



December 12, 2011

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The 100 Biggest Stories of 2011

The top headlines, trends, and buy-outs in the restaurant industry this year.



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1. Roark Capital Buys Arby's

With concerns about the economy running high, restaurant industry mergers and acquisitions dipped noticeably.

None of 2011's mergers came close in value to the previous year, when Burger King and CKE, parent of Carl's Jr. and Hardee's, were each sold for more than \$1 billion. Instead, there were smaller deals and one big buyer, Roark Capital Group.

Roark already acquired Il Fornaio America Corp., owner of Corner Bakery Café, for an estimated \$300 million when the investment firm agreed to buy an 85 percent stake in Arby's for \$430 million.

Roark's portfolio also includes FOCUS Brands, led by Moe's Southwest Grill and Schlotzsky's, along with McAlister's Deli and Wingstop.

"We like restaurants, because we have a lot of experience in the industry," says Geoff Hill, a vice president at Roark and a former FOCUS executive. "We like to invest in things we know and understand."

Roark looks for companies that have "solid core economics and a good long-term outlook" and "ones that we can provide value to."

Despite the spate of acquisitions over the past two years, Roark isn't done. "We are still active, we are still out there, always looking at what great brands are out there for us," Hill says.

2. The King is Dead

In August, Burger King shocked the world when it announced that it would retire its King mascot. It was a move many lauded as way past due (some have called the King "creepy"). The company, which also switched marketing agencies, is opting for more food-centered advertising, like the spots that hyped its new California Whopper.

3. McDonald's New Kids' Meals

McDonald's Corp. began filling its Happy Meal boxes with

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apple slices and smaller portions of french fries in September.

“We are a company that cares about our customers, and we’re determined to run our company in a way that honors our founder, Ray Kroc, who believed that anything worth doing is always worth doing right,” Jan Fields said during the launch of the new program over the summer. The move came shortly after the National Restaurant Association announced its voluntary nutrition program “Kids LiveWell.”

4. **Wendy’s Tests New Prototype**

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After hearing feedback from customers that its brand was tired and dated, Wendy’s unveiled a new store prototype in Columbus, Ohio, that allows diners to see the fresh preparation of food and offers more comfortable dining areas for customers to lounge in.

The new store is one of four the company is launching. The new prototype in Columbus includes a WiFi lounge area, a new premium coffee program, updated interiors, and an exterior design inspired by Frank Lloyd Wright.

5. **Swipe Fees Capped**

After nearly a year of work, the Federal Reserve announced June 29 that it would cap debit card “swipe fees” for merchants at 21 cents per transaction.

Merchants pay these fees, also known as interchange fees, each time guests use a debit card as payment. The cap took effect October 1.

6. **YUM! COO Joins Wendy’s as CEO**

In September, Emil J. Brolick joined Wendy’s as president and CEO, leaving his position as COO of YUM! Brands.

Brolick is no stranger to Wendy’s, having been one of the primary architects of Wendy’s strategy in the late 1980s—a business model that led to 16 consecutive years of same-store sales growth for the brand.

7. **Sbarro Declares Bankruptcy**

Private-equity-held Sbarro declared bankruptcy, looking to cut its debt by \$195 million. The company also received a \$30 million capital infusion. In a court filing, the company said, “Sbarro intends to emerge expeditiously from Chapter 11 as a stronger, well-capitalized, and more competitive company.”



8. “We’re looking for leadership from quick-serve restaurants. There’s no question that we’re really going to need folks in the industry to step up and help us get this initiative where it needs to be.”—Sam Kass, senior policy advisor for healthy food initiatives at the White House, speaking to QSR about the First Lady’s anti-obesity campaign “Let’s Move!”

9. **Restaurant Stocks Survive Market Turmoil**

Restaurant companies’ stock prices held up fairly well during the 2011 market correction. Although

major market benchmarks declined more than 6 percent through the first three quarters of the year, the S&P restaurant index rose 12 percent.

The restaurant index was led by a 50 percent gain by Chipotle Mexican Grill, as well as double-digit percent increases by Starbucks, McDonald's, and Panera. Jack in the Box and Wendy's were more in line with the market in general, while Sonic shares dropped 30 percent.

Comments

#68 RIP OFF!!! (</growth/100-biggest-stories-2011#comment-280376>)

Submitted by Anonymous (not verified) on December 5, 2011 - 13:11.

YOUR NUMBER 68 STORY IS A STOLEN CONCEPT, THE ORIGINAL ONE IS DOUGH BROS AND THEY HAD THE CONCEPT OF FAST, FRESH PIZZA TO YOU IN 5 MINUTES FIRST!! SORRY BUT HAD TO TELL PEOPLE FICE PIE PIZZA SUCKS



▲ **Shame on you!** (</growth/100-biggest-stories-2011#comment-281136>)

Submitted by Anonymous (not verified) on December 5, 2011 - 18:47.

Such a shame to see such ugliness in this forum. I think it is to be expected when you succeed where others have failed. While I haven't tried the Pie Five product, every food article and yelp review I have seen is raving about it - Question: If it's a stolen concept why wasn't someone smart enough to trademark it? Why? Because you can't! Just like McDonald's couldn't claim their concept was stolen or we wouldn't have Burger King, Wendy's etc - Subway wouldn't have Quizno's etc...So now, it's evident the comment above is coming from folks involved or somehow associated with Dough Bros and they are very, very nervous. Competition is healthy. Embrace it and put forth your best product, don't bash your competitor it makes you look small - let the consumer will decide. Congratulations to Pie Five Pizza Co.!

PheKkRtrIRrOtj (</growth/100-biggest-stories-2011#comment-282881>)

Submitted by [Augustina \(http://www.google.com/\)](http://www.google.com/) (not verified) on December 6, 2011 - 03:33.

Call me wind baecsue I am absolutely blown away.



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