QSR®

The QSR 50

A look at how the 50 biggest brands in America stacked up against each other pre-pandemic, and how they're positioning for the long road ahead.

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THE QSR 50

/2020

coronavirus pandemic has upended marketing plans, expansion trajectories, and brand momentum, leveling the playing field in many ways by forcing chains to pivot to primarily off-premises business and think way outside the box to capture sales. And while the worse is hopefully behind us, plenty of uncertainty remains on when the threat of coronavirus is in the rearview mirror and business can return to some sense of normal.

So instead of reading this year's QSR 50 as purely a status report on the industry, consider it more like a baseline for everything that comes next. Restaurants will forever bear the scars of 2020, but in many ways, they'll also be stronger for what they've gone through this year. Whether they sink or swim depends largely on how they can learn and adapt from the biggest crisis since at least the Great Recession.

Here's what brands had been up to pre-pandemic, and how they've repositioned themselves for the new reality.

01

McDonald's

Recent CEO scandals notwithstanding, McDonald's was riding high at the turn of the decade. Its 2019 acquisitions (Apprente, Dynamic Yield) demonstrated an impressive commitment to a high-tech guest experience, and culinary

2020 QSR 50
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Browse the Big Chart
See The Contenders

Segment charts
Burger
Snack
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Pizza

casual peers while not stepping too far out of its comfort zone. While the pandemic put some serious skids to that momentum, McDonald's proactively navigated through the early days of the outbreak by closing dining rooms before it was mandated, suspending its All-Day Breakfast menu to take pressure off stores, and checking employees' health when they came in to work before it was commonplace. As economies (and dining rooms) began reopening in May, McDonald's committed to an enhanced set of safety standards while also pledging one month's worth of marketing support to accelerate franchise recovery.

02

Starbucks

The coffee giant had a sneak peek of the coronavirus pandemic, having closed 2,000 China locations as the virus unfolded there. Still, it didn't prove to be an advantage for Starbucks' U.S. business, as the company—king of the "third place"—had to first pivot to a carryout-only model, and later shut down cafés altogether in favor of operating just drive thrus and delivery as the virus spread state-side. Starbucks reopened most of its cafes in a limited capacity by June, but the effect of going mostly dark was manifest: The company announced it would accelerate a plan to relocate low-performing stores to higher-performing areas where they can utilize drive thru.

03

Chick-fil-A

Restaurant companies discovered when the pandemic struck just how valuable customer loyalty could be, and no major quick serve has loyalty like Chick-fil-A. Indeed, with drive just like it always does. The brand enhanced the drive thru with new safety precautions, including handwashing stations and Purell wipes for employees, and encouraged guests to limit contact with employees by using either mobile ordering and payment or at least credit and debit cards. Meanwhile, Chick-fil-A also quickly innovated with its menu to accommodate more in-home dining. It introduced Family Meal Bundles early on in the pandemic, offering bulk entrées, sides, and beverages starting at $13.25; it emphasized its make-it-yourself Meal Kits by offering them via drive thru and delivery; and it launched a “Nightly Nuggets” video cooking series that demonstrated easy recipes using Chick-fil-A menu items.

04

Taco Bell

Sure, Taco Bell is still capable of irreverent stunts in the middle of the pandemic—just look at its giant drive thru it opened at headquarters for truckers in April. But there was no joking around when it came to safety; the Mexican quick serve committed itself to becoming the safest place to eat in the era of COVID-19.

05

Burger King

The buzz around its Impossible Whopper helped Burger King not only grow its sales and store count in 2019, but also its cultural relevance—powerful ammo in both the ongoing burger wars and the pandemic. As with most other quick-serve brands, drive thru proved massively useful for Burger King through the pandemic. But so did the digital investments made in the last few years by parent Restaurant delivery apps and mobile order and curbside pickup capabilities, which helped their off-premises sales grow by double-digit percentages.

06

Subway

Subway continues its retreat from the upper echelons of quick-service success, closing hundreds more locations and tumbling three spots in the QSR 50 rankings. Former Burger King CEO John Chidsey was brought in as chief executive last November to try to right the ship, and 300 corporate employees were laid off in February as part of a restructuring plan—a plan that was then accelerated by the pandemic, as Subway laid off another 150 corporate employees in May. Still, credit where it's due: Subway franchisees have provided millions of free sandwiches for those in need in their communities through the pandemic, and some of them have independently developed innovative solutions to get through the difficult business climate: Subway Marketplace, which allowed customers to craft their sandwiches at home, and Subway Grocery, which allowed guests to order individual ingredients from their local Subway shops.

