

EVOLVING QUICK SERVICE FOR THE FUTURE

AUGUST 2024 / NO. 318

QSR

COVER STORY:

TACO BELL GROWS BIGGER & BOLDER

THE ICONIC CONCEPT,
LED BY **CEO SEAN TRESVANT**,
KNOWS HOW TO DOMINATE
THE CULTURAL
CONVERSATION.

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**SPECIAL
ANNUAL
ISSUE**

QSR 50

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**The Hot
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PHOTOGRAPHY: TACO BELL

THE QUICK-SERVICE INDUSTRY HAS ENTERED A KEY TURNING POINT IN THE POST-COVID ENVIRONMENT.

After a few years of big-time operators claiming customers understand inflationary prices, that tolerance has seemed to dissipate quickly. In response, restaurants have scrambled to roll out value deals to win back the price-conscious customer.



/ BY QSR STAFF

However, chains also note that value isn't just about price—there's abundance, quality, innovation, and the dining experience must be considered. This is particularly true of brands like Shake Shack or Chipotle, which aren't planning to get into any discounting war with fellow fast-food chains. There is reason to believe customers may gravitate toward the fast-casual environment, given the increased prices from fast-food companies and trade-down from more expensive casual-dining restaurants.

No matter how this new normal shakes out, the real winners will be the ones listening to the needs and wants of the customer. The pandemic may be over, but the challenges and pursuit for greatness never cease.



• TURN THE PAGE FOR



THE QSR 50 RANKINGS

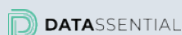
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ABOUT THE QSR 50/ The QSR 50 is an annual ranking of limited-service restaurant companies by U.S. system-wide sales. *QSR* magazine directly from restaurant companies from March to May 2024.

RANK	COMPANY	2023 U.S. SYSTEMWIDE SALES (MILLIONS)	2023 AVERAGE SALES PER UNIT (THOUSANDS)	2023 FRANCHISE/ LICENSE UNITS	2023 COMPANY UNITS	2023 TOTAL UNITS	TOTAL CHANGE IN UNITS FROM 2022
1	MCDONALD'S	\$53,135	\$4,001	12,772	685	13,457	13
2	STARBUCKS*	\$28,700	\$1,820	6,701	9,645	16,346	473
3	CHICK-FIL-A*	\$21,586	\$7,450	2,494	58	2,552	141
4	TACO BELL	\$15,000	\$2,100	6,922	483	7,405	207
5	WENDY'S	\$12,285	\$2,060	5,627	403	6,030	36
6	DUNKIN'	\$11,918	\$1,300	9,548	32	9,580	210
7	BURGER KING	\$10,957	\$1,642	6,640	138	6,778	-264
8	SUBWAY*	\$9,925	\$493	20,133	0	20,133	-443
9	CHIPOTLE	\$9,872	\$3,018	0	3,437	3,437	271
10	DOMINO'S	\$9,026	\$1,317	6,566	288	6,854	168
11	PANERA BREAD*	\$7,157	\$3,300	1,193	976	2,169	48
12	PANDA EXPRESS	\$5,885	\$2,551	172	2,248	2,420	62
13	PIZZA HUT	\$5,600	\$1,015	6,586	7	6,593	32
14	SONIC DRIVE-IN	\$5,534	\$1,600	3,195	326	3,521	-25
15	POPEYES LOUISIANA KITCHEN	\$5,511	\$1,897	3,035	41	3,076	130
16	KFC	\$5,200	\$1,386	3,745	46	3,791	-127
17	DAIRY QUEEN	\$4,968	\$1,168	4,252	2	4,254	-53
18	ARBY'S	\$4,617	\$1,400	2,316	1,097	3,413	-2
19	JACK IN THE BOX	\$4,355	\$2,032	2,043	142	2,185	5
20	PAPA JOHN'S*	\$3,846	\$1,231	2,689	531	3,220	40
21	WHATABURGER	\$3,769	\$3,962	171	826	997	72
22	RAISING CANE'S	\$3,758	\$5,690	24	703	727	81
23	WINGSTOP	\$3,482	\$1,827	1,877	49	1,926	205
24	LITTLE CAESARS*	\$3,365	\$798	3,642	575	4,217	44
25	JERSEY MIKE'S	\$3,342	\$1,300	2,665	19	2,684	287

RANK	COMPANY	2023 U.S. SYSTEMWIDE SALES (MILLIONS)	2023 AVERAGE SALES PER UNIT (THOUSANDS)	2023 FRANCHISE/ LICENSE UNITS
26	CULVER'S	\$3,000	\$3,487	937
27	FIVE GUYS**	\$2,626	\$1,811	890
28	JIMMY JOHN'S	\$2,551	\$936	2,604
29	ZAXBY'S	\$2,520	\$2,720	797
30	HARDEE'S*	\$1,981	\$1,160	1,512
31	BOJANGLES	\$1,781	\$2,269	528
32	CARL'S JR.*	\$1,546	\$1,450	1,018
33	DUTCH BROS	\$1,444	\$1,973	289
34	TROPICAL SMOOTHIE CAFÉ	\$1,253	\$980	1,371
35	IN-N-OUT BURGER*	\$1,246	\$3,130	0
36	SHAKE SHACK*	\$1,199	\$3,900	39
37	QDOBA*	\$1,154	\$1,540	587
38	FIREHOUSE SUBS	\$1,138	\$963	1,170
39	EL POLLO LOCO	\$1,050	\$2,200	172
40	MARCO'S PIZZA	\$1,041	\$943	1,101
41	McALISTER'S DELI	\$1,022	\$1,968	506
42	DEL TACO	\$974	\$1,639	421
43	FREDDY'S FROZEN CUSTARD & STEAKBURGERS	\$925	\$1,898	482
44	CHECKERS/ RALLY'S	\$883	\$1,100	546
45	CHURCH'S CHICKEN	\$803	\$1,009	633
46	AUNTIE ANNE'S	\$762	\$769	1,187
47	PAPA MURPHY'S	\$758	\$667	1,119
48	TIM HORTONS	\$751	\$1,264	642
49	MOE'S SOUTHWEST GRILL	\$731	\$1,226	606
50	SMOOTHIE KING	\$722	\$661	1,093

* Indicates a number estimated by QSR.



** Indicates a number estimated by DataSential. Chain operators were invited to share unit and systemwide sales figures, and DataSential supplemented those numbers with data from and especially the DataSential Operators platform, as well as Concept Testing and Brand Performance. Publicly available brand data from securities filings, investor research, and DataSential estimates. Where specific chain information was not available, estimates were made based on growth rates seen in the industry overall and among similar chains.

	2023 COMPANY UNITS	2023 TOTAL UNITS	TOTAL CHANGE IN UNITS FROM 2022
	7	944	52
	594	1,484	67
	40	2,644	7
	145	942	20
	195	1,707	-45
	285	813	25
	48	1,066	-2
	542	831	160
	1	1,372	174
	398	398	19
	295	334	47
	164	751	21
	39	1,209	22
	323	495	5
	43	1,144	77
	33	539	14
	171	592	1
	33	515	59
	238	784	-27
	156	789	-23
	11	1,198	19
	8	1,127	-41
	0	642	6
	6	612	-25
	59	1,152	49

its analytics platforms, including franchise disclosures also informed



▲ McDONALD'S NEW COSMC'S CONCEPT HOPES TO GAIN SHARE IN THE GROWING DRINK CATEGORY.

1 McDONALD'S

McDonald's is the biggest restaurant chain in the U.S. in terms of systemwide sales, and industry onlookers should expect that to continue in the future, with the gap possibly becoming wider. McDonald's is planning an aggressive expansion, intending to grow to 50,000 restaurants globally by 2027. This growth includes 1,000 new openings annually across the U.S. and international markets, supported by a robust investment in digital, delivery, drive-thru, and development initiatives. The company is heavily banking on its digital ecosystem, planning to increase its active loyalty users to 250 million and boost annual systemwide sales to \$45 billion through loyalty members by 2027. Additionally, McDonald's is implementing technological advancements such as "Ready On Arrival" to streamline order preparation and improve customer experience.

Last year also saw the unveiling of CosMc's, a new small-format restaurant focused on customizable beverages like specialty lemonades, teas, and cold coffees. The first location opened in Bolingbrook, Illinois, with plans for nine more by the end of 2024. CosMc's offers unique food items and classic McDonald's treats, targeting the afternoon "3 p.m. slump." This pilot will help McDonald's explore the growing \$100 billion specialty beverage market, with potential for broader expansion if successful.

In May, the chain revealed that it will invest hundreds of millions in a new digital marketing strategy, shifting focus from traditional media to grow MyMcDonald's Rewards and digital ordering. Starting in 2025, U.S. franchisees will contribute 1.2 percent of digital sales to a new digital marketing fund. This investment should increase personalized customer experiences and improve e-commerce capabilities. Also, McDonald's is expanding its outside partnerships. The fast-food giant will roll out Krispy Kreme doughnuts nationwide after a successful test in Kentucky. McDonald's will offer three varieties—Original Glazed, Chocolate Iced with Sprinkles, and Chocolate Iced Kreme Filled—available via in-store, drive-thru, and mobile app orders.

TOP: ADRIAN STOCK / FOTOMON; McDONALD'S © 2023

2 STARBUCKS

By net unit growth, Starbucks expanded by the most locations of any restaurant chain in America last year—just as it did the prior calendar. The java chain's U.S. store count has widened by 902 (473 this recent stretch) from the start of 2021 to the close of 2023. After Subway, which retracted some 7,000 restaurants since early 2016, Starbucks is easily the second-largest brand in the U.S. at 16,346 shops year-end 2023. McDonald's is next at 13,457. Given Subway slid 443 units to 20,133 in 2023, there is a path for Starbucks to become the No. 1 figure within the next few years.

However, Starbucks' growth is just one side of the story today. The other is a challenged dynamic that



pulsed in Q2 2024 with the chain's worst traffic performance (negative 7 percent) outside of the pandemic or Great Recession. Starbucks has a lot of changes underway with CEO Laxman Narasimhan at the reins, who began his tenure last March. Mainly, they center around digital engagement, like opening the app for all—not just loyalty members—while making mobile order and pay available in places outside the app; continued beverage and product innovation ("pearls" were scheduled to arrive in summer); and technology and equipment ties-ins to improve throughput and make it easier to execute inside units, such as the "Siren system," Clover Vertica machine rollout, and "Deep Brew" AI expansion. There are broader efforts in motion, too, from trying to convey value to Starbucks' "occasional customer" to shoring up the supply chain so high-demand products don't go dry. Sizable shifts to Starbucks' rewards platform are underway as well following a 4 percent decline on a sequential basis of

▲ STARBUCKS IS GROWING, BUT FACING OPERATIONAL CHALLENGES ACROSS THE U.S.

