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Business Administration Lappeenranta
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SUBWAY MARKET RESEARCH

Bachelor’s Thesis 2010

ABSTRACT
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The main goal of this thesis is to find out whether Danish entrepreneurs can become successful in the Danish market as Subway franchisees. Three specific cities, namely Århus, Horsens and Vejle, are looked at in depth. In the thesis, these three cities will represent the Danish market. An evaluation of the most suitable location for a Subway restaurant is made. To reach the above objective, the Subway franchising concept, the market situation, the customers and the competitive situation will be analyzed and evaluated.

In order to understand the market in which the franchisee would operate, the size of the market, historic growth, potential growth, trends and macro environmental factors will be analyzed. The analyses will show that the fast food market is mature, and that it still holds some growth potential.

To find out who the potential customers of the Subway franchisee might be, a survey was made. A questionnaire was used as a main tool to analyze customer preferences and the prospects of opening a Subway restaurant in Århus, Horsens or Vejle. After evaluating the results of the questionnaire, Horsens was pointed out as the most attractive and suitable city to open a new Subway restaurant.

The competitive situation is also analyzed. In doing so, the overall competitive situation within the fast food industry is assessed. Furthermore, three main competitors, namely McDonald’s, Burger King and Sunset Boulevard, are analyzed in depth.

The findings in the thesis show that the competition is fierce. There are many players within the fast food industry, and Subway is not well represented since it currently has only two restaurants in the Danish market. In addition, due to the expected slowdown in market growth, the competition can be expected to increase.

Keywords: Denmark, Subway, Market Research, Competition, Customers

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Tämän opinnäytetyön tarkoitus on selvittää, voivatko tanskalaiset franchise-yrittäjät menestyä suositun Subway-pikaruokaravintolan yrittäjinä. Opinnäytetyön tarkoituksena on antaa lukijalle mahdollisimman hyvä kuva siitä, miten Subway-ravintola perustetaan, miten sitä pyöritetään ja mitä hyötyjä ja mahdollisia haittoja siitä on tanskalaiselle Subway-yrittäjälle.

Vuonna 2009 Tanskan markkinoilla oli vain kaksi Subway-ravintolaa, toinen Aalborgissa ja toinen Sønderborgissa. 1990-luvulla markkinoilla oli kuitenkin yli 20-Subway ravintolaa, mutta kaikki vedettiin pois markkinoilta lähes samaan aikaan. 2000-luvulla Subway-ravintoloita alkoi kuitenkin taas ilmestyä Tanskan markkinoille ja tällä hetkellä ravintoloita on jo kahdeksan.

Tässä opinnäytetyössä lukijalle annetaan kattava kuva Subway-konseptin historiasta ja sen strategioista. Myös yksi tunnetuimpia johtamisen malleja, McKinseyn &Co:n malli ”7S”, tulee esille. Seuraavaksi käydään läpi Tanskan markkinatilannetta ja lähinnä sen kokoa ja tämänhetkisiä trendejä. Kuten Suomen markkinoilla, myös Tanskan markkinoilla on paljon pikaruokaketjuja. Opinnäytetyössä käydään läpi Tanskan markkinatilannetta ja arvioidaan Subwayn kolmea suurinta kilpailijaa, McDonaldsia, Burger Kingiä ja Sunset Boulevardia.

Yksi suurimmista haasteista tässä opinnäytetyössä oli kysely, joka tehtiin kolmessa Tanskan kaupungissa, Horsenssissa, Århusissa ja Vejlessa. Tämä oli hankalaa siksi, että kysely tehtiin katukyselynä ja se vei odotettua kauemmin aikaa. Kyselyn tulokset osoittavat, että Tanskan markkinoilla olisi tilaa uudelle Subway-ravintolalle ja parhaaksi paikaksi näistä kolmesta osoittautui Horsens.

Asiasanat: Tanska, Subway, markkinointitutkimus, kilpailu, asiakkaat

CONTENTS

1 INTRODUCTION

Subway chain is the third largest fast food chain in the world after McDonald's and KFC. The first Subway was founded in 1965. The founder of the Subway chain, Fred De Luca, started running his restaurant business when he was only 17 years old. The first Subway restaurant was opened nine years after its foundation in Connecticut where the headquarter is now situated. (Subway Denmark)

Now there are more than 30,000 Subway restaurants in 88 countries worldwide and it is the world's fastest growing franchise chain. New Subway restaurants are opening all the time. The franchise chain has employed more than 150,000 people. (Subway 2009)

Subway offers customers many different kinds of fresh submarine sandwiches also called "subs". Customers always decide how they want their sandwiches to be served. Subway's advertising is based on freshness. Slogan "Eat Fresh" tells that Subway chain uses only freshly baked bread and fresh ingredients. Subway has a lot of competitors for example McDonald's, Burger King and Sunset Boulevard.

There were more than 20 Subways in Denmark in the 1990s but 10 years ago they withdrew from the Danish market. In 2009 Subway tried to strive for the Danish market again. At the beginning of February they reopened Subway in 2 cities, in Aalborg and Sønderborg. The Subway chain has also a lot of competitors in Danish market. One of the main competitors is the Danish chain Sunset Boulevard. When the Subway chain was withdrawing their restaurants from the Danish market, Sunset Boulevard bought 3 of their branches. (Subway Denmark)

1.1 Background of the research

This thesis will give background information about the Subway chain, its customers and Subway as a franchise concept. The fast food market in Denmark and the competition between Subway and its three biggest competitors, McDonald's, Burger King and Sunset Boulevard, are also included.

1.2 Purpose

The purpose of this thesis is to find out how attractive the Danish market is for entrepreneurs to take up the Subway franchise concept. This means that the focus of the thesis will be to analyze the Danish market and the opportunities that Subway offers the entrepreneurs. The objective of the thesis is to find out which is the most attractive location for a Subway restaurant. Three different cities are analyzed namely Århus, Horsens and Vejle. The topic was chosen because it is interesting that Subway is not well-represented in Denmark.

This thesis is made to find an answer for the following main question: Can entrepreneurs take up the Subway franchise concept and become successful in the Danish market?

The franchising concept of Subway:

A company needs to know which strings it can play on, meaning that it has to know what its key competences and its overall capabilities are. By having this knowledge, the company can decide on doing business within areas where it is most capable. To find out the benefits of doing business with Subway, the following main question could be asked:

What are the pros and cons of cooperating with Subway?

External analyses:

The market

For a company it is important to know the market it is operating in. Knowing the possibilities for entering the market and the potential customers are vital. Furthermore it is a good idea to look at the macro environmental factors that are influencing the market. To get a better knowledge about a market, the following main question is asked:

How attractive is the market for fast food?

Customers

A company needs to know who its customers are. To know the target group and its preferences can be a huge advantage. Knowing this would make it easier to make decisions concerning products, service and promotion. To get to know the customers and their buying behavior, there is one main question namely:

What is the target group?

<u>Competition:</u>

It is important to know something about the competition within a given market, as it serves as an indicator as to how difficult (or easy) it is to operate within that market. Fierce competition will undoubtedly affect for example marketing expenses, thus it is useful to know what kind of competition one can be expected to face within that market. To cover this area the following main question is asked:

How is the competitive situation?

1.3 Research method

Market research is about gathering information about customers, competition, market and its trends. Discussions, surveys and questionnaires are some of the tools for market research. Many people confuse market research and marketing research. *Market research is simply a research into a specific market. It is a very narrow concept. Marketing research is much broader. It not only includes 'market' research, but also areas such as research into new products, or modes of distribution such as via the Internet. (*Marketing teacher)

The market research process has seven stages. First stage is to define the marketing problems such as low awareness of the company or company image problems. Second stage is to set objectives, budget and timetables. The researcher has to know how much money and time he is willing to spend and also what the main goal of the market research is. The next stage is to select the research types and methods. There are two ways to do it, either secondary research which involves analyzing information that has been gathered already or primary research which involves collecting brand new information. Primary research can be qualitative or quantitative. Fourth stage is research design. The most common tool is a questionnaire which was used in this case also. Collecting data is the fifth one. There are many ways that the data can be collected, for example questionnaires, surveys or interviews. Sixth stage is to organize and analyze the data which was gathered. The last stage is to use the findings and present it. In this case the findings are reported in chapter seven. (Small Business Notes)

1.3.1 Quantitative and qualitative research

Researches can be either qualitative or quantitative or both. It is important to understand the difference between qualitative method and quantitative method since they are so different. Qualitative method is used when data can be observed and quantitative when data can be measured. Quantitative method is a research method which is used to collect data, modeling and analyzing customers, markets and competition in the market. When the data is gathered, the results are evaluated. Qualitative methods do not include statistics or measurements at all.
(Qualitative vs. Quantitative Data 2010)

Subway market research is quantitative as many of market researchers are. To find out who the potential customers of the Subway franchisee might be, a survey is made. A questionnaire is used as a main tool to analyze customer preferences and the prospects of opening a Subway restaurant in Århus, Horsens or Vejle.

1.4 Limitations and structure

The focus should be on the Danish market and the relationship between the franchiser and the franchisee. The main part of the thesis will strictly be marketing analyses; therefore technical and financial issues will not be covered.

Furthermore price and distribution within the marketing mix will not be included, as it is not relevant to this thesis.

Regarding the macro environmental factors, the analysis will focus on the political/legal, economical, social/cultural and demographical issues. Technical and natural/environmental factors will not be covered, as they are not considered to be of importance in this context.