07

Wendy's

Talk about bad timing: Wendy's launched its buzzed-about new breakfast menu on March 2, just two weeks before stay-at-home orders started to sweep the nation. Not only did the coronavirus kill any kind of marketing momentum Wendy's could have hoped to build for its new morning menu, but also, breakfast was one of the hardest-hit dayparts because so many consumers stopped driving to work. Still, CEO Todd and Wendy's breakfast platform has continued to be a profitable, incremental sales channel that the brand looks to ramp up as various coronavirus-related restrictions lift.

08

Dunkin'

Dunkin' may have initially suffered at the hands of the coronavirus pandemic more than any other major quick serve because of its emphasis on the breakfast daypart. But the brand started to roar back to life in May, building sales especially via off-premises channels and during the 11 a.m. to 2 p.m. daypart. Scott Murphy, president of Dunkin' Americas, said in the spring that drive thru and digital ordering channels will be even more of a priority for Dunkin' moving forward. The NexGen store prototype, which debuted in 2018 and centers around a more modern décor with coffee on tap and a front-counter bakery, will continue to be employed, Murphy said, but likely with less seating and more of an emphasis on off-premises occasions.

09

Domino's

If there was one winner in the days of mandated quarantine and intense social distancing, it was the pizza industry, and that's especially true of Domino's. The pizza leader was already way out ahead of the industry when it came to digital ordering and delivery, and that was a boon to business as the restaurant world shifted to off-premises-only operations. That also gave the brand permission to further invest in its system, which it did with contactless delivery and carryout technology upgrades. In the first 8 weeks of Q2—all coming

10

Panera Bread

The leading fast casual in America spent 2019 setting the brand up for bigger things. CEO Niren Chaudhary came over from fellow JAB Holdings brand Krispy Kreme to steer the ship, and Panera revamped its coffee program (including with an industry-first coffee subscription), rolled out new breakfast items, tested a dinner menu, and embraced third-party delivery. But the COVID-19 outbreak was not kind to Panera; business initially fell by about 50 percent, even as the brand quickly pivoted to operations like “Drive Up” contactless curbside pickup. As one response to the pandemic, Panera introduced a new Grocery platform that made things like bread, produce, and milk products available for pickup or delivery.

11

Chipotle

All of Chipotle’s digital innovations in the last two years have paid off handsomely. While sales were rocky in the pandemic’s first weeks, digital sales exploded, and reward members spiked. Even its commitment to the Chipotlane drive thrus was prescient, as sales at those locations outpaced traditional units. Company leaders said the company will ramp up Chipotle’s commitment to locations with a digital make line and drive-thru lane.

12

Pizza Hut

dependence on some dine-in business.

13

KFC

Competitor Popeyes laid down the chicken gauntlet in 2019, introducing its mega-popular Chicken Sandwich last August. KFC retaliated with its own revised chicken sandwich this spring.

14

Sonic Drive-In

You drive up to a designated parking spot, pull up a menu on your phone, and order your food. A runner dashes out to hand a bag of food to you through your window and you're on your way. This doesn't just describe a very plausible scenario for Sonic; it's probably also the future of the restaurant industry in a post-pandemic world.

15

Arby's

A key pillar for Inspire Brands, Arby's sales were essentially flat in 2019. President Rob Lynch left for Papa John's, and former CMO Jim Taylor—architect of the "We Have the Meats" campaign—stepped into the role.

16

Little Caesars

the pandemic.

17

Panda Express

Panda Express committed to serving medical professionals and others in need through the pandemic. As of May, its philanthropic arm, Panda Cares, had donated over $9 million to supporting a variety of COVID-19 causes, including by donating personal protective equipment to healthcare workers.

18

Dairy Queen

Dairy Queen's net unit count has been contracting the last few years, while sales growth has been sluggish. Might pandemic restrictions coinciding with summer and consumer interest in comfort foods provide Dairy Queen a nice lift this year? Time will tell.