90-day active domestic members in the quarter. The 33-million member group, starting in May, began to see more exclusive in-app offers and upgrades to wait time algorithms. The decision to open it up came in July. Narasimhan also suggested there was an opportunity for Starbucks to expand dayparts, better serve peak morning demand, court families and kids, and ramp up late-night business.

A telling picture of some of the setbacks in Q2 flashed with mobile order and pay, which represented 31 percent of all transactions that quarter. The company witnessed a mid-teens percent order completion rate within the channel, meaning guests put items into their cart but decided not to hit send, "citing long wait times of product and availability."

Overall, Starbucks, while scaling bigger than ever and solidifying its footprint of the future—more drive-thrus—there's a hill to climb operationally and from a guest and value perception front, both through social media chatter in recent months and the need to reengage loyalty users.

3 CHICK-FIL-A

During the pandemic, Chick-fil-A's busy drive-thrus became a subject of social media lore of sorts. Not just how packed they were, but also the efficiency and creativity with which operators flowed cars through the line. Multiple-lane setups and employees walking through lines of cars brought the spotlight to an already industry-high standard. It evolved through check-point systems of hospitality, workers greeting and engaging with cars multiple times en route, to consistent, accurate food and customer service in line with what guests at the counter were used to receiving. In fact, per Datassential's Top 500 report, Chick-fil-A topped the firm's consumer perception rankings across all 500 brands, from fine dining to midscale sit-down concepts. At 72 percent, Chick-fil-A tied Texas Roadhouse. At 73 percent, it was the No. 1 chain for "experience," besting Ruth's Chris Steak House and Texas Roadhouse, each scoring 70 percent. These anecdotal points translated to sales in a massive fashion. Chick-fil-A continues to



grow across all fronts. In 2023, its drive-thru locations averaged \$9.275 million, up from \$8.51 million the prior year and \$8.142 million the year before that. The top store made \$19.094 million in 2023, which is more than the average sales take of a Cheesecake Factory, Outback Steakhouse, and Cracker Barrel, combined. As for broader sales, Chick-fil-A exited 2023 with total revenue and income of \$7,888,050,586. A year ago, it was \$6,373,786,108; and \$5,764,153,899 in 2021. Chick-fil-A in 2022 approached the \$19 billion mark in total systemwide sales as it closed with \$18.815 billion (a sizable year-over-year jump from \$16.674 billion the previous calendar). The brand soared past that milestone in 2023 to \$21,585,752,000.

Chick-fil-A also sped up net unit growth to 141 stores. In the past two years, it was 100 and 102, respectively.

Going forward, it's bankable Chick-fil-A will continue strengthening its core efforts while also looking toward accelerated expansion in Canada and Puerto Rico, as well as other potential markets.

4 TACO BELL

While many fast-food brands are looking to win back guests that have fallen off amid soaring costs for food away from home, is flexing its strong value muscle to attract and retain wallet-conscious guests.

U.S. systemwide sales crossed \$15 billion for the first time in 2023, with comps up 6 percent and AUVs increasing 10.5 percent to \$2.1 million. The chain managed to deliver 24 percent margins while still

leading the quick-service industry in several key performance indicators. Restaurants in low-income areas outperformed the rest of the system. The value menu—tweaked to be \$3 and under—over-indexed compared to the testing stage. Around a third of Taco Bell's sales are now flowing through digital channels, thanks to in-store kiosks that finished rolling out across the entire footprint last year alongside

a substantial lift in active loyalty members. The chain is ramping up excitement for loyalty guests this year by introducing a new product every five weeks. That's twice the rate of 2023.

The past few years have seen Taco Bell upgrade its tech stack with a new POS system and an automated inventory management tool. The pace of digital evolution isn't slowing down anytime soon. The brand recently onboarded the Yum! Commerce Platform, an omnichannel engine that is expected to increase digital order capacity tenfold. The new system also is

playing into the value proposition by accelerating viral promotions. Additionally, Taco Bell is integrating into Yum's consumer data insights system and expanding its pilot of AI voice technology in the drive-thru.

The chain netted 207 new units in the U.S. and 139 new units in international markets last year. It ended 2023 with 7,405 domestic and 1,159 international restaurants for a total of 8,564.

5 WENDY'S

Wendy's has seen huge steps in its digital and drive-thru operations. A \$100 million plan was unveiled to build its breakfast and digital business, which should boost customer engagement through product innovation and value offers. Additionally, Wendy's is piloting drive-thru automation using AI technology to improve service levels and accuracy.

Leadership changes have also been made, with Kirk Tanner from Pepsi being appointed CEO. In May, the chain named Abigail Pringle president, U.S., and E.J. Wunsch president, International. Pringle, who joined Wendy's in 2002, previously served as president, international and chief development officer. Wunsch, who joined in 2016, was chief legal officer and has extensive international experience. Tanner believes these dedicated roles will drive growth in sales, digital initiatives, and new restaurant development.

However, Wendy's faced challenges with its dynamic pricing strategy, which led to negative media reactions and a subsequent need for damage control. The company clarified that its pricing model was not equivalent to surge pricing. Another big goal for the company is accelerating global unit expansion. The chain wants to achieve over 2 percent growth in 2024 and 3-4 percent in 2025. Franchisees are incentivized to open new stores due to better returns compared to older restaurants. The cost to build a Global Next Gen prototype is \$1.9 million, similar to the cost eight years ago. Wendy's build-to-suit program offers a leveraged

WENDY'S HAS SPENT 2024 RESHAPING ITS LEADERSHIP TEAM.



KIRK TANNER



ABIGAIL PRINGLE



E.J. WUNSCH



TACO BELL



WENDY'S

return in about 3.5 years. Approximately 70 percent of Wendy's future growth is anticipated to occur outside the U.S., with a particular focus on the U.K. The brand hopes to expand to 45-50 units in the market by the end of 2024, with a long-term goal of reaching 400 stores in the region.

6 DUNKIN'

Dunkin' is officially back on a steady growth trail after retracting by a net 547 units in 2020—a number heavily influenced by the closure of 450 Speedway stores. Since being acquired by Inspire Brands, along with Baskin-Robbins, for \$11.3 billion at the end of 2020, the brand has scaled by 161, 126, and 210 locations, respectively. Dunkin's average-unit volumes also climbed to \$1.3 million last year, up from \$1.2 million, and the brand has asset evolution on the mind, as well as continued international whitespace (there are roughly more units in Saudi Arabia than there are west of the Mississippi). Inspire, which also owns Sonic Drive-In, Jimmy John's, Arby's, and Buffalo Wild Wings, recently unveiled a "Universal Modular" design that could be fitted to any of its brands. It's built off-site and stood up quickly and at a better ROI than traditional boxes. Additionally, the company is exploring co-location opportunities that can capture transactions with shared resources, such as cross-trained staff and equipment. There's a Dunkin'-Jimmy John's combo on Georgia Tech's campus in Atlanta, for instance. Another vision of what's potentially ahead is a Dunkin'-Buffalo Wild Wings GO (the counter-service iteration of the sports-bar chain) side-by-side operation debuted by a franchisee in Florida. The operator was a legacy Dunkin' franchisee who decided to sign up with Buffalo Wild Wings and took advantage of a lease ending next door to his Dunkin'. As it has been for years, Dunkin' also remains ahead of the pack with modern builds, including a 1,000-square-foot or so drive-thru-only concept that features multiple lanes, of which one serves order-ahead app business. They can be outfitted with a walk-up window as well. All told, Dunkin's innovation DNA remains a physical and product strength.



DUNKIN'

7 BURGER KING

Burger King has been actively transforming its operations and strategy to regain market prominence. The chain has focused on remodeling and franchising efforts, notably through the acquisition of its largest fran-



BURGER KING



▲ BURGER KING'S 'RECLAIM THE FLAME' PLAN IS WINNING BACK CUSTOMERS.

chisee, Carrols Restaurant Group, for \$1 billion. This transaction intends to remodel 600 stores and rebrand them to smaller, local operators to improve performance and community connection. This shift is part of a broader strategy to modernize U.S. restaurants and lift franchisee profitability.

The remodels play into Burger King's new "Sizzle" prototype restaurant design, which focuses on a modern, efficient guest experience with kiosks, double-lane drive-thrus, and optimized kitchen layouts. The \$400 million "Reclaim the Flame" initiative wants to refresh existing locations and encourage franchisees to adopt the Sizzle design, which is expected to become the standard for new builds and remodels. The plan emphasizes digital ordering capabilities and streamlined operations to increase customer satisfaction and operational efficiency. In April, Burger King announced it will invest an additional \$300 million in its modernization plan to update 85-90 percent of U.S. locations by 2028. The brand's strategy includes remodeling existing structures, converting single drive-thrus to double lanes, and introducing advanced kitchen equipment to boost sales and traffic.

Most importantly for Burger King, franchisee

EBITDA is growing. Average profitability per restaurant increased nearly 50 percent in 2023, from \$140,000 to over \$205,000. The near-term goal is to reach \$300,000 per store.

8

SUBWAY

The biggest industry M&A blockbuster in some time closed in April with Subway's sale to Roark Capital, a firm that backs giants Inspire Brands and GoTo Foods. Reports put the deal at about \$9.6 billion—the largest

transaction since Inspire's \$11.3 billion acquisition of Dunkin' and Baskin-Robbins. What's to come for Subway under Roark's direction remains a story in flux. But the chain did join on a hot streak. Last year, according to Subway, it experienced positive global net growth for the first time since 2016, mostly thanks to international expansion. Although Subway's U.S. count has shed about 7,000 ven-

ues since that time, it is headed in the right direction. The brand closed a net of 1,043 shops in 2021, 571 in 2022, and 443 in 2023. Even so, there are about 37,000 Subways through more than 100 countries. Globally, it's the third-largest concept behind McDonald's and Starbucks. The chain inked roughly 15 major franchise deals over the last couple of years, resulting in over 9,000 restaurant commitments spanning Europe, the Middle East, Africa, Asia Pacific, Latin America, and the Caribbean.

As it has for years, Subway's update to a contemporary "Fresh Forward" image anchors progress. More than 18,000 units worldwide were revamped as of February, including 12,000-plus in North America. A record 4,000 remodels finished in the region last year. Subway's global same-store sales hiked 6.4 percent in 2023, year-over-year, including 5.9 percent in North America, with the top 75 percent (a whopping 17,000 restaurants) up 10.1 percent.

Subway also said it exited 2023 with 12 straight quarters of positive comps. Global and North America digital sales lifted double-digits thanks to Subway MVP Rewards improvements and menu innovation. Subway Sidekick desserts were recently introduced as well as a fresh lineup of signature wraps on a new lavash-style flatbread.