In the field of competitors, the analysis will narrow down the competitors to the three most important ones; Mc Donald's, Burger King and Sunset Boulevard. Generally these are the three competitors that pose the biggest threat. Obviously, there are a lot of smaller competitors like pizzerias, hot dog stands, kebab houses, Chinese take-away etc. but these will not be covered.

The three cities Århus, Horsens and Vejle will in this thesis represent the Danish market. There are not enough resources available to look at every major city in Denmark.

The thesis is divided into eight chapters, introduction, theoretical framework, Subway and the franchising concept, the fast food market, the questionnaire, competitive situation and the customers, which all leads to conclusion and recommendations.

2 THEORETICAL FRAMEWORK

In this chapter the theoretical framework of the thesis will be looked at. This will give the reader a better image of what models and different theories are used in this thesis.

2.1 PEST-Analysis

It is a huge advantage for a company that it considers its environment before beginning the marketing process. Letters PEST comes from words political factors, economic factors, social factors and technological factors. Although it is quite hard for companies to control or influence the macro-environment, PEST is one of the tools that help with becoming acquainted with the macro-environment. There is also a PESTEL analysis which includes environmental factors and technical factors but these two factors are not covered in this thesis.

Political factors can have either a huge impact or low impact depending on the way business operates. It includes areas like tax policies, employment law and consumer protection. Political factors include government's decisions and legal issues. (MindTools, PEST analysis)

Economic factors have an effect on all businesses, nationally and globally. Economic factors affect the purchasing power of the customers and the firm's cost of capital. It includes areas like exchange rates, economic growth and inflation rate.

Social factors include also demographic changes. There are many factors that affect our lifestyle since we live in a society. Some important factors are family, religion, education and locality. Population growth rate, age distribution and career attitudes are all included in social factors.

Technology is driving the businesses and reduces time to market. Some technological factors are research and development activity, automation and stakeholder expectation.

2.2 7-S framework of McKinsey

McKinsey's 7-S model was found out in the early 1980s. It has been a widely used tool and well-known among people since it was created. This model includes seven factors; strategy, structure, systems, shared values, style, staff and skills. The first three factors are called the hard elements and the four last ones the soft elements. Hard elements are easily identified while soft elements are fuzzier. The 7-S model is used when current situation and future situation need to be analyzed. (McKinsey 7S Framework)

2.3 AIDA

Aida stands for attention, interest, desire and action. It is a process of getting customers to purchase products and services. It is believed that a consumer has to pass these steps before buying a product or service. First the concept has to get customers' attention by advertising and promotional campaigns. After they have gotten the attention the interest rate has to rise. This is one of the most difficult tasks during the process. When the customer finds out something interesting he wants to take a closer look at the product or service. The product or service must be packaged and priced right. If everything goes how the company wants, the customer will act on his desire and buy the product or service. (Hollensen 2003, 565)

2.4 SWOT-analysis

Swot-analysis is a good method to understand businesses' strengths and weaknesses but also look for opportunities and threats. The main goal of SWOT-analysis is to recognize the key internal and external factors that are important for a company to achieve the object. Strengths and weaknesses are internal factors. Opportunities and threats are external factors. This works best for a company if it is realistic and specific. (Hollensen 2003, 265-270)

2.5 Marketing mix

Marketing mix is also known as 4Ps. These four Ps stand for product, price, promotion and place (distribution). This helps you to understand how to position your market offering. This is very simple, the right product, at the right price, in the right place, at the right time.

When an organization launch a product or a service into a market they have to be aware about whom they are going to aim it at, what benefit they get and what different advantage it offers over the competitors. A product or service the company is trying to sell has to satisfy the customers' needs. (USC Marshall)

Pricing is one of the most important factors of the marketing mix. The company has to price the product or the service right, not too low nor too high. It has to reflect supply and demand relationship. When pricing, companies have to take into account for example competition in the market, fixed and variable costs and the target group. (USC Marshall)

Place is also known as channel or distribution. The company has to distribute the product or the service to the end user at the right place. There are two types of distribution, indirect and direct. Indirect distribution involves distributing the product or the service to a wholesaler and then on to the retailer. Direct distribution involves distributing directly from manufacturer to the end user. (USC Marshall)

Companies' promotion should be aimed at their target groups. This includes a lot of weapons like advertising, sales promotions and direct marketing. It is like a communication link between buyers and sellers. There are many ways companies can promote their products or services, like newspapers, Internet and television. Promotion is one of the most important marketing mix tools. (USC Marshall)

2.6 Porter's five forces

Michael Porter came up with a framework called Porter's five forces. Porter wanted to clarify that an industry is being influenced by five different forces. They are rivalry, buyer power, threat of entry, supplier power and threat of substitutes. This framework helps companies understand the strength of current competitive situation and also the strength of a position the company likes to move into. (Hollensen 2003, 74-79)

It is important to a company to know how many competitors there are in the market. If there are only few competitors, then you have a lot of power and vice versa, the more competitors there are the less power you have. It also depends on what competitors are offering to their customers. Customers do not come to you if they do not get a good deal from you. (ibid. 74-79)

The number of buyers has a huge effect on this one but also how powerful a buyer is. In this kind of market situation the buyers are the ones who set the price. (ibid. 74-79)

New companies are entering the market all the time. Every company should be able to enter and exit the market whenever they want. In reality there are some factors which can make the entering really hard, for example, the cost of entry vary from business to business, the competition in the market and the government which creates barriers. (ibid. 74-79)

Suppliers play a big role also. Production companies need raw materials and they get them from suppliers. This involves a relationship between the buyer and the supplier. If there are only few suppliers in the market, suppliers can sell their materials at a high price and buyers cannot do anything about it. (ibid. 74-79)

In this model, substitute products or services refer to products or services in other industries. Companies have to think about how easily their products or services can be substituted. So in other words, companies' owners have to look at also what their competitors are doing and what other types of products or services customers could buy from them instead. (Hollensen 2003, 74-79)

3 SUBWAY AND THE FRANCHISING CONCEPT

In the following chapter, a closer look will be taken at Subway. First the history and the current product portfolio will be discussed and later on the key competences, current strategies and franchisee benefits.

3.1 History of the Subway chain

Subway, the world's largest restaurant chain, was founded in 1965. The founder, 17-year-old Fred DeLuca, wanted to go to college, but he could not afford it. A friend of DeLuca's, Peter Buck, suggested him to open a small submarine sandwich shop so he could earn some money. At first Deluca was not excited about the idea, but after thinking about it for a while, he became more interested. Buck promised to invest 1000$. In the summer of 1965, Pete's Super Submarines opened in Connecticut, USA. (Subway History 2009, Subway Studentguide)

Ten years later, in 1974, DeLuca and Buck decided to turn their business into a franchise. Due to the lack of time and financial restraints, they did not want to hire any consultants. They were determined to start finding franchisees by themselves. Brian Dixon, a friend of Fred DeLuca's, was the very first Subway franchisee. The restaurant was located in Wallingford, Connecticut, and it was opened in the summer of 1974. The first international Subway restaurant was opened in Bahrain three years later in 1977. During the last 44 years, Subway has expanded rapidly. Nowadays there are more than 30,000 Subway restaurants in 90 countries (1^{st} june 2009). (Subway History 2009, Subway Studentguide)

The year 1974 was a big change for Subway. Turning into a franchise company opened many doors. 35 years ago when DeLuca and Buck decided to go into franchising, Subway was a small restaurant company. It was a big risk, but they wanted to take it and it was worth it. As it can be seen on the chart below, Subway keeps growing and it was the world's fastest growing fast food chain in 2009. (Subway History 2009, Subway Studentguide)

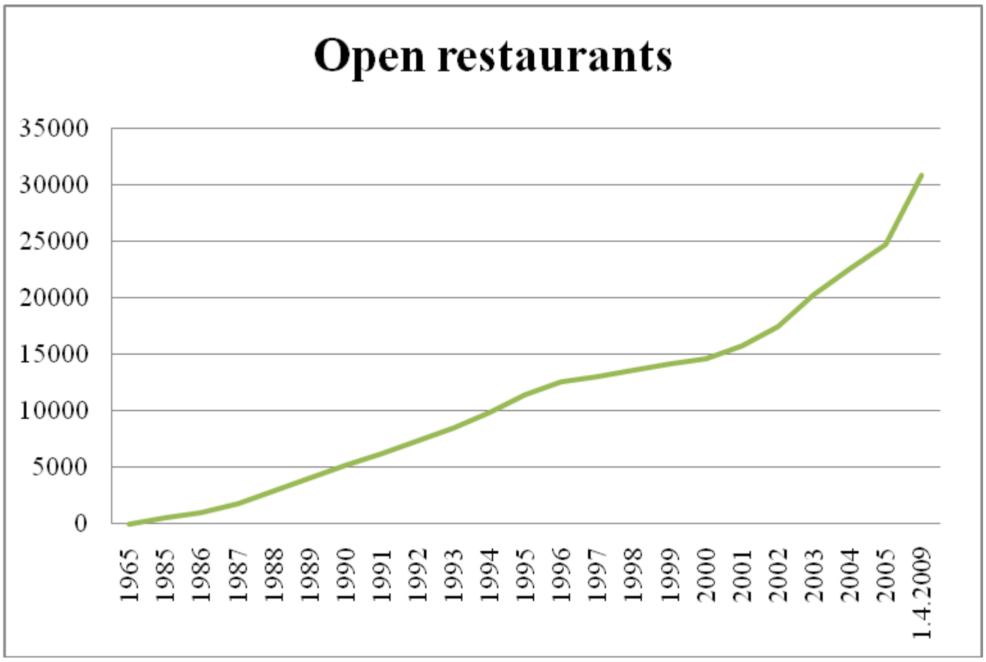


Chart 1 Open restaurants 1965-2009 (Subway, Studentguide)

