. Particularly with a growing young population, this demand is projected to increase further. However, the market is also rife with threats. Ensuring food safety is a major concern. Businesses must strictly adhere to food safety regulations to guarantee product quality and maintain customer trust. Furthermore, intense competition among fast food brands poses a significant challenge. To overcome these threats and capitalize on opportunities, businesses need effective strategies, focusing on enhancing product quality, improving customer service, and building trust. Investing in technology and innovation will also enable businesses to seize opportunities in this increasingly competitive market. Ultimately, success in the fast food business depends not only on meeting growing consumer demand but also on ensuring food safety and fostering a sustainable business environment.

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