Subway has also begun to welcome well-funded franchisees with multiple brands to join its network, allowing them to acquire stores from existing franchisees and expand into profitable markets. This



CHIPOTLE IS WILLING TO TRY MULTIPLE INITIATIVES TO IMPROVE EFFICIENCY.



9

CHIPOTLE

Chipotle has undertaken several initiatives to develop its operations and expand its reach. The fast casual

marked its first new country entry in a decade by opening a restaurant in Kuwait. This expansion is part of a partnership with Alshaya Group, which plans to open additional locations in Dubai and other parts of the Middle East. To support innovation and growth, Chipotle doubled its venture fund to \$100 million. This fund wishes to invest in areas such as supply chain improvements, agriculture, restaurant innovation, and automation. Notably, the brand has been testing a robotic digital makeline and the "Autocado," a robot designed to streamline avocado processing.

On the workforce front, Chipotle introduced new benefits tailored to its predominantly Gen Z employ-



ees. These benefits include a student loan retirement match program and access to a high-tech Visa card for credit building. The company also launched a hiring campaign, looking to add 19,000 employees in preparation for its busiest season. Additionally, Chipotle appointed Ilene Eskenazi as the new chief human resources officer to drive these initiatives. The company also grappled with the effects of California's minimum wage hike, raising menu prices at several locations to offset increased labor costs.

One big move was the announcement of a 50-for-one stock split to make its shares more accessible to a

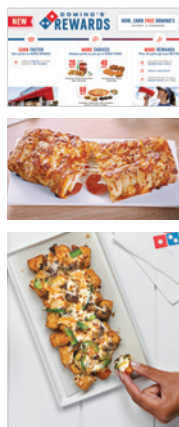
broader range of investors. Another was the closure of its virtual brand, Farmesa, to refocus on core business operations. Farmesa, which operated out of a ghost kitchen, was shut down after Kitchen United shuttered its Santa Monica location.

10 DOMINO'S

Domino's has focused on several key strategies and initiatives to drive growth and upgrade its market presence. In late 2023, the pizza company released its "Hungry for More" plan covering food, operational improvements, better value, and enhanced profitability for franchisees. The framework looks to capture \$7 billion in incremental sales in the next five years and reaching close to 50,000 restaurants globally in the longer term. The strategy includes increasing annual global retail sales growth to 7 percent from 2024-2028 and boosting net unit growth to 1,100 stores per year. Domino's projects that it will reach over 7,700 U.S. locations and 18,500 international stores by 2028. The company also plans to boost franchisee profitability, targeting 8 percent annual operating income growth.

To provide greater value for customers, Domino's signed a global deal with Uber Eats and Postmates to offer third-party delivery. The partnership aims to address delivery challenges and attract new custom-

DOMINO'S FOCUS ON LOYALTY AND MENU IS LEADING TO BETTER SALES.



ers. Domino's drivers handle deliveries and customers can still use the Domino's Tracker through the Uber Eats app. The deal marks a strategic shift for Domino's, which had previously resisted third-party delivery services. Additionally in 2023, Domino's launched a revamped loyalty program offering more opportunities for customers to earn and redeem points. The chain also introduced new menu items, including Pepperoni Stuffed Cheesy Bread and Loaded Tots, marking a notable step in innovation.

Domino's franchisees are seeing financial gains, with average EBITDA per unit rising from \$139,000 in 2022 to \$162,000 in 2023, and targeting over \$170,000 in 2024. The company emphasized franchisee success by adding over 60 new U.S. operators in 2023, the highest in 15 years, and maintaining a strong pipeline of future restaurateurs.

11 PANERA

Panera is focusing on corporate restructuring, financial maneuvers, and innovative partnerships as it prepares to go public. Panera Brands, which includes Panera Bread, Caribou Coffee, and Einstein Bros. Bagels, confidentially filed for an IPO, targeting a public market debut in 2024. This move is part of a broader strategy to improve its financial performance and market position. In preparation for the IPO, Panera undertook substantial corporate restructuring, including laying off 17 percent of its corporate staff.

This reduction aimed to streamline operations and improve efficiency. Additionally, the leadership team saw significant changes, with Paul Carbone appointed as CFO, bringing extensive experience from his tenure at Dunkin' Brands, and former Krispy Kreme CEO Michael Tattersfield being named new chairman.

Earlier this year, Panera launched its largest menu update in history, introducing nine new items and enhancing 12 existing favorites. The revamped menu features soups, salads, sandwiches, and mac and cheese with larger protein portions and lower prices. New items include the Tomato Basil BLT and Ranch Cobb Salad, all priced under \$10. The changes should simplify operations and improve customer experience by focusing on core offerings. Panera



PAUL CARBONE



MICHAEL TATTERSFIELD



PANERA

will also offer exclusive previews to MyPanera members before the public launch.



DOMINO'S

The fast casual also cut Charged Lemonades, which are the target of multiple lawsuits involving the death of customers. Low-sugar and low-caffeine drinks will replace the beverages.

12 PANDA EXPRESS

Panda Express has focused on partnerships, product innovations, and community initiatives. The brand collaborated with NRG, a major gaming company, to integrate its offerings with the popular game Rocket League, emphasizing the social nature of both gaming and dining. It also partnered with "Hot Ones" to launch a new limited-time dish, Blazing Bourbon Chicken.



The fast casual reintroduced its popular Firecracker Shrimp for a limited time and celebrated with special culinary dinners in Los Angeles and New York. Additionally, it launched Chili Crisp Shrimp, a new entrée inspired by Sichuan cuisine, offering a blend of spicy and crunchy flavors. A major milestone was the introduction of the Apple Pie Roll, the first dessert item in the company's history, celebrating its 40th anniversary.

13 PIZZA HUT

Pizza Hut's U.S. division added a \$7 Deal Lover's menu to win over price-conscious customers last year. It also extended operating hours to attract more late-night traffic. In 2022, it made itself available on third-party delivery platforms, brought back the fan-favorite Big New Yorker Pizza, and launched a line of handheld sandwiches designed for individual meal occasions.

Those menu innovations and efforts to expand access to guests have helped the needle on a quarterly basis. Still, domestic system sales haven't grown much year-over-year coming out of the pandemic. Pizza Hut's U.S. division earned \$5.6 billion in 2023, a slight uptick from \$5.5 billion in 2022 and 2021 and \$5.4 billion in 2020. The international division has fared better. System sales increased 6 percent and 8 percent in 2023 and 2022, respectively. Meanwhile, the development engine has been gaining steam. Pizza Hut is fast approaching 20,000 units around the world. Globally, it grossed almost 1,600 new stores in 2023—a new record for the company. Seventy-three markets contributed to brand development, including 900-plus locations across China, India, Turkey, Japan, and Canada. Stateside, the company netted 32 units, pushing its domestic footprint to 6,593 restaurants.



▲ PIZZA HUT IS TRYING TO PUSH SALES WITH INNOVATION AND VALUE PROMOTIONS.

Pizza Hut kicked off a wide-ranging digital transformation five years ago when parent company Yum! Brands started deploying a suite of new tools across all of its businesses—everything from enhanced loyalty and POS systems to automated inventory and delivery sequencing platforms. Now, it is entering a second chapter aimed at leveraging the immense data assets generated from those tools. Pizza Hut recently integrated into a new U.S. cross-brand customer data platform that paves the way for personalization opportunities on digital channels. It also is tapping into the Yum! Global Data Hub, which captures a majority of global transaction-level sales data plus other operational and guest metrics.

14 SONIC DRIVE-IN

Sonic's U.S. unit count slid 25 stores last year after retracting by six the prior calendar. The year before that, it grew 26 and was riding a two-year same-store sales bump of 25.8 percent as its "car picnic" strength fit the landscape. The brand has settled into a more "normal" operating environment since, yet continues to refine

its approach. Owner Inspire Brands shared a blueprint earlier in the year where a site that would have only housed a Sonic before could be rethought to include a Jimmy John's on the same parcel of land. Inspire also opened a Sonic without seating last year in Cornelia, Georgia,



▼ SONIC HAS REACHED NORMAL OPERATING ENVIRONMENTS, BUT CONTINUES TO REFINE ITS APPROACH.

which represented both the brand's first drive-thru-only build and Inspire's debut Universal Modular.

Following a November organizational realignment that focused Inspire's business on three key segments—brands, commercial and company restaurants, and growth—Sonic is now overseen by chief brand officer Scott Murphy, who previously served as head of beverage & snacking and Dunkin's president. Murphy directs all of Inspire's chains—a move that company said would maintain each brand's distinctive positioning, but also facilitate better coordination among the concepts and the company's overall shared services platform. Jim Taylor, the brand president of Sonic who came over from Arby's, reports to Murphy.



Of course, through these adjustments, Sonic's menu cadence is as vibrant as ever, from Black Slush Floats (in honor of the solar eclipse) to Groovy Fries (the first fries update in more than 10 years, featuring a Groovy Sauce), to pulled pork items that hit stores in January.

15 POPEYES

Popeyes has focused on monumental growth and changes.

RBI, the parent company of Popeyes, set a target to open 800 new locations across the U.S. and Canada by 2028, increasing the total store count from 3,400 to over 4,200. This expansion strategy also includes entering new international markets such as Italy. These efforts hope to bolster the brand's global footprint, which has already seen considerable growth, with Popeyes now present in nearly 40 markets worldwide. Financially, despite some setbacks like the bankruptcy of a 17-unit franchisee, Popeyes has demonstrated strong performance. The chain has experienced consistent positive same-store sales growth, supported by successful product launches and promotions, including the reintroduction of Ghost Pepper Wings. Popeyes hopes to increase average franchisee profitability to \$300,000 per unit by 2025, up from \$245,000 in 2023.

Menu innovation continues to play a crucial role, with the permanent addition of wings and market-



▲ POPEYES IS NOW LED BY JEFF KLEIN, WHO JOINED THE TEAM TWO YEARS AGO.

▼ KFC WILL LOOK TO ITS INTERNATIONAL BUSINESS TO HELP BOOST THE U.S. SEGMENT.



ing efforts like the brand's first Super Bowl ad, which have boosted customer engagement and visibility. Operationally, Popeyes is implementing a multi-year plan known as "Easy to Love," directed at simplifying operations for franchisees and employees, enhancing guest satisfaction, and optimizing kitchen processes. This plan includes adopting best practices from international markets and focusing on modern and convenient restaurant designs.

Additionally, RBI appointed Jeff Klein as president of Popeyes U.S. and Canada, succeeding Sami Sid-diqui. Klein, who joined Popeyes as CMO two years ago, brings 25 years of marketing and consumer insights experience. Previously, he was CMO for Little Caesars Pizza and held senior marketing roles at PepsiCo, including SVP and CMO for PepsiCo Foodservice.