From the year 2000 and onwards, Subway has opened more restaurants than ever before throughout its history. One reason for this growth was Jared S. Fogle, a 30-year-old American man. At that time, Fogle was a high school student suffering from being overweight. After Fogle found out that he might not live to see his 35th birthday, he wanted to change his way of living. Fogle developed his own Subway diet, which consisted of two subs, a footlong and a six-inch. He was also involved in sports activities. In three months, Fogle lost almost 45 kilos, and at the end of the diet, he had doubled that amount. Fogle's diet motivated many other people. Thousands of people around the world wanted to change their lifestyle and tried the Subway diet too. Since 2000, Jared S. Fogle has cooperated with Subway, and he is one of the key persons in Subway's marketing. He travels around the world telling his unbelievable story to people. Fogle has also participated in several Subway campaigns.(Subway History 2009, Subway Studentguide)

When DeLuca started running his sandwich business in 1965, he promoted his restaurant, "Pete's Submarines", on the radio. A few years later, it was shortened to Subway, as it is known today. The Subway chain has used many slogans during the last 44 years, but one of the most well known slogans is "eat fresh". It was launched in 2004. "Eat fresh" tells customers that Subway uses only freshly baked bread and fresh ingredients. Slogans might vary from country to country. Subway also has clubs for its members, the sub club and the subway card; here subway card refers to a club name. In the sub club people earn a different amount of stamps depending on what they order. Being a subway-card owner, people earn a different amount of points depending on how much money they spent. (Subway History 2009, Subway Studentguide)

The franchise chain Subway employs many people. There are already more than 600 workers in Connecticut where Subway's headquarters and Doctor's Associates Inc. (the franchisor of Subway restaurants) are situated. Approximately 150,000 people worldwide work for Subway. In 2006 Subway's revenue jumped to 9.05 billion dollars (€ 6,85 billion), and it still keeps growing rapidly. Fred DeLuca has been a leader of the chain for 44 years. (Subway, history 2009)

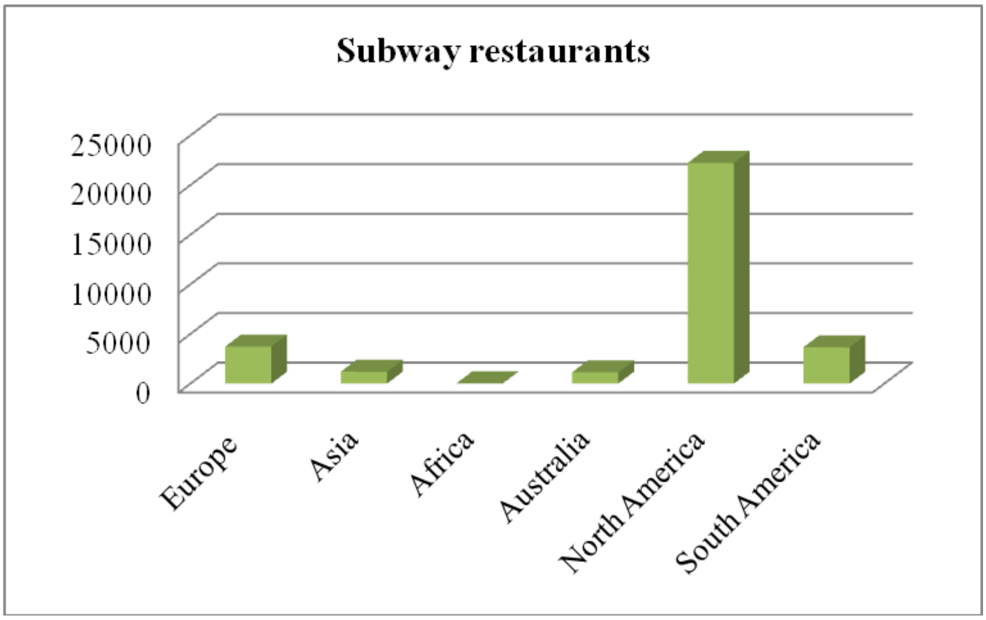


Chart 2 Subway restaurants in the world (Subway, Around the world)

As can be seen on the graph, most of the Subway restaurants are located in North America. The second largest amount is situated in Europe. Here most of the Subways are located in United Kingdom (1,322 restaurants), and the Subway chain aims to have more than 2,010 restaurants in the United Kingdom and Ireland by 2010. Africa is the continent with the least restaurants. In Denmark, Subway was represented in the 1990s. There were more than 20 Subway sandwich restaurants around the country, but 10 years ago, they withdrew all the restaurants from the

Danish market. In 2009 two Subway restaurants have been reopened in Denmark, one in Aalborg and one in Sønderborg. (Subway, history 2009)

3.2 Current product portfolio

Subway offers customers a wide selection of sandwiches also called “subs”. Sandwiches are always freshly baked, and customers can choose if they want their sandwiches toasted or non-toasted. There are two different sizes of sandwiches, a six inch. (15cm) and a foot long (30cm). Subway also serves soft drinks along with the sandwiches. Cookies, chips, coffee and chocolate can be ordered as accompaniments.

In Denmark, there are four types of bread to choose from, the Italian white bread, the honey oat bread, the parmesan/oregano bread and the 9-grain wheat. The 9-grain bread is the only bread, which contains animal product if honey is considered an animal-derived ingredient. Wheat free bread cannot be found in Danish Subways. All of the breads are milk free except the parmesan/oregano bread, which contains cheese. (Subway menu 2009)

Subway has a huge sandwich selection. There are more than two million different sandwich combinations. Healthy and light subs can be enjoyed in Subway restaurants as well. This fast food chain offers sandwiches, which contain only six grams of fat or less. These sandwiches became more famous after “a Subway guy” Jared S. Fogle lost weight of 240 pounds (109 kilos) due to the Subway diet (check chapter 3.1 – history of the Subway chain). On the Danish menu, customers can find 15 different sandwiches. In the following, a variety of the menu will be presented. (Subway menu 2009)

Customers decide what they want their sandwiches to include. The filling can be ordered double or some things can be left out. The Subway chain also has a wide range of dressings that can be chosen from. The customer can choose between take-away and enjoying the meal at the restaurant. Any sub can also be turned into a salad. Salads were added to the menu in 1980.In Denmark, Subway does not have any special menu for children.

Birthdays and other occasions can be celebrated in Subway restaurants. On the menu, customers can find a catering part, which contains sub platters, giant subs and cookie platters. The giant sub can be made to any length depending on the amount of people. Sub platters consist of 15 4 inch. portions and cookie platters contain 36 (minimum) delicious cookies.
(Subway menu 2009)

3.3 Key competences

A short introduction to 7s-Model

McKinsey developed a framework for analyzing and improving organizational effectiveness. This framework consists of seven aspects of an organization, which need to be balanced. These factors differ in hard (strategy, structure and systems) and soft (skills, staff, style and shared values) factors. In this regard, the hard factors are easy to grasp, however the soft factors are difficult to estimate.
(Value Based Management 7-S framework of McKinsey)

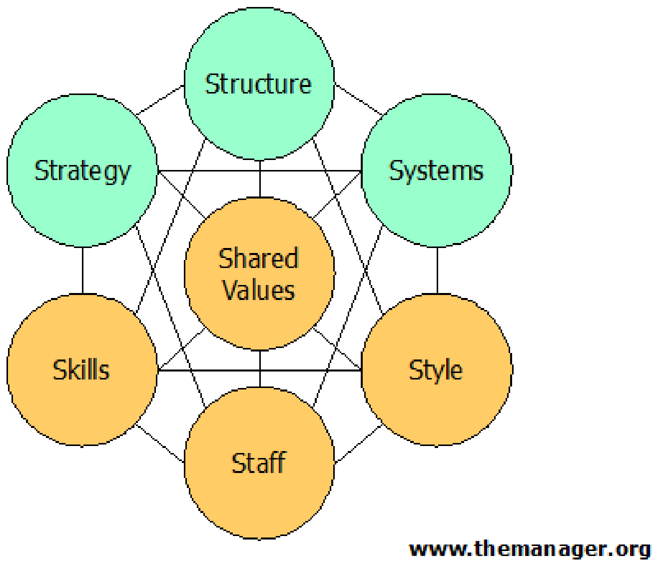


Figure 1 7S-model

The Analysis

Strategy

The main goal of the Subway chain is to be ranked the number one restaurant by consumers and in every market that Subway serves. Furthermore, Subway does not specifically select the new countries it enters. All Subway restaurants are owned and operated by local business people, who choose the place for their Subway restaurant. The franchisee buys the right to run a Subway franchise according to Doctor’s Associates Inc contract. A development team will work with the new entrepreneur to provide assistance in opening and running a Subway restaurant within a new market. Subway will continuously provide assistance to make sure that the franchisee gets all the basic information.
(Subway’s Marketing strategies 2009)

Structure

The Subway chain is the biggest franchise chain in the world, and it employs about 150.000 people in more than 30,000 locations in 90 countries around the world. Due to the size of the operation, Subway has more than 700 development and support people employed at the chains world headquarters in Milford, Connecticut. The company is divided into the following departments, franchise sales, new business development, Subway real estate Corp, store design, franchisee services, operations, creative services, customer care, public and community relations, publications, profit building and local marketing, meeting and events, research and development and Subway franchisee advertising fund trust.
(Subway Departments and Organizations 2009)

Subway is a registered trademark of Doctor’s Associates Inc. (DAI). DAI owns the operational business concept and trademark of Subway restaurants. From this organization, the franchisee buys the right to operate with the Subway concept.