19

Popeyes Louisiana Kitchen

First Popeyes' Chicken Sandwich was a sensation, then it conquered a pandemic. The brand's 2019 results were no fluke; early 2020 sales were just as eye-popping, even considering the coronavirus.

20

was able to pivot after the COVID-19 outbreak to where it maintained some sass but didn't sound tone deaf. It prioritized marketing that focused on communicating to customers that it was open for drive thru, delivery, and carryout while encouraging social distancing through a #StayInTheBox social campaign. Some of that patented personality came out, though, like with the virtual prom it hosted for high school seniors in May.

21

Papa John's

Even more so than chief competitor Domino's, Papa John's emerged from the stay-at-home season the strongest of any restaurant brand. It set a record for sales in April, then broke that record again in May when it registered a 33.5 percent same-store sales climb. Its delivery system is mostly to thank, of course, but so is the new corporate team and strategic plan that fell into place after new CEO Rob Lynch came onboard last August.

22

Whataburger

The pandemic clearly had an impact on even the biggest cult favorites of quick service. Whataburger, the 70-year-old Texas-based institution, added delivery for the first time in its history in May, available through its app and website.

23

Jimmy John's

strength in delivery has likely helped it navigate the pandemic better than many of its peers.

24

Hardee's

Prior to the pandemic, Hardee's was keeping up with the latest menu trends by testing out a Beyond Breakfast Sausage Biscuit and an Original Beyond Thickburger, both using exclusive Beyond Meat products.

25

Zaxby's

The chicken fast casual was quick to switch to drive-thru-only service in mid-March. And in April, Zaxby's introduced Zax Family Packs that include 20 Chicken Fingerz or 30 boneless wings with shareable sides, available for $24.99 through drive thru and delivery. As the third pillar in its COVID-19 response, Zaxby's offered $5 million in financial relief to franchisees through a royalty abatement program, and it removed marketing fund contribution fees, as well.

26

Culver's

Thanks to its drive thru, Culver's and its 700-plus-unit system didn't suffer too much through the coronavirus outbreak. The brand chose to shut down dining rooms entirely, not even allowing carry out, in order to keep employees safe, and it invested in more efficient drive-thru operations. Constant

27

Five Guys

Five Guys' growth has mostly leveled out as it's found a comfortable position in the broader burger category. A decade ago, the brand exploded out of the Great Recession with a premium turn on a comfort-food classic; perhaps the same could be true in the impending recession the nation is heading toward.

28

Raising Cane's

The small-but-mighty chicken-finger concept impressed in 2019 with AUV over $3 million, third in the industry behind only Chick-fil-A and Shake Shack. Its dedicated customer base and heavy presence of drive thrus helped it through the pandemic; by late April it had returned to normal sales levels without needing to lay off or furlough any workers. When business was down, some stores even committed workers to sewing masks for local hospitals.

29

Wingstop

Similar to brands like Domino's and Chipotle, Wingstop was incredibly well positioned for the pandemic thanks to its robust digital platform. April same-store sales climbed 33 percent, with the digital mix growing from 40 percent of sales to 65 percent.

Carl’s Jr.

Carl’s Jr. followed a similar path as sister brand Hardee’s in investing in plant-based options in 2019, rolling out the Beyond Famous Star Burger with cheese and the Beyond BBQ Cheeseburger.

31

Jersey Mike’s

Founder and CEO Peter Cancro is nearing 50 years at the helm of this sandwich franchise, and maintained its family feel by committing to pay for upcoming store retrofits for its 475 franchisees—a $150 million investment. The return on its investment in franchisees is palpable, as those operators helped provide millions of free subs to those in need during the pandemic.

32

Bojangles’

Bojangles’ hasn’t been able to ride the chicken wave that’s carrying other chains like Chick-fil-A and Popeyes, as sales and net unit count both fell in 2019. The brand offered free sweet tea to healthcare workers and first responders in the first few months of the pandemic.

33

In-N-Out Burger

It was business as usual for In-N-Out in 2019 and early 2020, which is to say it was a massive success. Even the pandemic

34

Steak 'n' Shake

The 86-year-old burger concept has had a rocky few years. The 2018 refranchising initiative that offered to sell corporate restaurants for $10,000 was panned, and as business tanked, the company temporarily shuttered more than 100 restaurants by the end of 2019. It shifted to an all-counter-service format earlier this year to build traffic, but when COVID-19 struck, things only got worse. In May, the company announced that it had permanently closed more than 50 locations due to sales declines.