16 KFC

Choppy consumer demand and growing competition in a crowded category are taking a bite out of KFC's domestic business. The chain has pulled a few different levers to attract guests, leaning deeper into value promotions, rolling out a steady stream of new menu items, and introducing its first-ever rewards program. But traffic remains a challenge.

"The KFC brand in the U.S. has been struggling," Yum! Brands CEO David Gibbs said during the company's Q1 earnings recap this spring, hinting at work that's going on behind the scenes to "boldly reset the brand." He didn't offer details on what that work looks like but said the playbook takes a cue from the brand's international division.



While KFC has been losing share in the U.S. and shrinking its domestic footprint, a completely different story is playing out overseas, where the brand's strength is hard to match. Internationally, comps lifted 9 percent in 2023, while the U.S. rose 2 percent. System sales hiked 14 and 2 percent, respectively. The company opened a record high of 2,267 new stores across 96 countries in 2023. That put its total footprint outside of the U.S. at 26,109 stores. More than 80 percent of that came from 15 publicly traded franchisees. Among those was Yum! China, which crossed 10,000 KFC stores in Q4, with nearly 40 percent of them built in the past three years. The company kicked off 2024 by crossing the 30,000-unit threshold with an opening in Rome, Italy. Long-term, KFC sees an opportunity to reach 50,000 worldwide.

The company had 3,971 domestic stores at the end of 2023. After seeing U.S. net positive growth in 2021 for the first time in 17 years, it shuttered a net of 162 restaurants combined in 2022 and 2023.

17 DAIRY QUEEN

Dairy Queen's global footprint collected record-breaking sales for four years, culminating in \$6.37 billion in 2023 (worldwide). There are now 7,500 restaurants in 20 countries for the Minneapolis-based concept. While Dairy Queen's unit count declined by 32 in the U.S. last year, system sales bumped from \$4.579 billion to \$4.968 billion—a reflection of newer, more modern facilities that provide franchisees the opportunity to more efficiently process additional transactions. The chain, whose vast majority of stores in the U.S. and Canada serve full hot food and treat menus (chicken strips, burgers, fries/onion rings, and treats), closed 2023 with AUVs of \$1.168 million, up from \$1.063 million the year before.

In April, Dairy Queen made two key hires. It tapped Jane Friedrich as EVP, research and development, where she'll set the strategic vision and lead a team to R&D ingredients and menu items, while overseeing food safety, quality, and regulatory standards. She arrived from Cargill, where she spent more than 20 years. The company also brought in Gregg Benvenuto as vice president of franchise development in the U.S. and Canada. His resume includes stops at Dine Brands, Papa Murphy's, and The Coffee Bean and Tea Leaf, as well as time as a franchise business consultant at Yum! Brands.



JANE FRIEDRICH



GREGG BENVENUTO

DAIRY QUEEN / BUSINESS WIRE (2)



▲ ARBY'S HAS PUSHED OUT UNIQUE MARKETING PROMOS.

18 ARBY'S

The brand that started Inspire (Arby's Restaurant Group acquired Buffalo Wild Wings in February 2018 to kick things off) had held steady in recent years. It expanded by six units in 2022 before retracting by two this past year. And Arby's average-unit volumes climbed to \$1.4 million from \$1.3 million during that span. There have been some offbeat marketing activations of late, too, including a Horsey Sauce inspired by Beyoncé and merchandise celebrating the release of "GOOD BURGER 2."

19 JACK IN THE BOX

Jack in the Box opened 20 new restaurants and closed 15 in its fiscal 2023, marking its first positive net new unit growth since 2019. It signed 123 new store commitments last year and entered 2024 with around 80 locations in the design, permitting, and construction phases.

Getting the development flywheel going again has been a key priority for the San Diego-based burger chain since 2021, when it relaunched a franchise development program after a decade-long hiatus. Now, it has its sights set on reaching 2.5 percent annual unit expansion by 2027. Folding in growth projections for sister brand Del Taco, the company anticipates opening at least 90 new stores per year by then. Longer term, it thinks there's enough whitespace across the country for Jack in the Box to reach 5,750 restaurants. In 2024 and beyond, the company hopes leveraging high sales, improving restaurant-level economics, and strengthening development capabilities will drive a \$2.5 million AUV, a 20 percent digital sales mix and \$1 billion on a dollar basis, a 15 percent four-wall franchise EBITDA, and less than a five-year payback.

▼ JACK IN THE BOX WANTS TO REACH 2.5 PERCENT ANNUAL UNIT GROWTH BY 2027.



JACK IN THE BOX



20 PAPA JOHNS

The biggest news out of the pizza chain in recent months arrived when CEO Rob Lynch left the company in March to take the reins at Shake Shack. CFO and former Nike executive Ravi Thanawala stepped into the interim post. Lynch, a former Arby's president, joined Papa John's in August 2019 and guided it through some turbulent times, first emerging from controversy tied to its founder and then working through a COVID stretch that initially provided tailwinds (thanks to off-premises growth) and then hurdles in the form of labor challenges and softness in consumer spending habits. More recently, Thanawala shared with investors third-party delivery—a space Papa John's got into before much of its competitive set in 2019—was performing well, representing 16 percent of sales in Q1 2024 compared to 12 percent a year ago. However, lower-income guests caused a notable decline in first-party delivery and a flattish result in carryout sales. In all, it totaled a 2 percent drop in North America same-store sales. Lower traffic and consumer check management carried over into Q2 as well.

Going back a few months, Papa John's introduced a "Back to Better 2.0" plan designed to refine its business and stimulate growth. Central to this is a 20 percent increase in contributions from domestic franchisees to the national marketing fund. Thus far, it's involved a new "Better Get You Some" platform that showcases Papa John's ingredients and a "universal love for pizza." The campaign features dynamic visuals, a new soundtrack, and a hip-hop-themed multimedia experience created with Grammy-winning artist Big Boi and



▲ RAVI THANAWALA IS SERVING AS PAPA JOHN'S' INTERIM CEO AFTER THE DEPARTURE OF ROB LYNCH.

director Dave Meyers, along with the Martin Agency.

Papa John's lifted its U.S. store count by 20 units in 2023 and expects the entire North American view (Canada included) to pace 20 percent net growth this year, and for the company to open a gross of 100–140 new stores in other parts of the world. Part of the "Back to Better" positioning also included the reveal of Papa John's largest development incentive in company history. It noted it would "deliver significantly higher restaurant-level EBITDA margins during the first five years of operations through a waiver of national marketing fund contributions."

21 WHATABURGER

Whataburger has been on a growth spurt lately, moving into various markets well beyond its Texas origins, where the bulk of its restaurants are located. It netted 72 restaurants last year, pushing into several new states and crossing the 1,000-unit threshold. That represented a nearly 40 percent year-over-year increase in new store openings. The system remains largely company-owned. Franchised locations account for around 17 percent of the total footprint.

The burger chain earned \$3.78 billion in system-wide sales in 2023, up 13 percent from \$3.34 billion in 2022. AUVs increased 6 percent to \$3.962 million.

Whataburger's menu and store design are evolving alongside its geographic reach. It has expanded its offers with items like boneless wings and cold coffee lately. It also debuted its first Digital Kitchen unit last fall. The prototype is similar to a standard restaurant at roughly 2,300 square feet, but it is exclusively off-premises and features a mobile order lane instead of a traditional drive-thru. It is completely cashless and solely relies on customers using the website, app, or outdoor self-service kiosks to order meals. Guests also have the option to pick up food through exterior, weather-resistant food lockers instead of the mobile order lane.



22

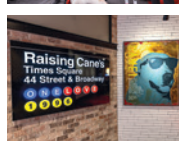
RAISING CANE'S

Raising Cane's remains one of the industry's fastest risers.

Just from a store-count perspective, it lifted by 79 in 2022 and 81 last year. And its \$5.69 million AUV (higher than last year's \$5.44 million) was behind only Chick-fil-A among the entire QSR 50. That was true in 2022 as well. But it's the wider picture that presents the most allure. Co-CEO AJ Kumaran told QSR earlier in the year the brand expected to eclipse \$6 million per unit in 2024 and debut 90-plus locations. A New York City flagship that opened in Times Square was pacing north of \$20 million for year 1. As of May, Raising Cane's had put down an eye-popping 62 straight quarters of positive comps, or some 15 and half years. That AUV figure more than doubled since 2015. In Q1 2024, same-store sales hiked 15.1 percent, driven by an 11.4 percent rise in guest counts during a time when (very) few restaurant chains expanded on any line other than price. Also, there were more than 350 locations in the pipeline.

In other terms, Raising Cane's rapid ascension has no downturn in sight. The chain increased the number of employees per store to more than 100 and planned to promote over 2,000 crew members this year alone. Hourly managers are earning at least \$18 per hour and Raising Cane's continues to emphasize development pathways—like its Restaurant Partner Program where managers can become operators—to strengthen the system from the inside out as it supports that robust development.

RAISING CANE'S AUV HAS MORE THAN DOUBLED SINCE 2015.



23

LITTLE CAESARS

Little Caesars spent the past few years plotting aggressive franchise growth, ramping up the rate of new store commitments by targeting multi-unit deals with operators in specific markets. At the same time, it focused



on speeding up development, adapting its carryout-focused model with digital and delivery options, and diversifying its asset mix with drive-thrus and nontraditional units.

Those efforts are starting to pay off. Little Caesars is back in expansion mode after seeing its U.S. footprint shrink coming out of the pandemic. The pizza chain shed nearly 100 locations between 2019 and 2022. It returned to net unit growth in 2023, adding 44 locations and ending the year with 4,217 restaurants. Now, it projects to open upwards of 90 franchised stores this year. A new POD program could pour some fuel into the growth engine. The company late last year added a modular unit to its prototype portfolio. The prefabricated buildings are constructed in Las Vegas and transported to their final location by a semi-truck. Since manufacturing and site work occur simultaneously, projects can be completed in up to half the time as traditional construction.

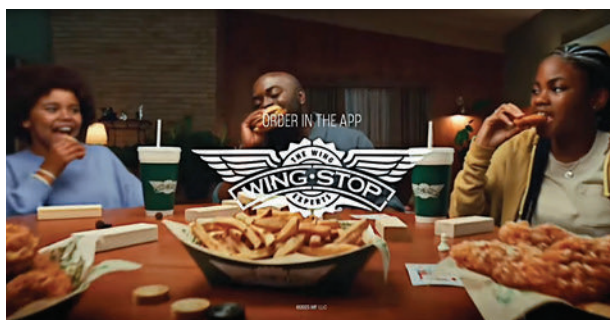
24

WINGSTOP

Wingstop has shown remarkable growth and developments in expansion and financial performance. The chain achieved a milestone by opening its 2,000th global restaurant in Pittsburgh. The fast casual aims to grow to over 7,000 restaurants worldwide, with a substantial increase in both domestic and international locations. The chain raised its 2024 outlook to a net of 275 to 295 net new restaurants,

up from approximately 270. That implies a unit growth rate well past the chain's target of 10-plus percent. New markets Canada, Puerto Rico, and South Korea are achieving record sales weeks.