Systems

During a two week training, Subway provides the new franchisee with the required information. The Subway franchise fee is exceptionally low for a chain of this size.

Subways franchise fee:

- $15,000 (Local currency) in the United States & Canada,
- $12,500(Australian) in Australia,
- $10,000(US dollars) for all other international countries (including Denmark)

Danish restaurant owners have the opportunity to lease and/or get a loan from Subway.
(Subway How we compare our competitors 2009)

Shared values

Shared values are the fundamental ideas of Subway; these can be identified by the following key words:

- *Simplicity:* Subway has an easy-to-run operation.
- *Support:* Subway has systems and information resources to assist the franchisees.
- *Control:* Subway teaches methods to help run the business efficiently.

Shared values of the Subway chain:

Subway provides the tools and knowledge to allow entrepreneurs to successfully compete in the quick service restaurant (QSR) industry worldwide.

The core values:

- *Subway is committed to customer satisfaction through offering high quality food with exceptional service and good value.*
- *Subway takes great pride in serving each other, the customers and the communities.*
- *Subway is seeking continuous improvement in everything.*
- *Subway values a sense of urgency and emphasizes an innovative, entrepreneurial approach to business.*
- *Subway expects fairness and mutual respect in all the activities.*
- *Subway knows that success depends upon the initiative is taken individually and the ability to work as a team*
  *(*Subway Our Core Values and Philosophy 2009*)*

On a local basis Subway franchisees are involved with many schools and religious or community organizations. Furthermore, Subway contributes many civic, educational and charitable organizations, namely the American Heart Association, the American Red Cross, Habitat for Humanity, Junior Achievement, March on Dimes and United Way. (Subway, Frequently asked questions 2009)

Staff: The Subway chain offers a program and information resources to provide the knowledge that the entrepreneurs need. The franchisee buys the rights to operate under the concept of Subway. Why franchisees embrace the Subway franchise system is formulated in the following four criteria:

Quality of the Product: Subway is very concerned about the quality of the products. This is visible through the fresh products and the inspections.

Location flexibility: Subway does not look for new markets. Potential restaurant owners contact Subway.

Lower investment: Subway has the lowest start up cost compared to other fast food chains. Start up costs:

- Subway: $69,300 to $191,000
- Burger King: $240,000 to $2.5 million
- McDonald’s: $432,800 to $715,150

Operational support: Subway offers training courses and information resources to franchisees.
(Subway How We Compare To Our Competitors 2009)

Skills: Subway provides the franchisee with marketing knowledge as well as the necessary tools for him to operate his business efficiently. This is one of the strengths of Subway. It knows the market and offers more healthy options than other fast food chains for example McDonald’s or Burger King.

Style: Subway guides the franchisees in the right direction with training courses and necessary information. It supports its franchisees and helps to start up the business.
(Subway Steps to Apply 2009)

SWOT-analysis of Subway

The SWOT analysis is a framework to analyze the strengths, weaknesses, opportunities and threats of the internal and external environment of a company.
(Marketing teacher SWOT analysis 2009)

Table 1 SWOT analysis of the Subway chain (Subway Our Support network 2009, Subway Studentguide Non-Traditional Development 2009, Subway Our Support network 2009)

STRENGHTS	**WEAKNESSES**
• Size and number of stores and channels • Menu reflects demand for fresh and healthy fast food • Extensive market, also in non-traditional locations (“airports, amusement parks, hospitals, military bases, supermarkets”) • Worldwide brand recognition: Subway has more than 30,000 locations in 90 countries • Customizable menu offerings: Customers can leave something out or order something double • Low franchisee start up costs compared to the main competitors • Franchisee training, courses and information is provided for a quick start up • Strong market position: Second largest restaurant operator • High quality products/services (daily baked bread)	• Service delivery is inconsistent from store to store, this means that Subway has no influence on the service each restaurant offers the customer • If the market is satisfied there is still a possibility that people want to open a restaurant
OPPORTUNITIES	**THREATHS**
• Improve franchisee relations to provide better information sources • Expand packaged dessert offerings, so that customers also have the choice between desserts • Continue to revise and refresh menu offerings, this to stay up to date with trends within the market and to serve the best possible products • Room for growth in the sandwich market (Denmark) • Expand product/service lines	• Financial crisis: Due to the fact of the economic slowdown, people have less money to spend • High competition: McDonald’s, Burger King, Sunset Boulevard are big players • New competitors entering the market. The number of little restaurant like kebab places are growing • Price war between competitors

3.4 Subway’s current strategies

Growth strategies

By considering ways to grow, there are four possible product-market combinations. Subway expands with its existing products to new markets (Market development). This happens through the franchisees to whom Subway offers an easy concept. Subway is not looking for new markets or places to open restaurants, the franchisee contacts Subway.
(Tutor2u Market Matrix 2009)

	Existing Products	**New Products**
Existing Markets	Market Penetration	Product Development
New Markets	Market Development	Diversification

Porter's Generic Strategies

A differentiation strategy calls for the development of a good product or service that offers unique attributes that are valued by customers. Subway does not focus on just one segment; it has a broad target scope. Furthermore, the advantage of Subway is the product uniqueness. The customer can select from a range of sandwiches and customize them. The model below shows Subway's position.
(QuickMBA Porter's Generic Strategies 2009)

Target Scope Advantage

	Low Cost	**Product Uniqueness**
Broad *(industry wide)*	Cost leadership strategy	Differentiation strategy
Narrow *(market segment)*	Focus strategy *(low cost)*	Focusstrategy *(differentiation)*

3.5 Franchisee benefits from Subway

Subway has a lot to offer to potential franchisees. The company provides franchisees with help both before and after they open a restaurant. Subway offers the franchisees the following services before opening:

- *Training*. Before opening the Subway restaurant the franchisee has to take part in an intensive two-week training.
- *Site selection*. Subway will help the franchisee to secure a location for the new Subway restaurant.

- *Restaurant design*. Subway provides the franchisee floor plans for the specific location.
- *Equipment ordering.* Subway provides the equipment that the franchisee will need running the business.
- *Access to product formulas & operational systems.* Subway offers training courses and information resources.
  (Subway Brochure Before You Open 2009)

As mentioned before Subway also provides a service to the franchisees after launching the restaurant, namely:

- *Operations manual.* The in-depth manual that Subway offers franchisees covers a full range of topics important to running one's business.
- *Field support*. The franchisee will be assisted by a representative, who will help to get started and provides ongoing operational evaluations.
- *Franchisee services*. The franchisee will be assigned a coordinator who will serve as the main contact person, who is just a phone call or e-mail away.
- *Research and development*. An executive chef, baking specialists, staff nutritionist and product development team continually strive to make our excellent food even better.
- *Continuing education*. There will be periodic newsletters, e-mails and voicemails. Videos, DVD's and additional training classes are also available.
  (Subway Brochure After You Open 2009)

The franchisees are responsible for the following:

- Initial franchise fee ($12,000)
- Finding locations
- Leasehold improvements
- Leasing or purchasing equipment (possible through subway)
- Hiring employees and operating the restaurant
- Paying 8% royalty (for the franchising concept)

- Paying 3.5% advertising fee into the advertising fund (4.5% in the US, Canada, Australia)
  (Subway Brochure the Franchisee is responsible for 2009)

3.6 Advantages and disadvantages of the Subway franchise concept

There are pros and cons in engaging in any cooperation or partnership. Apart from the many benefits derived from the cooperation between Subway and the franchisee, which have been considered in the previous sections, there are also some disadvantages that need to be assessed.

Firstly, any bad news about Subway might have direct impact on the franchisee as the brand/trademark could be affected in the process. If the value of the brand decreases, the franchisee loses some of his competitiveness. Another disadvantage is that the franchisee is highly dependent on the franchisor. As the franchisee is using Subway's operations systems and relies on Subway to take care of the promotion, a great deal of control is in the hands of Subway. In rough terms, it is Subway's way or the highway, meaning that a franchisee only has limited influence on strategic matters.

Furthermore, the franchisee carries most of the risk in the cooperation, as he is the one investing most money in it. Even though the start-up costs for setting up a Subway restaurant are relatively low, a financial investment must still be made by the franchisee. If the cooperation between the two fails, it will hurt the franchisee most as he has invested most resources in the cooperation.

Another issue is that the franchisee will have ongoing costs as he has to continuously pay royalties and advertising fees to Subway.

The following lists the advantages and disadvantages seen from the franchisee's viewpoint:

Table 2 List of advantages and disadvantages

Pros:	Cons:
- Trade mark strength - Technical advice - Support services - Employee training - Marketing resources - Advertising	- Vulnerable to ill news about Subway - High dependence on franchisor - Limited control - Risk carrier - Cost in terms of both initial start up fees and ongoing costs

From a historical point of view, the advantages have been seen to up weigh any disadvantages as more and more Subway restaurants have emerged and been successful.

4 THE FAST FOOD MARKET

In the following chapter, the fast food market will be analysed. Market size and market growth as well as the current trends will be the focus. Furthermore, the PEST analysis will reveal any external factors that might affect the market for fast food.

