

2015 Top 100: Limited Service segment analysis

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This is part of Nation's Restaurant News' annual [Top 100 report](#), a proprietary census ranking the foodservice industry's largest restaurant chains and companies by sales and unit data, among other metrics.

[Chipotle Mexican Grill was the second largest gainer in domestic U.S. systemwide sales](#)

The top three fastest-growing chains in the full [Top 100](#) universe were limited-service brands with strong messages of food quality and social consciousness, taking share from other limited-service brands like burger giant McDonald's, which saw a sales decline for one of the first times in decades. McDonald's was one of just two chains in the Top 100 Limited Service segment that posted a decline in U.S. systemwide sales for the Latest Year.

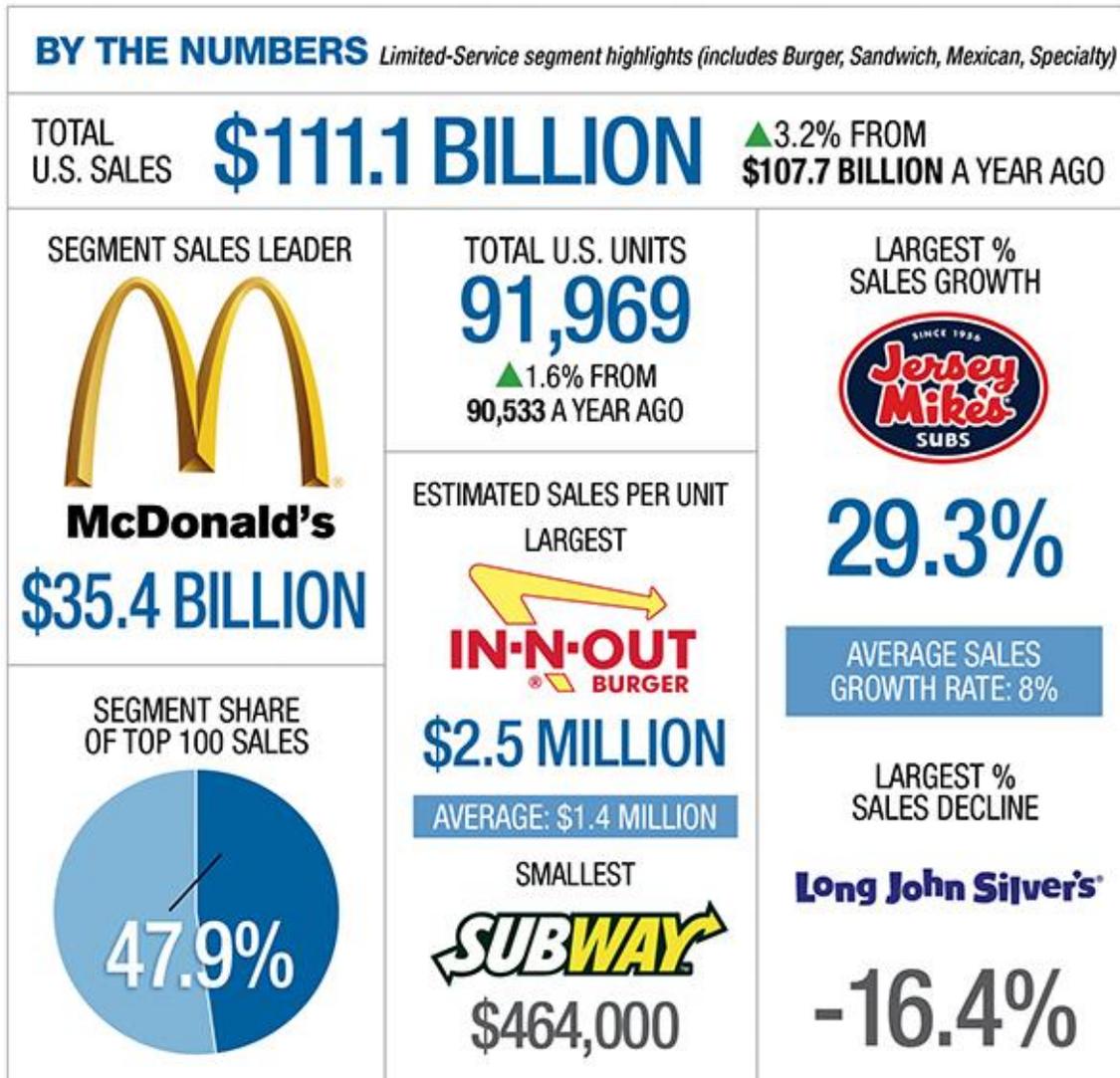
Jersey Mike's Subs, Chipotle Mexican Grill and Firehouse Subs were the first-, second- and third-largest gainers in domestic U.S. systemwide sales in the Top 100 report, with Latest Year sales growth of 29.3 percent, 27.3 percent and 24.8 percent, respectively.