Wingstop has demonstrated impressive financial gains. In the first quarter of 2024, same-store sales surged by 21.6 percent, driven primarily by transactions. This growth is underpinned by a successful customer acquisition strategy that attracts higher-income Gen Z and millennial customers, many of whom are new to the brand. Wingstop's AUV reached over \$1.9 million, and the company reported a 37 percent increase in systemwide sales during the first quarter. The wing company keeps building brand awareness in the quick-service segment by placing advertisements during major live sports events, like the NFL and NBA playoffs.



▲ WINGSTOP IS NEARING \$2 MILLION IN SYSTEMWIDE AUV.

A big driver of Wingstop's success has been its investment in technology. The chain dropped \$50 million on developing a proprietary digital platform, MyWingstop, which enhances personalized customer interactions and addresses retention and frequency of visits. Additionally, Wingstop has leveraged digital ordering channels, which accounted for a record 68 percent of total orders in Q1 2024. The brand's digital database has expanded to over 40 million users, facilitating targeted marketing and customer engagement.

THE QSR 50 BY SEGMENTS/

RANK	QSR 50 RANK	COMPANY	2023 U.S. SYSTEMWIDE SALES (MILLIONS)
BURGER SEGMENT			
1	1	MCDONALD'S	\$53,135
2	5	WENDY'S	\$12,285
3	7	BURGER KING	\$10,957
4	14	SONIC DRIVE-IN	\$5,534
5	17	DAIRY QUEEN	\$4,968
6	19	JACK IN THE BOX	\$4,355
7	21	WHATABURGER	\$3,769
8	26	CULVER'S	\$3,000
9	27	FIVE GUYS**	\$2,626
10	30	HARDEE'S*	\$1,981
11	32	CARL'S JR.*	\$1,546
12	35	IN-N-OUT BURGER*	\$1,246
13	36	SHAKE SHACK*	\$1,199
14	43	FREDDY'S FROZEN CUSTARD & STEAKBURGERS	\$925
15	44	CHECKERS/RALLY'S	\$883
SNACK SEGMENT			
1	2	STARBUCKS*	\$28,700
2	6	DUNKIN'	\$11,918
3	33	DUTCH BROS	\$1,444
4	34	TROPICAL SMOOTHIE CAFÉ	\$1,253
5	46	AUNTIE ANNE'S	\$762
6	48	TIM HORTONS	\$751
7	50	SMOOTHIE KING	\$722
CHICKEN SEGMENT			
1	3	CHICK-FIL-A*	\$21,586
2	15	POPEYES LOUISIANA KITCHEN	\$5,511
3	16	KFC	\$5,200
4	22	RAISING CANE'S	\$3,758
5	23	WINGSTOP	\$3,482
6	29	ZAXBY'S	\$2,520
7	31	BOJANGLES	\$1,781
8	39	EL POLLO LOCO	\$1,050
9	45	CHURCH'S CHICKEN	\$803
GLOBAL SEGMENT			
1	4	TACO BELL	\$15,000
2	9	CHIPOTLE	\$9,872
3	12	PANDA EXPRESS	\$5,885
4	37	QDOBA*	\$1,154
5	42	DEL TACO	\$974
6	49	MOE'S SOUTHWEST GRILL	\$731
SANDWICH SEGMENT			
1	8	SUBWAY*	\$9,925
2	11	PANERA BREAD*	\$7,157
3	18	ARBY'S	\$4,617
4	25	JERSEY MIKE'S	\$3,342
5	28	JIMMY JOHN'S	\$2,551
6	38	FIREHOUSE SUBS	\$1,138
7	41	McALISTER'S DELI	\$1,022
PIZZA SEGMENT			
1	10	DOMINO'S	\$9,026
2	13	PIZZA HUT	\$5,600
3	20	PAPA JOHN'S*	\$3,846
4	24	LITTLE CAESARS*	\$3,365
5	40	MARCO'S PIZZA	\$1,041
6	47	PAPA MURPHY'S	\$758

* Indicates a number estimated by QSR.

** Indicates a number estimated by Datassential.

2023 AVERAGE SALES PER UNIT (THOUSANDS)	2023 FRANCHISE/ LICENSE UNITS	2023 COMPANY UNITS	2023 TOTAL UNITS	TOTAL CHANGE IN UNITS FROM 2022
\$4,001	12,772	685	13,457	13
\$2,060	5,627	403	6,030	36
\$1,642	6,640	138	6,778	-264
\$1,600	3,195	326	3,521	-25
\$1,168	4,252	2	4,254	-53
\$2,032	2,043	142	2,185	5
\$3,962	171	826	997	72
\$3,487	937	7	944	52
\$1,811	890	594	1,484	67
\$1,160	1,512	195	1,707	-45
\$1,450	1,018	48	1,066	-2
\$3,130	0	398	398	19
\$3,900	39	295	334	47
\$1,898	482	33	515	59
\$1,100	546	238	784	-27
\$1,820	6,701	9,645	16,346	473
\$1,300	9,548	32	9,580	210
\$1,973	289	542	831	160
\$980	1,371	1	1,372	174
\$769	1,187	11	1,198	19
\$1,264	642	0	642	6
\$661	1,093	59	1,152	49
\$7,450	2,494	58	2,552	141
\$1,897	3,035	41	3,076	130
\$1,386	3,745	46	3,791	-127
\$5,690	24	703	727	81
\$1,827	1,877	49	1,926	205
\$2,720	797	145	942	20
\$2,269	528	285	813	25
\$2,200	172	323	495	5
\$1,009	633	156	789	-23
\$2,100	6,922	483	7,405	207
\$3,018	0	3,437	3,437	271
\$2,551	172	2,248	2,420	62
\$1,540	587	164	751	21
\$1,639	421	171	592	1
\$1,226	606	6	612	-25
\$493	20,133	0	20,133	-443
\$3,300	1,193	976	2,169	48
\$1,400	2,316	1,097	3,413	-2
\$1,300	2,665	19	2,684	287
\$936	2,604	40	2,644	7
\$963	1,170	39	1,209	22
\$1,968	506	33	539	14
\$1,317	6,566	288	6,854	168
\$1,015	6,586	7	6,593	32
\$1,231	2,689	531	3,220	40
\$798	3,642	575	4,217	44
\$943	1,101	43	1,144	77
\$667	1,119	8	1,127	-41

25

JERSEY MIKE'S

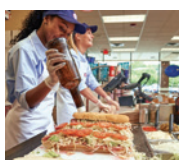
Earlier in 2023, Jersey Mike's laid some long-term targets on the table. The goal for 2024 was to open 350 locations (it expanded by 287 in 2023). A similar figure would be on deck for the following year. But, come 2026, the sandwich chain believes it can lift that to 400 or 450 openings before settling into a cadence of 13–15 percent annual growth. That would represent roughly 10–15 debuts per week, or 5,000-plus total domestic locations within five years. Ultimately, Jersey Mikes sees 10,000 units on the horizon.

What makes Jersey Mike's blueprint worth tracking is the brand has a history of honoring its aspirations. In the fall of 2021, the brand projected it would open 250 restaurants. It brought 246 to market. CEO Peter Cancro noted then the ensuing goal would be to reach 300 net openings in 2022. Jersey Mike's posted 297, which was more like 308, he explained, when you consider relocations and semantics of development. In the past six years, Jersey Mike's has expanded by 1,342 locations.

Arguably, equally, if not more, impressive during this run have been store-level results. Jersey Mike's AUV in 2019 was \$824,000. It exited 2023 at \$1.3 million—well ahead of much of the sandwich field.

A *Wall Street Journal* report surfaced in April of a potential \$8 billion sale to Blackstone, a private equity giant that eventually bought Tropical Smoothie for \$2 billion later the same month. Nothing materialized and the brand said it wasn't looking to sell. For now, it simply remains the fastest-growing sandwich chain in America, and one that hit a milestone last year when it opened in Alaska, its 50th state. California hosts the most Jersey Mike's restaurants, followed by Florida, Texas, North Carolina, and home state New Jersey.

JERSEY MIKE'S
WANTS TO REACH
400 OR 450 OPENINGS
IN 2026.



26

CULVER'S

Few fast-food chains are expanding as consistently as Culver's, which remains family-owned and operated alongside an investment from Inspire Brands, Subway, and GoTo Foods backer Roark Capital. The brand lifted by a net of 52 locations in 2023 and is fast approaching a four-figure unit count. It exited the year with 944 restaurants, the vast majority of which are franchised.

Culver's opened 50 stores in 2019 and 2020, respectively, and followed with 55 net openings apiece in 2021 and 2022. That means it has added 262 locations since 2019. Sales have followed a similar trajectory. The chain's AUV clocked in at \$3.487 million in 2023, a material rise from 2022, when it was \$3.28 million, and 2021, when it was \$3.099 million. The chain's AUV was \$2.624 million in 2020 and \$2.453 million in 2019. In short, it emerged from the pandemic making roughly \$1 million-plus more per location than it did going in. The Wisconsin-based burger chain is projected to add

CULVER'S
HAS ADDED
262 UNITS
SINCE 2019.



another 51 units this year, with 60 franchise agreements signed and outlets still waiting to be opened. If that happens, it could cross into 2025 with 995 restaurants.

27

JIMMY JOHN'S

In early 2024, Inspire Brands announced plans to take Jimmy John's global with two franchise deals. The pair of agreements marked the first time Inspire had brought a brand international (it inherited overseas business but hadn't launched there). Jimmy John's now plans to grow in Canada and Latin America. The former will be with Foodtas-



tic, a franchisor that oversees north of 1,100 locations through a collection of concepts, including Freshii and Pita Pit. The Latin America deal was with Franquicias Internacionales, a group based in El Salvador whose portfolio runs from F&B to digital media and logistics. It's unclear how many Jimmy John's will open in either. However, Inspire noted the news was part of a broader global expansion approach that would "usher in a new way for international guests to enjoy [Jimmy John's] iconic menu ..."

A year after retracting by 25 stores in the U.S., Jimmy John's expanded by a net seven in 2023. It's also seen AUVs rise from \$866,000 to \$936,000 during that two-year period. The chain's menu innovation in recent months included a Firecracker Wrap with new custom-made Firecracker Jimmy Chips dusted with red, ghost pepper flavor, and a Red Velvet Brownie.