4.1 Market size

The market size of fast food in Denmark can be accounted in different ways; one being the total sales of fast food, but in this context another way could also be to look solely at sales of fast food in chained restaurants. By isolating the sales made in chained restaurants, a picture of the overall attractiveness of franchises should be clearer. Both the total and the chained fast food sales will be considered in this section.

Total sales of fast food from 2002-2007 can be seen in appendix five. Value growth in percentage from 2002-2007 can be seen in appendix six.

Appendix four shows that total sales have grown 7.9 percent in compound annual growth rate (CAGR). The total growth between 2002 and 2007 has been 46.3 percent. In other words this growth means that fast food sales in 2002 increased from DKr million 5,413.5 to 7,922.1 in 2007. (Fast Food by Subsector, sales in DKr million)

While the overall market for fast food has been performing well, times have been even better for chained restaurants such as McDonald's, Burger King, Sunset Boulevard etc. In 2002 sales were DKr million 2,145 and in 2007 the revenue was 3,613.3. This is a growth of 68.6 percent. The annual CAGR for chained restaurants has been 11 percent from 2002-2007, which is a 3.1 percent bigger growth than that of the overall fast food market. This indicates that chained restaurants are well received in the Danish market. (Fast Food by Subsector, sales in DKr million)

The figures show that historically the market for fast food has been growing every year. For Subway, this means that it can expand in a market that has been growing over recent years. Market saturation has not happened yet which is definitely an advantage as it decreases some of the pressure of performing within the market. A saturated market usually leads to fierce competition since companies fight over the very same customers.

Naturally, future sales and growth have to be taken into account in order to get a fuller picture of the market - especially considering that the above-mentioned tables only go as far as 2007. Future sales and market growth will be considered in the following section.

4.2 Market growth

Appendices three and four are forecasts of sales and growth from 2007-2012.

To a large degree, the figures in these two tables are more important than those of 2002-2007 as they are more contemporary. Both total sales and chained restaurant sales will be considered as in the foregoing section.

As can been seen from the forecast in appendix four, both the sector fast food and the subsector chained fast food is expected to experience growth. However, the growth rate is far lower than that of 2002-2007.

From 2007 to 2012 total sales are expected to rise from DKr million 7,922.1 to 8,575.5 which is a total growth of 8.2 percent. This is equal to a CAGR of 1.6 percent. The prospects, however, are somewhat better for chained restaurants. Here sales are expected to rise from DKr million 3,617.3 in 2007 to 4,180.7 in 2012. This is equal to a CAGR of 2.9 percent or a total growth of 15.6 percent.

Assessing these figures, it seems clear that although growth is not expected to rise as significantly as in 2002-2007, the market is still expected to experience growth especially within the subsector of chained restaurants. An analysis of the product life cycle (PLC) will here be used to look more in depth at the development within the market.

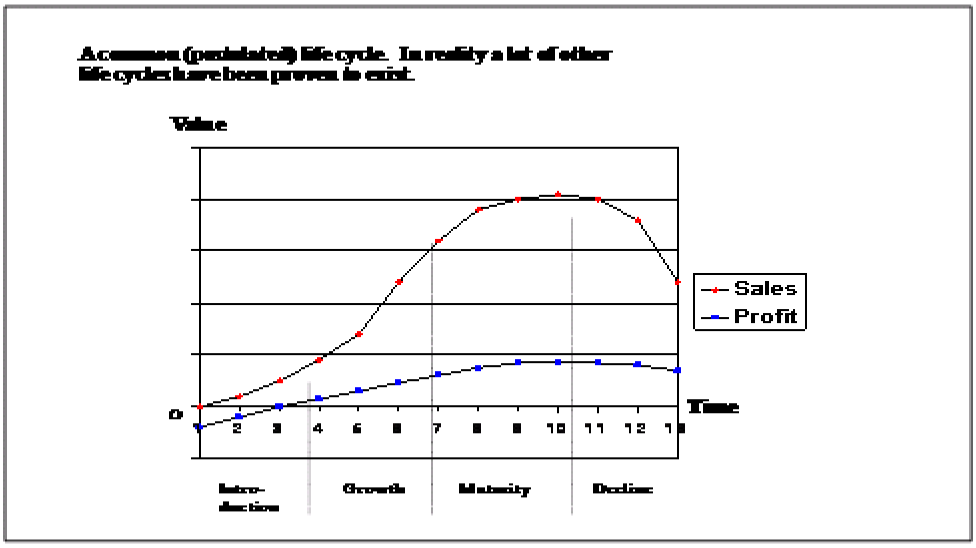


Chart 3 Illustration of a common product life cycle (Henrik Christensen)

Most product life-cycles are portrayed as bell-shaped, and the PLC for fast food is not considered to be an exception. Keeping in mind the above-considered figures about future market growth, it is valid to say that fast food is neither in the introduction, the growth nor in the decline stage. The maturity stage is often divided into three phases: growth, stable and decaying maturity. Although historically chained restaurants have experienced higher growth rates than the overall market, and, according to these forecasts, will continue to do so in the coming years, both the overall fast food market and the market for chained fast food can be considered to have the same PLC. (Kotler & Keller 2008, 318-325.)

Fast food is regarded to be in the first phase of the maturity stage. This means that growth rates are beginning to decline which the forecasts also indicate. The implications of being in the maturity stage are summarized by Kotler and Keller in the following way:

- Peak sales
- Low cost per customer

- High profits
- Stable number of competitors beginning to decline
- A company should maximize profit while defending market share
- A company should diversify brands and items models
- A company should price to match or best competitors
- A company should build more intensive distribution
- A company should stress brand differences and benefits
- A company should increase sales promotion to encourage brand switching (Kotler & Keller 2008, 328)

Since this summary covers the entire maturity stage, it is not completely accurate in this context as the market for fast food is considered to be in the beginning stage of maturity. This means that for example the number of competitors might not have started to decline yet.

4.3 Trends

The general trends and prospects for the fast food market are a potential factor of success. According to the "Euromonitor International: Country Sector Briefing – October 2008" and the carried out survey, there are some specific trends, which might affect Subway's success in the Danish fast food market.

Sales: In 2007, the sales grow was about 5%. Fast food sales forecast is expected to reach DKr 8.6 billion, an increase of 8% in constant value terms from 2007. (Euromonitor International: Country Sector Briefing)

Occasions: Convenience stores grow due to an increasing trend within fast food sales in the morning. People tend to pick up some bakery products, mostly located in petrol/gas stations or near train and bus stations on their way to work.

Eat-in accounts for 21% and takeaway for 79% of total fast food value sales in 2007. Food accounted for 85% and drinks for 15%. (Euromonitor International: Country Sector Briefing)

The slowing economy in Denmark could be a threat in an uncertain future. Faster rising prices and labour costs can slow the expansions of fast food chains, and may cause rising retail prices. (Euromonitor International: Country Sector Briefing – October 2008).

The trend to organic and sustainable products is still a major trend within the food market. Nevertheless, organic products are presently not that important for the fast food sector as in the retail.

It is more important for the fast food sector, according to the health and wellness trend, to have healthy options in the product range. The trend in low-fat products, especially in the sandwich sector has high potential. Due to this trend, the success of sandwich specialists will go on. According to the outcomes of the Euromonitor research (see the table below) in the fast food sector, bakery products like sandwiches will become more important within the next years.

As already explained in chapter 4.2, market growth, the table shows the forecasts of sales in bakery products (sandwich specialists account for 51%, sweet bakery goods for 45% and mixed bakery fast food for 4%) have the biggest potential within the whole fast food sector. With a growth of 8.6 percent within the years 2007-2012, it will be the most relevant trend in the coming years. According to this, the following table shows the potential of growing fast food outlets in several sectors. Bakery product outlets will increase by 16.7% from 2007 to 2012.

Table 3 Forecast Sales in Fast Food by Subsector

Forecast Sales in Fast Food by Subsector: % Units/Outlets Growth 2007-2012

% Units/Outlets growth

	2007-12 CAGR	2007/12 TOTAL
Fast food	1.0	5.3
- Chained fast food	1.8	9.4
- Independent fast food	0.9	4.4
- Bakery products fast food	3.1	16.7
-- Chained bakery products fast food	7.3	42.1
-- Independent bakery products fast food	2.7	14.5
- Burger fast food	3.4	18.4
-- Chained burger fast food	3.4	18.4
-- Independent burger fast food	-	-
- Chicken fast food	9.5	57.1
-- Chained chicken fast food	0.0	0.0
-- Independent chicken fast food	11.6	72.7
- Ice cream fast food	2.5	13.2
-- Chained ice cream fast food	-	-
-- Independent ice cream fast food	2.5	13.2
- Fish fast food	-	-
-- Chained fish fast food	-	-
-- Independent fish fast food	-	-
- Latin American fast food	-	-
-- Chained Latin American fast food	-	-
-- Independent Latin American fast food	-	-
- Middle Eastern fast food	0.7	3.6
-- Chained Middle Eastern fast food	-	-
-- Independent Middle Eastern fast food	0.7	3.6
- Asian fast food	3.1	16.4
-- Chained Asian fast food	-	-
-- Independent Asian fast food	3.1	16.4

Source: Official statistics, trade associations, trade press, company research, trade interviews, Euromonitor International estimates

Moreover, the results of the field research show that these prospects can be realistic due to the high potential and likeliness of fresh and healthy food.