Chipotle has long pegged its reputation on serving "food with integrity," such as naturally raised chicken and free-range pork. It continued that message last year with the introduction of Sofritas, made from organic tofu.

Outside of active unit growth and unit-level volume increases, Jersey Mike's and Firehouse Subs both focus on charitable causes in their branding — Firehouse to firefighters and other first responders, and Jersey Mike's to a variety of local charities in the markets where it operates — and both launched national campaigns last year.

Bev Cain, president of consumer research firm Sandelman & Associates, said the growth of Jersey Mike's and Firehouse Subs — Jersey Mike's added 144 units in the Latest Year, increasing its total by

20.2 percent, and Firehouse added 128 units, up just under 18 percent — has allowed them to be more effective both in their charitable acts and in their messaging.



“They are able to get more done on a local basis and attract more users consistently, and thereby gain share,” she said.

Jersey Mike’s launched its first branding campaign last March, which also is its “Month of Giving,” with marketing that focused on the quality of the ingredients in the chain’s sandwiches — also a strong message that Chipotle uses.

“We’ve hung our hat a lot on giving, and we plan to continue that, but we wanted to try and carve out an authentic identity for our brand,” Jersey Mike’s chief marketing officer Rich Hope told NRN at the time.

Firehouse Subs launched its first national advertising campaign in 2014, focused on the chain's roots and the fact that it was founded by firefighters.

"We got increasingly into the use of television," said Don Fox, CEO of Firehouse of America LLC. "We had about two dozen markets where we applied television."

Fox added that his company's social media and other digital efforts also were increasingly effective.

Outside of marketing, the chain made what it called its most significant menu change in 20 years with the introduction of lower calorie options. The Hearty & Flavorful, Under 500 Calories menu is comprised of six sandwiches and four salads. In line with current pro-protein consumer trends, the sandwiches kept the same amount of protein and removed calories by using smaller buns, lighter cheeses and light mayonnaise.

Sandelman's Cain said the top-growing limited-service chains in general tapped into consumers' growing interest in what they were eating.

"As consumers in general take a closer look at what health means to them, many times it comes back to 'fresh' and unadulterated real food, natural food, food without chemicals," she said.

That messaging was seen in other Top 100 Limited-Service brands, such as Culver's and Whataburger, which posted domestic systemwide sales increases of 14.4 percent and 13.4 percent, respectively, for the Latest Year. Also on-trend and growing fast were Moe's Southwest Grill and Qdoba Mexican Grill, which saw sales increases of 14.7 percent and 12.8 percent, respectively.

Most of the laggards in the category are more traditional quick-service restaurants. Long John Silver's was the worst performer, as it closed 68 units and saw sales fall 16.4 percent in the Latest Year. McDonald's sales decline of 1.1 percent seems minor by comparison, and the burger chain did open a net 72 units in the U.S. in the Latest Year.

Also struggling to push sales upward were traditional brands like Subway, Krystal, Wendy's, Burger King, Jack in the Box, White Castle and Sonic Drive-In, which each posted systemwide sales growth rates of less than 4 percent in the Latest Year.

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