28

ZAXBY'S

Zaxby's has expanded geographically, with developments in the Midwest and Dallas markets. New franchise owner Manish Malhotra is opening locations in Indiana and Kentucky, contributing to Zaxby's surpassing 930 locations. In Dallas, the SIGWELL GROUP, led by Jade Sigler and her family, is bringing the fast casual to this growing market. Additionally, the chain announced its first entry into Phoenix, marking its 21st state.

The company has also made moves to enhance its market presence and product offerings. The brand collaborated with YouTube star MrBeast to launch the MrBeast Box, a meal featuring Chicken Fingerz, Crin-



kle Fries, Cheddar Bites, Texas Toast, and a Feastables Milk Chocolate Bar. This collaboration intends to attract younger consumers and capitalize on MrBeast's massive online following. That's only a portion of the brand's innovation work. It introduced Southern Fried Shrimp, a first-time seafood offering, and launched the Fried Chicken Philly sandwich, promoting it boldly in Philadelphia. In terms of corporate changes, Donny Lau was appointed as the new CFO, bringing experience from Dollar General and Yum! Brands.

29

HARDEE'S

Parent company CKE Restaurants in April announced the separation of the Carl's Jr.

and Hardee's brand, and, in turn, a new business approach with a leadership structure with three teams. Each will be led by a president in charge of strategic growth. The news highlighted Mike Woida continuing as president of international; Chris Bode, who was named Hardee's USA president last fall; and Blake Devillier being the latest hire, coming on board as Carl's Jr. USA president. Devillier officially started on April 1 from Yum!, where he was SVP of field operations for Taco Bell. Before, he spent more than 25 years at GAP, Inc, with roles at Banana Republic, Gap brand, and Old Navy.

Hardee's unit count in the U.S. last year slid by 45 stores. Bode joined the company as COO in September 2022 after 11 years with Denny's. He also clocked time at Dunkin' Brands as COO

for QSR Management and VP of development and construction.



MIKE WOIDA

BUSINESS WIRE



CHRIS BODE



BLAKE DEVILLIER

CKE RESTAURANTS (3)

30

BOJANGLES

From a development standpoint, 2023 was a watershed year for the chicken chain.

Bojangles said it added 270 units to its pipeline and put the pieces in place to enter new markets across America. The brand's expansion path now includes an updated store design, staffing model, and streamlined menu that centers on boneless chicken across three dayparts. In addition to filling that pipeline, Bojangles opened 40 new restaurants last year (25 net



BOJANGLES (3)

▲ BOJANGLES, MOSTLY BASED IN THE SOUTHEAST, IS SIGNING FRANCHISE DEALS IN NEW U.S. MARKETS.

in the U.S.), with 10 of those being in fresh markets. The 25 net expansion is 10 ahead of 2022's 15 openings. In April, the brand announced the signing of a 30-unit agreement to bring the concept to L.A. for the first time by 2025.

The strategy at work today arrived in 2021 with the aforementioned boneless chicken menu that features the best of Bojangles, including Bo's Chicken Tenders for lunch and dinner, with no bone-in chicken (legacy markets are keeping the bone-in options). The "Genesis" building prototype has an ergonomic layout with digital menu boards, dual drive-thru lanes, and a labor model that works to simplify operations, reduce complexities in the kitchen, and boost guest experience. Particularly on the staffing note, there's a restructured team able to handle high-traffic volume and streamline hospitality with enhanced team training, as well as outside order-takers and food runners for the drive-thru.

Nearly 40 percent of sales at Bojangles arrive before many competitors open their doors in the morning daypart. There are currently six total prototypes and the "Biscuit Theatre," which details a 49-step biscuit-making process made by Certified Biscuit Makers, remains a lead feature.

31

FIVE GUYS

The burger brand lifted its year-over-year U.S. unit count by 67.

It also recently opened its first airport store outside the country with a Terminal



FIVE GUYS

3-Concourse B venue in Dubai. The 6,200-square foot spot—the brand's 15th in the UAE—is also its largest location in the region.

32

CARL'S JR.

Alongside the news mentioned in Hardee's QSR 50 recap, CKE shared in May a new agreement with Boparan Restaurant Group to develop Carl's Jr. restaurants in the U.K. and the Republic of Ireland. The partnership deepens Carl's Jr.'s European presence, which includes nearly 100 restaurants across



Spain, France, Denmark, Turkey, and Switzerland. CKE said the California-born brand plans to accelerate growth overseas. It currently boasts more than 1,100 international units in over 35 countries around the world. The U.S. footprint dropped by two locations in 2023.

33

DUTCH BROS

In 2023, Dutch Bros made major strides in its growth and operational strategies. The coffee chain, which ended the year with 831 shops, plans to surpass 1,000 locations by 2025. Dutch Bros has focused on a company-operated model since 2017, halting new franchise awards to existing franchisees only. This shift has supported a robust expansion strategy, particularly in high-growth markets like Texas, where the brand has rapidly established a presence since 2021.

The company's growth is underpinned by a strong leadership team. Christine Barone, who joined as president in early 2023, took over as CEO in 2024. Dutch Bros also welcomed new executives, including Joshua Guenser as CFO and Sumitro Ghosh as president of operations, to drive its ambitious expansion plans.

Despite facing rising build-out costs, Dutch Bros is adapting by adjusting its real estate strategy and expanding its store formats. The chain is moving away from its traditional fortressing strategy, which concentrated stores in specific areas to build brand awareness



▲ AT DUTCH BROS, 90 PERCENT OF SALES COME VIA THE DRIVE-THRU.

and reduce drive-thru times. Instead, it plans to spread stores more evenly across new markets.

Last year, Dutch Bros opened 159 new shops and is targeting at least 150-165 openings in 2024. The brand's focus remains on enhancing customer experience and operational efficiency, with drive-thru sales accounting for 90 percent of its revenue. Innovations like AI and technology integration have played a crucial role in identifying promising markets and streamlining operations.

Overall, Dutch Bros continues to build on its disciplined growth plan, aspiring to expand to 4,000 locations in the next decade while maintaining strong community connections and customer loyalty. The chain announced in 2024 that it will roll out digital ordering capabilities for the first time with the help of Olo. Tests began in Arizona and will spread nationwide by the end of the year.

34

TROPICAL SMOOTHIE CAFE

Tropical Smoothie Cafe is looking to continue its decade-long upswing under a new owner. After rumblings of a sale surfaced late last year, the company announced this spring that it was being



acquired by private equity firm Black Rock Capital in a transaction reportedly worth roughly \$2 billion.

The deal came on the heels of another strong year for the better-for-you chain. It finished 2023 with systemwide sales of \$1.253 billion, up 17 percent from 2022, and an AUV of \$980,000. It netted 174 new stores, earning it a place among the country's fastest-growing restaurant brands and pushing the total footprint to 1,372 units. Nearly three-quarters of those openings were with existing franchisees. The chain also signed more than 150 franchise agreements. Additionally, 2023 marked the 12th straight year of positive same-store sales. The comps growth was largely fueled by ongoing momentum across digital channels, which mixed at just under 40 percent.

CEO Charles Watson said at last year's QSR Evolution Conference that Tropical Smoothie Cafe has the potential to expand to 4,000 or even 5,000 units. By the end of the year, there were north of 850 units in the pipeline. If those developments proceed as historically, with an 85 percent conversion rate to operational restaurants, the company would exceed 2,000 outlets. Watson believes the fast casual has the necessary market presence, branding, and product offerings to double this count. That confidence stems from lower development costs and adaptable store layouts, with 40 percent of the current system featuring drive-thrus. About 45 percent of the new shops that opened last year included the popular off-premises channel.



▲ CEO CHARLES WATSON BELIEVES TROPICAL SMOOTHIE CAFE COULD REACH 4,000 TO 5,000 STORES.

35 IN-N-OUT

This past year for the cult-favorite included the announcement it would enter a new market in New Mexico—a rare, but suddenly more common move for the family-run burger shop. It said it was in the early stages of planning its first stores in the state. Openings in Albuquerque should happen by 2027. Expansion into other cities are expected beyond that. In-N-Out will use a distribution facility in Colorado Springs to deliver products to the upcoming New Mexico locations. At the end of 2023, In-N-Out opened in Meridian, Idaho. It journeyed into Colorado



in 2020, Texas in 2011, and Oregon in 2015. The completely corporately owned chain also owns units in California, Nevada, Arizona, and Utah. Toward the start of 2023, In-N-Out revealed it would open its first restaurant east of Texas in the Nashville market by 2026, a move backed by a \$125.5 million investment to build a 100,000-square-foot corporate office in Franklin, Tennessee.

36 SHAKE SHACK

Shake Shack CEO Randy Garutti announced his retirement after leading the company from a hot dog cart to over 500 locations globally. The fast casual later appointed Rob Lynch, former CEO of Papa John's, as its new leader, effective May 20. Known for his successful turnaround strategies at Papa John's, the industry veteran is expected to drive Shake Shack's next growth phase. He will be tasked with navigating a competitive environment and maintaining Shake Shack's premium position. The company wants to expand its omnichannel presence, leveraging kiosks, and enhancing marketing efforts. Shake Shack reported during its Q1 earnings call that kiosks are now its largest ordering channel

and its most profitable one. Average order values are at least a high teens percentage more than a traditional check thanks to recent digital enhancements that help with upselling. Inclusive of Q1, Shake Shack has achieved 13 consecutive quarters of positive same-store sales, with a 1.6 percent increase

during the first three months of the year. After a slow January, sales improved in February and March. In April, same-store sales rose by 4.9 percent with steady traffic. The company reported its highest Q1 restaurant margin since 2019 at 19.5 percent and a record Q1 adjusted EBITDA of \$35.9 million. The brand finished the first quarter with 525 restaurants globally, consisting of 338 in the U.S. and 187 internationally. The goal is to open roughly 80 stores systemwide in 2024. Half of that will be company-operated locations, which will be built at an average cost 10 percent lower than 2023. The brand is setting itself up to lower build-out expenses even further in 2025.



SHAKE SHACK Q1



ROB LYNCH

▲ SHAKE SHACK WILL ENTER A DIFFERENT ERA WITH NEW CEO ROB LYNCH.

37 QDOBA

QDOBA, the No. 2 player in the Mexican fast-casual space, wants to double in size over the next decade. It is setting its sights on aggressive expansion under the ownership of Butterfly Equity, which took control two years ago.



QDOBA / DAN GOLDBERG

▼ QDOBA WANTS TO DOUBLE ITS UNIT COUNT OVER THE NEXT SEVERAL YEARS.