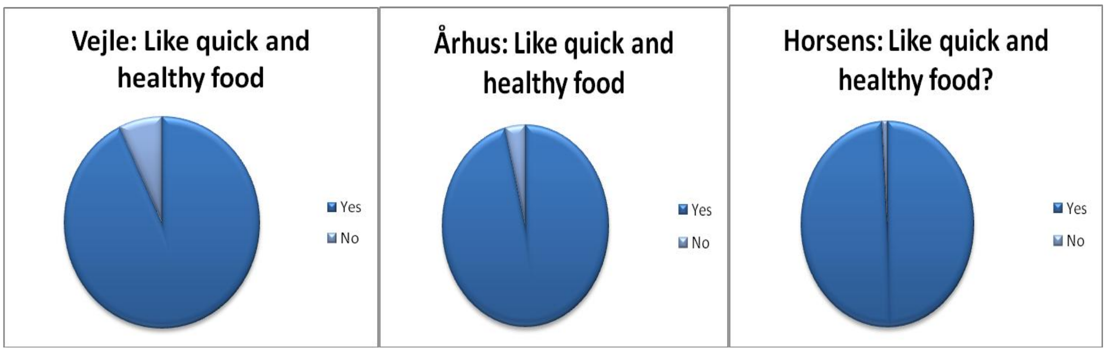


Chart 4 Like quick and healthy food (Based on the survey)

Even though there are some respondents in Århus, Vejle and very few in Horsens, who do not like quick and healthy food, the forecast and the general trend are supported by the field research. Subway is suggested as being the healthiest fast food chain after Sunset Boulevard. This opinion offers high potential since the Subway chain has not yet the same degree of awareness in Denmark, as can be seen in the following graph according to the field research.

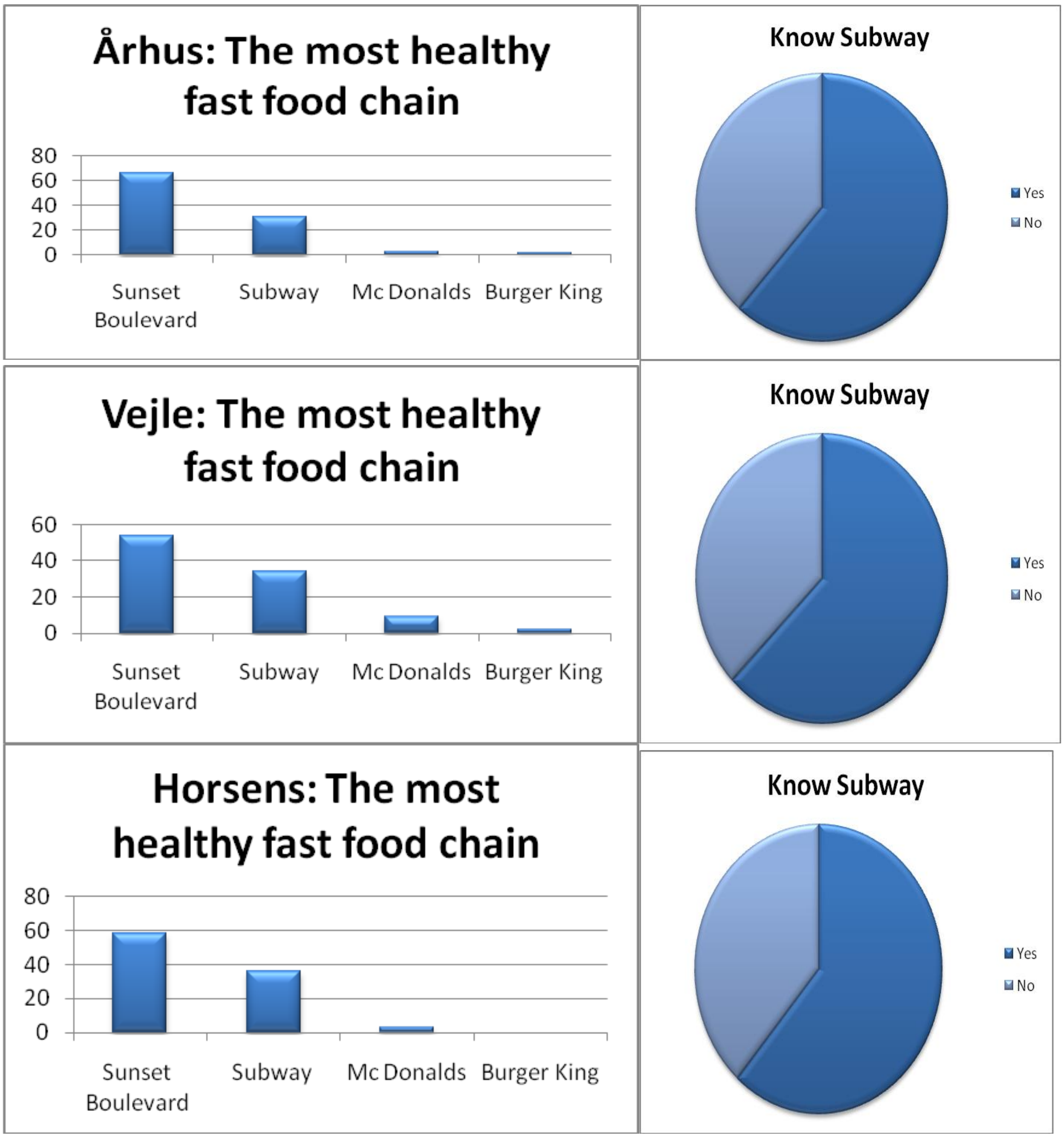


Chart 5 The most healthy fast food chain and knowing Subway (Based on the survey)

Once established and having the same knowledge as the market leader in the sandwich fast food genre, Subway might be able to catch up many market shares within the next few years, as the trend will help the chain to develop successfully within the Danish fast food market.

4.4 Macro environmental factors

Subway in Denmark operates in a macro environment of forces and trends that shape opportunities and pose threats. These macro environmental forces will be described by analyzing the macro environment by using McKinsey's PEST analysis. Referring to the delimitations, the technological factors will not be considered.
(Marketing teacher, PEST Analysis 2009)

4.4.1 Political Environment

Political life in Denmark is orderly and democratic. Political changes occur gradually through a process of consensus, and political methods and attitudes are generally moderate.

A report from the World Bank "Doing Business in 2004, Understanding Regulation" reveals that Denmark is in a class of its own regarding costs associated with establishing new businesses. The report charts barriers to operating businesses in 130 countries, of which Denmark is the only one where formal permission to open a business is free of charge. (Doing Business 2004)

4.4.2 Economical Environment

All businesses are affected by national and global economic factors. The climate of the economy dictates how consumers, suppliers and other organisational stakeholders such as suppliers and creditors behave within society.

As the economy is in a recession due to the financial crisis right now, it has the impact on the potential customers that they generally have less money to spend. Due to that fact, people might tend to keep the money in their pockets and cut down on expenses in their everyday life. One consequence may be that they reduce or cut down on restaurant visits. That can be seen as an advantage that they reduce visits to more expensive restaurants and instead visit less expensive fast food chains. In that an opportunity would arise for fast food chains like Subway. People do not want to renounce totally to go out for lunch or dinner and therefore they might choose more affordable places. Besides that, compared to other nationalities, Danes earn quite a lot. As a result they are not so affected by the crisis and do not have to cut down so much in their everyday life.

Population changes also have a direct impact on organisations. Changes in the structure of a population will affect the supply and demand of goods and services within an economy.

The unemployment rate in Denmark with its 2,3% (December 2008) is very low. Denmark has one of the highest gross domestic product (GDP) per person in the world. In the same way, Denmark has one of the highest per capita incomes in the world as well as the European Union. (Denmark Unemployment rate 2009)

Therefore, people have more money to spend. As a result, there are more potential customers for visiting fast food chains.

Denmark's fiscal position is among the strongest in the EU. Economic growth gained momentum in 2004 and the upturn continued through 2006. After a long consumption-driven upswing, Denmark's economy began to slow down in early 2007 with the end of a housing boom. This cyclical slowdown has been exacerbated by the global financial crisis through increased borrowing costs and lower export demand, consumer confidence, and investment. The slowing global economy cut growth to 0.3% in 2008. Because of high GDP per capita, welfare benefits, a low Gini index, and political stability, the Danish living standards are among the highest in the world. A major long-term issue will be the sharp decline in the ratio of workers to retirees. (Intertrust 2009)

4.4.3 Socio-Cultural Environment

The third aspect of PEST focuses its attention on social forces affecting attitudes, interests and opinions. These forces shape who we are as people, the way we behave and ultimately what we purchase. Within Denmark, people’s attitudes have been changing towards their diet and health in the past few years. They have become very conscious about their health. As a result, Denmark is seeing an increase in the number of people joining fitness clubs and a massive growth for the demand of organic/healthy food. Besides this trend towards healthy food, there is also a trend towards quick food as people work a lot and do not have so much time for cooking.

Organisations must be able to offer products and services that aim to complement and benefit people's lifestyle and behaviour. If organisations do not respond to changes in society, they will lose market share and demand for their product or service.