35

El Pollo Loco

Before the coronavirus, El Pollo Loco was actively diversifying its menu, especially with more health-minded items. And things weren't too gloomy in the pandemic; booms in drive-thru and delivery service—which the brand offered for free—combined with a jump in digital sales helped soften the blow of quarantines.

36

Qdoba

Qdoba continues to reinvent itself a couple years after being sold by Jack in the Box. And there was good news during the pandemic: A May report from YouGov found that Qdoba was gaining customers during quarantine, with Americans saying they were more likely to order from the brand than before.

Checkers/Rally's

New CEO Frances Allen, who came over from Boston Market, had to face the coronavirus just weeks into the job. She helped steer the double-drive-thru chains by first supporting franchisees and employees, and then emphasizing a "Keep Calm and Carry Out" message through marketing channels.

38

Firehouse Subs

Off-premises had started to dominate Firehouse's sales in 2019, which proved helpful this year. The company snapped into action in the spring, using its Firehouse Subs Public Safety Foundation's COVID-19 Disaster Relief Fund to feed tens of thousands of healthcare workers and first responders, as well as others who couldn't leave their homes.

39

Del Taco

The goal for Del Taco this year was to fortify its position as a source for value. Its new Del's Dollar Deals Menu, introduced at the end of January, features 79-cent tacos, quesadillas, chicken rollers, and nachos; $1 burritos; and 69-cent drinks and desserts.

40

Tim Hortons

Sales trends haven't been as rosy as RBI sister concepts Burger King and Popeyes, but an investment in new

41

Moe's

Moe's accelerated innovation to face COVID-19, ramping up its app, website, and curbside pickup. It also rolled out family meal kits and an online, grocery-style Moe's Market.

42

Papa Murphy's

Sold to MTY Food Group for under $200 million last year, the take-and-bake pizza concept saw sales and net unit count shrink in 2019.

43

McAlister's Deli

The fast-casual deli franchise continues to build momentum, and late last year signed a 98-unit development deal with an affiliate of Sun Holdings, a franchise organization founded by renowned multi-unit operator Guillermo Perales.

44

Jason's Deli

While 2019 was kind to Jason's Deli, the COVID-19 outbreak hit buffet concepts particularly hard due to obvious safety concerns.

45

reporting some of its best comparable sales gains in a decade. Even better? The COVID-19 pandemic didn't significantly slow down that momentum. In June, Church's announced that domestic sales had returned to pre-pandemic positive trends. CEO Joe Christina credited that performance to Church's home-cooked comfort meals, its franchise community, and the digital tools that have allowed it to serve a variety of guest experiences.

46

Shake Shack

New to the QSR 50, Shake Shack has come a long way since its days of being a beloved New York staple. COVID-19 hit the burger chain hard, and CEO Randy Garutti announced in May that the company would invest more in digital ordering, drive thru, and pickup windows as a result.

47

Marco’s Pizza

Just like two of its biggest competitors, Domino’s and Papa John’s, Marco’s thrived in March, April, and May, with sales comps up about 20 percent at the end of that time period. The company is already thinking more about store automation and exploring things like ghost kitchens.

48

Baskin-Robbins

The vast majority of Baskin-Robbins’ business pre-COVID-19 was off-premises, so the shift during the pandemic wasn’t

49

Tropical Smoothie Café

Tropical Smoothie Café had a banner year in 2019, with record store openings and the eighth straight year of positive sales comps. In the pandemic, the brand donated thousands of smoothies to frontline workers, but also rolled out a number of support mechanisms for franchisees.

50

Auntie Anne's

With so many of its nontraditional locations either closed or seeing drastic decreases in traffic, Auntie Anne's debuted DIY At-Home Pretzle Kits this spring to satisfy customers' pretzel cravings.

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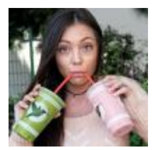

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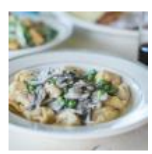

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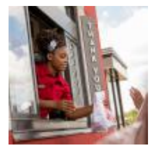

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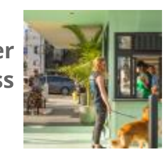

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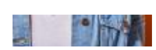

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