After shuttering eight locations in fiscal 2021 and 2022 combined, the chain roared back with net growth of 14 restaurants last year. It wants to keep that momentum going with projected net openings of 50, 75, and 100 over the next three years. If all goes according to plan, it will be at around 1,075 restaurants by the end of fiscal 2027. It expects the portion of franchised units will grow to 90-plus percent by then, up from around 80 percent today. QDOBA will pair that unit growth with more brand awareness. The chain's 2.25 percent contribution rate to the national marketing fund will grow to 3.25 percent in 2025. Meanwhile, this year will see \$30 million in capital investment, including 85 company-owned remodels. QDOBA also plans to install digital menu boards in all corporate outlets.

In fiscal 2023, the brand earned \$1.154 billion in sales. AUVs were \$1.54 million, up 30 percent from pre-COVID times in 2019. About 70 percent of that growth came from price and 30 percent came from transactions.

38 FIREHOUSE SUBS

Firehouse Subs is aiming to become the first fully digital quick-service restaurant in America by 2025. This initiative involves replacing traditional cashier points with self-order kiosks,



KODAK STOCK



RESTAURANT BRANDS INTERNATIONAL INC.

reflecting a broader industry trend toward omnichannel ordering systems and reduced wait times. Another key element of its growth strategy is the 2024 Veteran and First Responder Development Incentive Pro-

gram, which provides \$100,000 upfront to veterans and first responders to open new franchises. This program aims to honor the company's roots and attract franchisees who align with its mission. Financially, franchisees are seeing better unit economics. The chain's average EBITDA per unit rose 38 percent in 2023, moving from \$80,000 to \$110,000.

39

EL POLLO LOCO

With new CEO Liz Williams at the helm, El Pollo Loco is drawing up a blueprint to drive

sales, decrease costs, and ultimately spark new unit growth. It starts with improving brand awareness and the guest experience, with a focus on key differentiators like better-for-you grilled chicken and Mexican flavors.

The brand's solid 2023 results and strong start to the current fiscal year show it already has the right building blocks in place. El Pollo Loco posted an AUV of \$2.2 million last year, up 4.7 percent from 2022. Comps, average check, and transactions were all up in Q1 of 2024. Restaurant-level margin was 17.1 percent. Williams wants to see that grow to 20-plus percent through labor productivity gains. Other areas of focus

EL POLLO LOCO'S
AUV ROSE
4.7 PERCENT
IN 2023.



include accelerating the rollout of in-store kiosks and exploring opportunities for automation in the drive-thru. Those initiatives come on the heels of a series of investments in consumer-facing technology, like the revamped loyalty program and enhanced online ordering capabilities.

Additionally, El Pollo Loco is looking to reduce the cost of the new prototype it has in the works. It also is aiming to improve its development capabilities by dedicating more resources toward the franchise business. Two corporate restaurants and five to seven franchised restaurants are slated to open in 2024, up from the five restaurants that opened in 2023. Williams believes the combination of reducing build-out costs and improving unit-level margins is a formula that will help reinvigorate the pipeline over time.

40

MARCO'S PIZZA

Franchise expansion continues to surge at Marco's Pizza. The chain awarded 86

franchises last year and netted 77 new restaurants, bringing its total footprint to 1,144 units. Roughly half of the franchise system consists of multi-unit operators, and the development strategy will continue to center around multi-unit growth going forward. The company has invested in tools to help identify areas for expansion and support franchisees in real estate, construction management, field operations, and financing to help unlock the massive whitespace it sees across the U.S. International expansion in Latin America also is on the radar.

Marco's is prioritizing investments in new technology alongside unit growth. Last year saw the rollout of Marco's Order Management System (MOMS), a proprietary cloud-based platform that is owned and operated



by an affiliate of the company. Additionally, the pizza chain started testing a variety of last mile delivery options, like autonomous and electric solutions.

Other areas of focus include investments in multi-channel national advertising and ongoing product



development to diversify its offerings. The company brought in several fresh faces to head up its marketing efforts and tapped a new director of culinary innovation last year. On the menu front, it teamed up with Mike's Hot Honey for a successful LTO and launched boneless wings as a permanent addition. It also introduced the Pizzoli, a handheld item that is proving to be the strongest selling new product in recent brand history.

41 McALISTER'S

In 2023, McAlister's achieved \$1 billion in sales for the first time. This milestone was driven by enhancing guest experiences, strong franchisee relationships, and national-scale solutions. The brand's success is attributed to decision-making focused on guests, protecting unit-level economics, and leveraging fran-

McALISTER'S IS THE FIRST BRAND IN GOTO FOOD'S PORTFOLIO TO REACH \$1 BILLION IN SALES.



chise ownership, with 95 percent of its roughly 540 units being franchisee-operated. McAlister's flexible real estate strategies and innovative digital ordering have also contributed to its growth. These efforts have established the fast casual as a key growth engine for GoTo Foods, formerly Focus Brands, solidifying its market presence and future potential.

Also last year, McAlister's cemented its status as a world-class caterer, focusing on contemporary solutions for breakfast, lunch, and dinner. Key innovations included new breakfast boxes and customizable toast bars. The brand leveraged its dependable reputation and streamlined ordering processes to increase customer experience and operational efficiency. By utilizing existing inventory and simplifying operations, McAlister's achieved double-digit same-store sales growth in catering. The chain continues to explore new opportunities, including snack and dinner options, driven by data and franchisee collaboration.

42 DEL TACO

Roughly half of Del Taco's locations were company-owned when Jack in the Box completed its acquisition of the brand two years ago. That figure was down to just under 30 percent heading into 2024. And it's only going to get smaller. Del Taco covered a lot of ground on its journey toward an asset-light model last year. It refranchised 111 restaurants and entered 2024 with a 71 percent franchised system. It sees a clear path to refranchise at least 120 more locations over the next three years. That would give it a 90-plus percent franchised system by 2026. That initiative is helping Del Taco grow its pipeline of new



stores. It inked 128 fresh commitments last year. Most were with the new and existing franchisees that also signed on to take over company-owned locations.

Several sales and profitability initiatives are underway at the Mexican food chain. There's a menu simplification test that is showing signs of improv-

ing sales and speed of service. Del Taco also wants to test new breakfast items through digital channels and make the morning daypart a recurring part of its marketing calendar. With the recent Shredded Beef Birria LTO generating some of the brand's strongest traffic gains in recent years, it sees an opportunity for more premium offerings, too. There's also a self-order kiosk test that comes on the heels of a major update to the brand's loyalty program last year.

43 FREDDY'S FROZEN CUSTARD & STEAKBURGERS

Freddy's Frozen Custard & Steakburgers netted a company-record 62 new restaurants last year, including its 500th location. Systemwide sales increased 14 percent to \$925 million.

FREDDY'S BEGAN THIS YEAR WITH 130-PLUS STORES IN DEVELOPMENT.



FREDDY'S FROZEN CUSTARD & STEAKBURGERS

A series of major investments helped pave the way for that growth. In recent years, the company gutted and rebuilt its tech stack—everything from the POS system and the web platform to the loyalty program. It also switched from four cup sizes and five or six lids to three cup sizes and three lids. That alone saved approximately \$3.5 million for the franchise system.

More updates are coming down the line. Last year, Freddy's started rolling out a new prototype across corporate stores. It is optimized for digital experiences with an enhanced area for mobile order pickup and room to add kiosks. This year, it began installing a partially automated grill press alongside an updated kitchen display system. The new tools should help improve the made-to-order burger chain's already impressive speed of service. It boasts an average drive-thru time of around four minutes.

Ongoing investments to streamline the employee workload, boost consistency, and drive throughput are setting the stage for accelerated expansion going forward. The company entered 2024 with a pipeline of over 130 restaurants in development. It hopes to open about 65 of them before the calendar flips over into 2025. That'll come with little to no closures, considering the brand has only shuttered 22 units since it first opened its doors in 2002. Freddy's wants to get to 800 locations by 2026. It believes there's enough whitespace in new and existing markets across North America to eventually reach 3,000 units.

44 CHECKERS/ RALLY'S

Checkers and Rally's is in the middle of a leadership transition. Earlier in 2024, CEO Frances Allen announced her resignation to focus on board work. The industry veteran, who led the company since February 2020, will



CHECKERS/RALLY'S

remain until September during the search for her successor. Under her leadership, Checkers introduced a new store remodel, AI drive-thru ordering, and other innovations. The CEO search follows a significant restructuring in which the brand reduced its long-term

debt from \$300 million to \$75 million and secured \$25 million for remodeling and growth. Ownership shifted from Oak Hill Capital Partners to creditors Arbour Lane Capital Management, Garnett Station Partners, and Guggenheim Investments.

45

CHURCH'S CHICKEN

is using insights from international operations to bolster execution across its domestic footprint. Namely, it's consolidating multiple battering systems to improve efficiency. That's just one initiative driving the brand's resurgence under a largely new executive team. It also is reimagining existing restaurants with fresh design elements and making improvements to its digital experience.

Momentum started surging throughout the business last year. Church's surpassed \$1 million AUVs in the U.S. for the first time in 2023. It also posted a three-fold increase in the number of domestic new deal

CHURCH'S TEXAS CHICKEN IS FOCUSED ON VALUE AND MENU DEVELOPMENT.



JOE GUITH



signings. Another factor driving the turnaround is a sharper focus on value—a return to the core strategy that shaped the business for most of its 72-year history. CEO Joe Guith told QSR earlier this year the chain's customer base is more multicultural and significantly lower-income relative to its primary competitors. "We want to own that instead of running from it," he said.

Going forward, the company will focus on menu development that unlocks multiple benefits, like its new spicy platform that Guith said tastes better and eliminates kitchen complexity. It also is gearing up to launch its first-ever loyalty program. And there's a lower-cost prototype rolling out this year that shaves 700 square feet from the traditional build.

46

AUNTIE ANNE'S

Auntie Anne's made waves in 2021 by opening its first drive-thru location. Located in Wiley,

Texas, the store featured two GoTo Foods concepts under one roof—Auntie Anne's and its sister brand Jamba. While the pretzel chain already had many co-branded sites with Cinnabon and Carvel, the store in Wiley marked a significant move beyond its typical food court setting.

In the three years since, GoTo Foods has opened over 20 co-branded Auntie Anne's and Jamba locations. Approximately half of them feature a drive-thru lane. Stepping out of the mall has also sparked new opportunities for product innovation. This shift has allowed for more substantial menu items that can potentially serve as a meal replacement, especially when paired with a smoothie from Jamba, like the Pepperoni Bites introduced earlier this year.

Auntie Anne's earned \$762 million in domestic system sales in 2023 and had an AUV of \$769,000. It added



19 stores to its footprint in the U.S. and entered 2024 with 1,198 units, including 1,187 franchised locations and 11 company-owned locations.

THE CONTENDERS/ From legacy chains to rising upstarts, here's a look at 50 brands ready to break through in the coming years. All inform directly to QSR magazine. The list was ranked by total systemwide sales from the pool of submissions.