Denmark holds a number one position in the world when it comes to their happiness index. Therefore, one can interpret that many Danes give importance to spending a holiday in sunny destinations, hanging out with friends in cafes or restaurants and having a relaxed lifestyle. (The Medical News 2009)

4.4.4 Demographical Environment

Denmark has a total population of 5,500,510 million (July 2009 est.) with a rate of growth of 0.29% (2008). (The World Factbook Denmark 2009)

Age structure:

- 0-14 years: 18.1% (male 511,882/female 485,782)
- 15-64 years: 65.8% (male 1,817,800/female 1,798,964)
- 65 years and over: 16.1% (male 387,142/female 498,940) (2009 est.)

Birth rate and death rate

- 10.54 births/1,000 population (2009 est.)
- 10.25 deaths/1,000 population (2008 est.)

Ethnic groups:

- Scandinavian, Inuit, Faroese, German, Turkish, Iranian, Somali

Languages:

- Danish, Faroese, Greenlandic (an Inuit dialect), German (small minority); English is the predominant second language

Religions:

- Evangelical Lutheran 95%, other Christian 3%, Muslim 2%
- Furthermore, the three cities in Midtjylland, which are analyzed, have a population as follows:
- Århus 239.865 (2009); Horsens 80.102 (2008); Vejle 50.213 (2008) (The World Factbook Denmark 2009)

4.5 Attractiveness of the Danish fast food market

After analysing the Danish fast food market in the previous subchapters an idea about the attractiveness can be formulated. The current market situation, as well as the growth potential in correlation with the trends lead to an optimistic conclusion. However, there are on the other hand some uncertain factors, like the slowdown in the economy due to the financial crisis, as well as the rising cost prices and the growth strategies of several chains, that might influence Subway's success in the Danish fast food market.

Moreover, the forecasts of a growing fast food market and the active trend towards healthy food will lead Subway to success. The growing market for sandwich and bakery products will help Subway to grow into the market, as well as to steal some market share from competitors like Sunset Boulevard. As long as the trend still has some potential, and the general fast food market is increasing, the market fits to Subway's approach.

As long as Subway's competitors have not processed the whole market by exploiting the whole market potential, there are great prospects for a new sandwich bakery chain.

5 THE QUESTIONNAIRE

The old questionnaire and the final questionnaire will be analyzed in this chapter. This chapter is considered necessary because there were some questions which needed changes.

5.1 Test of the questionnaire

The test of the questionnaire has been carried out to prevent mistakes and to see if the questions cover all needed information. The questionnaire was handed out to thirty fellow students. The test indicated that changes needed to be made in the following questions, questions number 2, 3, 9, 10 and also personal data.

Question 2, “Do you know Subway”, was changed into “Do you know the fast food chain Subway?” as the test showed, there was one person who did not understand that “Subway” was referring to a restaurant chain. He thought it was the subway for trains – an underground.

In the question 3, “Do you like it”, a box with “Don’t know” was added due to the fact, that a person did know the chain, but had never tried it. It was therefore necessary to add this box as the person could not answer if he/she liked it.

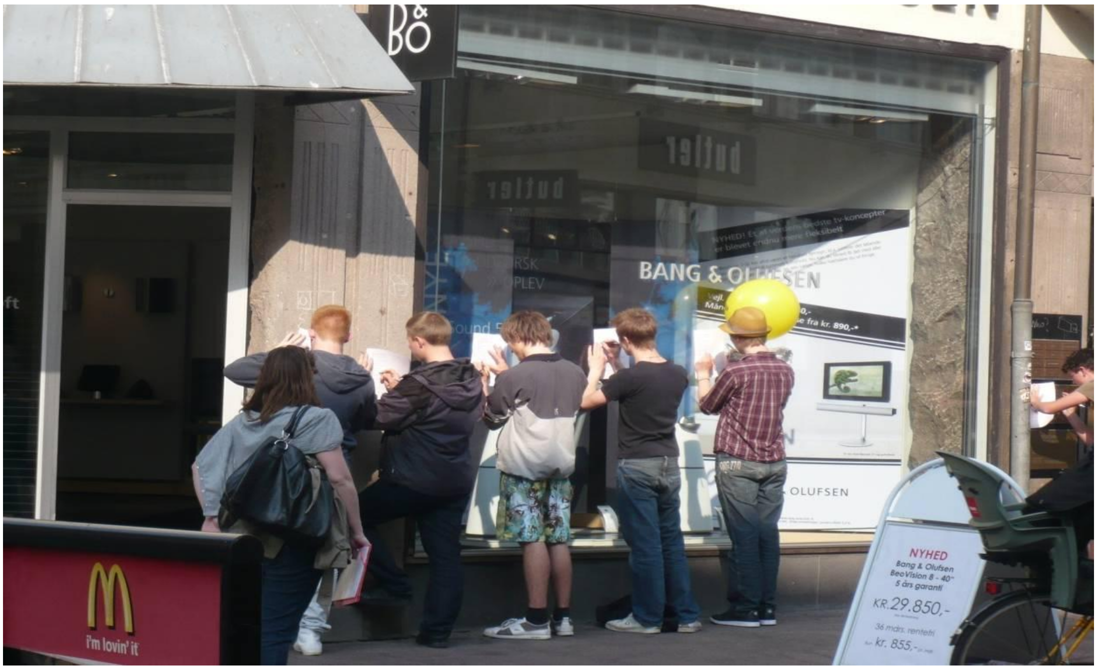
Question 9, “Rate how important price / quantity discounts are”, was rephrased, since the respondents understood the question quite differently. Some even thought that it said “quality” and not “quantity”. They interpreted that the question meant, “Rate the importance of the relationship between price and quality”, which was not the actual intent of the question. Hence, the question was changed to “Rate how important it is to get a discount when you buy more than one sandwich or soda”. The rephrased question emphasizes that it is about discount offers on specific items.

The problem with question 10, “If subway is not your first choice, would you prefer it if they had offerings concerning price and quantity discounts”, is quite similar to question 9. Here the test persons also interpreted the question quite differently which, in turn, affected the results. Some again mistook “quantity” for “quality”. As a result of this, the question was rephrased to “If Subway is not your first choice, would you prefer it if it had special offers on menus, on certain sandwiches or if you for example buy two or more sandwiches?” As with question 9, the rephrased question stresses that, what people need to answer is whether they would find Subway more attractive if it offered discounts.

In the section of personal data a question about, whether the interviewed person was a Danish citizen or not, has been added. Therefore, a pattern might be found in the answers of for example foreign students. For instance, the research might show that more non-Danish than Danish people know Subway.

5.2 The final questionnaire

The questionnaire was made to find out if there is a market for Subway in Denmark and which city, Horsens, Århus or Vejle, would be a suitable place for a Subway restaurant. There were 14 questions about customers' buying behavior, to buying motives and personal data. Answers were collected from the three cities namely Horsens, Århus and Vejle. There were around 300 respondents of which 55% were women and 45% men. All kind of people were asked, from a pupil aged 13 to a houseman aged 53. 90% of respondents were Danish.



Boys filling out the questionnaire

A question of liking quick and healthy food was the first question of the survey. It was used as an "ice-breaking-question" and to get people's attention. 95% of the respondents said yes which was expected.

The second question was about knowing the Subway chain. The question was asked to find out how popular the Subway chain is in Denmark and if people are aware of it.

If the respondent answered yes, there was an extra question whether they like Subway and its sandwiches.

A rating of healthy and unhealthy fast food chains was also demanded. The question of the healthiest fast food chain was made to find out if consumers see the fast food companies the way they do themselves.

One of the questions was asked to find out how often people go out to eat. This question was asked to find out how many potential customers would visit Subway in each of the three cities.

As it was mentioned before, in some countries Subway offers kids' meals. Kids' meals always include fresh fruits and juice, never soft drinks, and contain less than 500 calories. In Denmark, customers cannot order kids' meals. There were two questions about children in the questionnaire. One question was if there should be a menu for kids and the other one was if there should be entertainment for kids. These two questions were asked to discover if people who took this survey would like to have children offers in restaurants.

Many fast food chains offer customers different kinds of club cards and discount coupons, so does Subway. One part of the questionnaire was to find out how important it is to customers to get discount when buying more than one sandwich or drink and what they think about special offers for example the meal of the day. For most of the people who took this questionnaire getting discount is important which was expected. In Subway resraurants customers can collect a different amount of stamps or stickers to get a free sandwich, drink, cookies etc. That is one way to gain customer loyalty. Of course good food and friendly service are also needed. There was also a rating question about the most important factors in fast food chains. People had to rate food quality, food delivery, atmosphere, service, price and opening hours from one, less important, to six, the most important. This question was made to find out which factors people think are the most important ones.

It was also required to choose between Sunset Boulevard and Subway. Like it was said before, Subway is not so well known in Denmark and it does not have many supporters among the people, who took this questionnaire. Sunset Boulevard can be found all over Denmark, also in Horsens, Århus and Vejle whereas Subway can be found only in two cities. Moreover it was asked, if customers would visit Subway in their own city to find out if Subway attracts people.

6 COMPETITIVE SITUATION

In this chapter, the competitive situation will be discussed. First, there is going to be an overall look into the competitors and the market and after that a more specific look into the three biggest competitors. This chapter is necessary to see how strong the competitors are and if it is profitable to set up a Subway restaurant in the Danish market. In addition, the marketing mix is going to be discussed. As the delimitations describe, price and distribution are not included. The conclusion presented here will be explained in the following paragraphs.