RANK	COMPANY	SEGMENT	2023 U.S. SYSTEMWIDE SALES (MILLIONS)	2023 AVERAGE SALES PER UNIT (THOUSANDS)	2023 FRANCHISE/ LICENSE UNITS	2023 COMPANY UNITS	2023 TOTAL UNITS	TOTAL CHANGE IN UNITS FROM 2022
1	CAVA	GLOBAL	\$717	\$2,639	2	309	311	72
2	BASKIN-ROBBINS	SNACK	\$708	\$325	2,261	0	2,261	8
3	HABIT BURGER	BURGER	\$700	\$2,004	59	307	366	28
4	WHITE CASTLE	BURGER	\$684	\$1,972	5	337	342	-4
5	PORTILLO'S	SANDWICH	\$670	\$9,100	0	84	84	11
6	SWEETGREEN*	GLOBAL	\$640	\$2,900	0	221	221	35
7	EINSTEIN BROS.	SNACK	\$588	\$1,123	345	329	674	-24
8	CAPTAIN D'S	SEAFOOD	\$568	\$1,098	224	313	537	7
9	POTBELLY	SANDWICH	\$560	\$1,300	79	345	424	5
10	JAMBA	SNACK	\$513	\$719	733	1	734	-3
11	HUNGRY HOWIE'S	PIZZA	\$468	\$894	491	33	524	-12
12	SLIM CHICKENS	CHICKEN	\$388	\$2,519	173	10	183	49
13	SCHLOTZSKY'S	SANDWICH	\$361	\$1,143	295	22	317	-19
14	FAZOLI'S	GLOBAL	\$288	\$1,367	149	58	207	-2
15	CINNABON	SNACK	\$286	\$720	959	22	981	23
16	SMASHBURGER	BURGER	\$275	\$1,187	82	127	209	1
17	PENN STATION	SANDWICH	\$267	\$845	322	1	323	5
18	KONA ICE	SNACK	\$265	\$135	1,670	0	1,670	194
19	SBARRO	PIZZA	\$257	\$701	227	147	374	23
20	FARMER BOYS	BURGER	\$256	\$2,540	68	33	101	0
21	LEE'S FAMOUS RECIPE CHICKEN	CHICKEN	\$229	\$1,806	107	16	123	-2
22	DONATOS	PIZZA	\$213	\$1,216	127	51	178	4
23	7 BREW	SNACK	\$191	\$1,800	161	19	180	142
24	TOUS LES JOURS	SNACK	\$172	\$4,998	105	2	107	23
25	GREAT AMERICAN COOKIES	SNACK	\$160	\$412	402	0	402	34

RANK	COMPANY	SEGMENT
26	BURGERFI	BURGER
27	YOGURTLAND	SNACK
28	THE HALAL GUYS	GLOBAL
29	HAWAIIAN BROS	GLOBAL
30	PANCHEROS	GLOBAL
31	HANDEL'S HOMEMADE ICE CREAM	SNACK
32	BUBBAKOO'S BURRITOS	GLOBAL
33	SAVVY SLIDERS	BURGER
34	PIZZA GUYS	PIZZA
35	PORT OF SUBS	SANDWICH
36	MOOYAH	BURGERS
37	GREAT GREEK MEDITERRANEAN GRILL	GLOBAL
38	ANGRY CHICKZ	CHICKEN
39	NAF NAF	GLOBAL
40	VITALITY BOWLS	SNACK
41	ZAZA CUBAN COMFORT	GLOBAL
42	WING SNOB	CHICKEN
43	VIVA CHICKEN	CHICKEN
44	BAD ASS COFFEE OF HAWAII	SNACK
45	SMALLS SLIDERS	BURGER
46	MY BURGER	BURGER
47	SAMBAZON	SNACK
48	UNCLE SHARKII POKE BAR	GLOBAL
49	BAMBUU ASIAN EATERY	GLOBAL
50	ATL WING SPOT	CHICKEN

* Indicates a number estimated by QSR.



** Indicates a number estimated by DataSential. Chain operators were invited to share unit and systemwide sales figures, and DataSential supplemented those numbers with data from and Brand Performance. Publicly available brand data from securities filings, investor research, and franchise disclosures also informed DataSential estimates. Where specific chain similar chains.

ation in this chart, except for where * is indicated, was submitted

	2023 U.S. SYSTEMWIDE SALES (MILLIONS)	2023 AVERAGE SALES PER UNIT (THOUSANDS)	2023 FRANCHISE/ LICENSE UNITS	2023 COMPANY UNITS	2023 TOTAL UNITS	TOTAL CHANGE IN UNITS FROM 2022
	\$149	\$1,378	80	28	108	-6
	\$144	\$737	194	7	201	-7
	\$125	\$1,300	88	5	93	2
	\$119	\$3,150	20	28	48	11
	\$111	\$1,567	48	26	74	4
	\$106	\$1,025	117	7	124	30
	\$95	\$1,050	101	13	114	16
	\$87	\$2,075	40	0	40	20
	\$84	\$1,065	74	5	79	5
	\$74	\$588	114	12	126	-6
	\$73	\$1,012	74	1	75	-3
	\$50	\$1,496	43	8	51	23
	\$41	\$2,000	0	24	24	7
	\$38	\$1,000	16	22	38	0
	\$35	\$547	59	6	65	-7
	\$28	\$3,500	4	5	9	1
	\$25	\$950	32	0	32	12
	\$23	\$1,800	0	17	17	1
	\$19	\$702	31	2	33	6
	\$16	\$2,026	9	2	11	5
	\$10	\$1,100	0	8	8	0
	\$7	\$1,200	7	1	8	5
	\$3	\$300	10	16	26	20
	\$1.6	\$1,600	0	1	1	1
	\$1.4	\$1,400	0	1	1	0

its analytics platforms, including and especially the Datensential Operators platform, as well as Concept Testing information was not available, estimates were made based on growth rates seen in the industry overall and among

47

PAPA MURPHY'S

Papa Murphy's regained some momentum last year after softer traffic and elevated costs for franchisees weighed on its performance in 2022. The chain earned \$758 million in systemwide sales, up slightly from \$753 million in 2022 but down 6 percent on a two-year stack. It ended 2023 with 26 fewer franchised restaurants and 15 fewer corporate restau-



rants for a net decline of 41 locations. That marked an improvement from 2022 and 2021, when it posted net declines of 72 and 53 units, respectively.

The pizza chain continued leaning deeper into menu innovation with new take-and-bake offerings. Last year it added Monkey Bites, a shareable bread bites platform available in both savory and sweet varieties, along with an assortment of single-serve personal calzones that cater to a broader range of need states and use occasions. It also began running more national marketing campaigns and funneling more resources into digital channels to generate buzz around new launches.

A fresh headwind came in early fiscal 2024 with the loss of lower-income customers. EBT sales fell roughly 40 percent in the first quarter thanks to decreased government funding for the Supplemental Nutrition Assistance Program (SNAP). Eric Lefebvre, CEO of parent company MTY Food Group, told investors this spring the brand has many initiatives in the works and "a lot more is coming." That includes changes in leadership—Papa Murphy's appointed two new co-CEOs late last year—as well as ongoing innovation on the menu and marketing fronts. More AI tools and strategic partnerships are on the horizon, too.

48

TIM HORTONS

In 2024, Tim Hortons opened a new shop in Metro Atlanta as part of its broader strategy to increase its U.S. presence. This expansion is spearheaded by Katerina Glyptis, recently appointed as president of Tim Hortons U.S., who aims to leverage



new, cost-effective store prototypes to drive profitability for franchisees. Tim Hortons ended 2023 with its largest number of U.S. restaurant openings in over five years. Additionally, it finalized agreements with operators to open in Arizona, Tennessee, Missouri, Delaware, and New Jersey. This year marks the 60th in Tim Hortons' history. It's also the 40th since Tim Hortons launched stateside in 1984 in Tonawanda, New York, at the northern edge of Erie County. Over 40 years, Tim Hortons' U.S. footprint has grown through local, often smaller operators, as evidenced by the low restaurant counts in so many states. On a global scale, Tim Hortons sees significant growth in markets like South Korea and China, where it celebrated the opening of its 700th location.



▲ TIM HORTONS IS FINDING MORE EXPANSION OPPORTUNITIES IN THE U.S.

49 MOE'S

Moe's Southwest Grill has undergone a major transformation through "Project VICTORY,"

focusing on building guest experience, streamlining operations, and modernizing its menu and restaurant design. Key



changes include improving ingredient quality, updating service efficiencies, and introducing new sauces and flavor profiles. The

initiative also involves redesigning menu boards and leveraging omnichannel growth to boost sales. This strategic evolution aims to position Moe's for sustained growth and increased market competitiveness.

The fast casual also opened multiple new locations across the U.S. in 2023, including in White Lake, Michigan; Centerville, Ohio; West Babylon, New York; and Smyrna, Tennessee. Each grand opening featured promotions such as free burritos for a year to the first customers, along with community-focused events and giveaways.

50 SMOOTHIE KING

Smoothie King is on quite the hot streak. In 2023, the company saw record-breaking expansion, highlighted by a significant 11.5 percent increase in same-store sales and a notable jump in-store traffic. The brand's development pipeline added 189 new store commitments in 2023. This includes 39 franchise agreements and 20 area development commitments in Q4 alone, making it the largest signings quarter since 2017. Smoothie King also expanded into new markets, including Utah, Minnesota, Massachusetts, and New Hampshire, and reinforced its presence in Dallas-Fort Worth with 15 new units.

Fueling this success was Smoothie King's focus on menu innovation and marketing. The introduction of Smoothie Bowls in April 2023 was a triumph, with over 5.5 million bowls sold by year's end. These bowls featured fresh fruit and premium granola, aligning with the brand's health-conscious image. Additionally, Smoothie King launched new products like the SK Refreshers, a line of lightly caffeinated fruit beverages, and the Sleepy Girlzzz Smoothie, inspired by a viral internet trend.

The fast casual also strengthened its brand through strategic partnerships and promotions. The company became the Official Smoothie of the Atlanta Hawks, marking its first professional sports partnership in Atlanta. This collaboration included the launch of a



Hawks-branded smoothie and reinforced Smoothie King's commitment to promoting a healthy and active lifestyle.

Smoothie King reported its fifth consecutive quarter of positive same-store sales in Q1 2024, opened 14 new stores, and signed 27 development commitments across 13 states. About 62 percent of new agreements in the quarter came from existing franchisees. The brand inked significant franchise deals in Las Vegas and San Antonio during the period. It also launched the Dude Perfect Smoothie, featuring blue spirulina, as part of its Clean Blends Initiative. This product, in collaboration with Dude Perfect, has driven sales and attracted a younger demographic.