6.1 Main competitors

Three main competitors were chosen to be analyzed more closely since they are considered to be the biggest threat. These three are McDonald’s, Burger King and Sunset Boulevard. Like Subway, they all are conceptual fast food chains. In addition, all three have a considerable market position in Denmark. Obviously, there are many more competing within the fast food industry. Some other big players in the Danish market are Statoil, Shell and YX, which have the highest number of outlets and a fair share of the fast food market. However, these three are not considered to be as big of a threat since their business concepts are quite different from other fast food chains. Surely, they also serve the fast food market, but to some extent other customer segments. For instance, a family of four would often be seen at for example Burger King, but it would be a somewhat rare sight to see the same family eating together at the local gas station. Bearing this in mind, it can be argued that McDonald’s, Burger King and Sunset Boulevard are the most direct competitors since they resemble Subway the most. For this reason, they will be looked at in greater detail.

As shown on appendix seven, in 2007 McDonald’s had with its 22 % by far the highest market share of the fast food market. It had sales of DKr. 1,655 million from its 83 outlets. At the same time Burger King had sales of DKr. 244 million which was equal to 3 % of the total market. This sale was reached through only 15 outlets. Burger King outlets are expected to rise in the future as their main franchisee, Cresco Food, has announced that 5-10 new outlets will open every year in the upcoming years. Also in 2007, Sunset Boulevard reached sales of DKr. 244 million which is almost as much as what Burger King accounted for. Sunset Boulevard had 27 outlets at the time. These figures show that Subway's three main competitors together held a market share of 28 % in 2007. The relatively low market share of the three combined indicates that the Danish fast food market is characterized by many players who, apart from McDonald's, all hold a relatively small percentage of the total market.

Looking at the above figures, what shines through is that McDonald's by far outperforms any of its competitors when it comes to total sales and thus market share. This indicates that there is a strong preference for McDonald's. The information gathered from the questionnaire indicates the same as the following will show:

- In Vejle 35 out of 99 people (35 %) prefer McDonald's
- In Horsens 35 out of 99 people (35 %) prefer McDonald's
- In Århus 20 out of 101 people (20 %) prefer McDonald's
- In total 90 out of 299 people (30 %) prefer McDonald's

To compare the preferences for the other fast food chains, including Subway, will be gone through similarly. All the following results can be extracted from the field research done in Vejle, Horsens and Århus.

Firstly, Burger King will be considered:

- In Vejle 30 out of 99 people (30 %) prefer Burger King
- In Horsens 12 out of 99 people (12 %) prefer Burger King
- In Århus 23 out of 101 people (23 %) prefer Burger King
- In total 65 out of 299 people (22 %) prefer Burger King

Next, Sunset Boulevard will be looked at:

- In Vejle 24 out of 99 people (24 %) prefer Sunset Boulevard
- In Horsens 30 out of 99 people (30 %) prefer Sunset Boulevard
- In Århus 24 out of 101 people (24 %) prefer Sunset Boulevard
- In total 78 out of 299 people (26 %) prefer Sunset Boulevard

Lastly, the results for Subway will be considered:

- In Vejle 6 out of 99 people (6 %) prefer Subway
- In Horsens 20 out of 99 people (20 %) prefer Subway
- In Århus 9 out of 101 people (9 %) prefer Subway
- In total 35 out of 299 people (12 %) prefer Subway

As can be seen, all three competitors hold a high share of mind – a share which in every case is considerably higher than Subway's. However, many factors have to be taken into account when looking solely at this. For instance, Subway is generally neither well-known nor well represented in Denmark as there are only two restaurants in the market at the moment.

6.2 Strength of the competition

To assess the competition within the fast food industry, an analysis of Porter's five forces will be used.

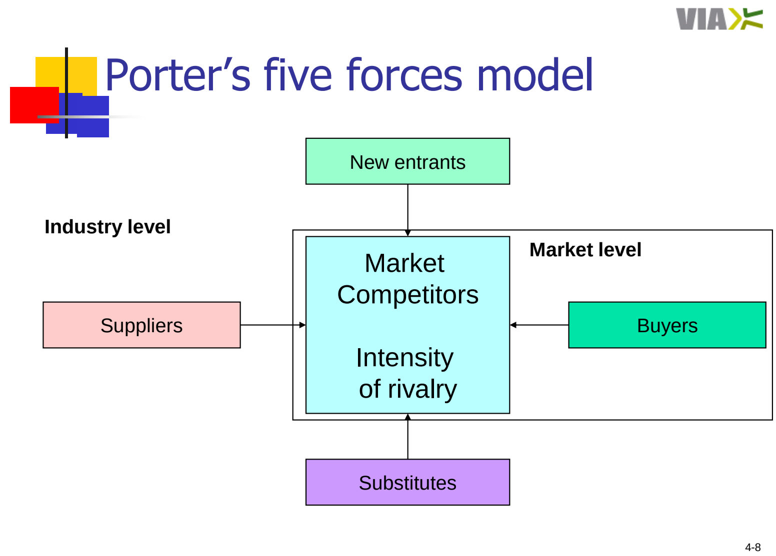


Figure 2 Porter's five forces model (QuickMBA Porter's five Forces 2009)

Market competitors:

As previously stated, there are numerous competitors within the industry that greatly vary in size. The intensity of rivalry is rather fierce as the supply more than matches the demand. This means that a potential customer can choose from numerous options, whether it be a burger at McDonald's, a sandwich at Sunset Boulevard or a hotdog at the local hotdog stand. The slowdown in market growth is also a factor that serves to increase the intensity of rivalry since companies often have to fight over the same customers. Euromonitor indicates in its report that Burger King expects to steal customers from primarily McDonald's as they open new outlets. This indicates that franchises such as these two are fierce rivals that to a large degree fight over the same customers.

Suppliers:

Since Subway is one of the largest franchises in the world, it should hold a considerable bargaining power in relation to its suppliers. It is able to set demands on suppliers to comply with, and due to its many franchised restaurants, it can buy in large volumes which makes a volume discount a possibility. Furthermore, there are plenty of suppliers within the food industry so it would not be a major problem for Subway to change supplier if deemed necessary. This serves to decrease the bargaining power of the suppliers even further. Overall, suppliers are no immediate threat in any way since Subway to a large extent can dictate demands and threaten with switching to another supplier if they do not comply with specific demands. The upside as a supplier, however, is that Subway needs to make sure that the potential suppliers can live up to its standards. This means that a decision to switch to a different supplier would not be taken lightly.

Buyers:

Generally, consumers rarely hold a very high bargaining power. In this case, their bargaining power is limited to the possibility of choosing other restaurant to satisfy their needs. If you are not satisfied with one option, you can go with the next. This is the case since many suppliers of fast food exist.

Substitutes:

There are many substitutes for eating fast food such as eating fruit, preparing food at home or fine dining. However, apart from grabbing for example a banana, these options would probably consume more time than if one chose to order a sandwich, hotdog or burger. In this case, substitute attractiveness would depend on the buyer's willingness to substitute, meaning if the consumer is willing to buy some fruit instead of a sandwich. The attractiveness will also depend on the relative price and performance of the substitutes. For instance, do you feel as satisfied eating a banana as you would have if you had eaten a burger instead?

Alternatives to fast food do not necessarily pose a threat, but instead they might actually serve an opportunity since you can take better of two worlds and combine them. This could be for example combining healthiness with swiftness which some already have done.

New entrants:
It is very easy for someone to start up his own fast food business. The entry barriers are quite low. Capital required for setting up a fast food business is relatively low depending on the size of it. Many fast food suppliers, whether they are grill bars, hotdog stands, kebab houses or bakeries, are privately owned and thus serve to prove the point that it is not that difficult to set up one's own business within the fast food industry. However, the success of these businesses naturally varies significantly.

In conclusion, the fast food industry is characterized by having many small and large businesses. As there are many suppliers, the competition within the industry is fierce. Especially the larger franchises compete heavily to win over each other's customers. The forecasts about a slowdown in market growth can be expected to increase the intensity of rivalry even further.

6.3 Competitor analysis

Product
Competitors like McDonald's and Burger King have many similarities in their menus for example french fries, burgers, salads and drinks. Taking a closer look at Sunset Boulevard, it can be noticed that they offer healthier products to the customers, for example smoothies instead of milkshakes or sandwiches instead of hamburgers. Furthermore McDonald's and Burger King offer some special burgers/menu for children same as Sunset Boulevard. For the children there are additional toys in all the three competitors. For an overview look at table four.

Table 4 Competitors' product offerings (Burger King Menu and Nutrition 2009, McDonald's Menu 2009, Sunset Boulevard Maden 2009)

	Burgers	**Children**	**Special burgers**	**Drinks**	**Fries**	**Salad**	**Desserts**
Mc Donald's	Big Mac McFeast Quarter Pounder Mc Chicken Hamburger Cheeseburger Filet-O-Fish Mc double Mc chicken junior Chicken 'N bacon Big tasty junior Grilled chicken foccacia Chicken Nuggets (4, 6, or 9) Red hot chicken wings	*Happy Meal* (Cheeseburger/ Hamburger/ Chicken nuggets +french-fries+ drink) + toy	*Little Tasters* Little Mexican Chicken Fajita Wrap	Coca-Cola Coca-Cola light/zero Sprite zero Fanta Apple/Orange juice Spring water Milk Ice water Ice tea Café Espresso Double espresso Cappuccino Café latte Tea	Small Medium Large	Grilled Chicken Caesar Salad Crispy Chicken Caesar Salad Tuna Salad Greek Salad Side salad	Mc flurry Sundae Waffles Mc Donut Triple chocolate muffins Cinnamon bun
Burger King	*Burgers* Whopper Double whopper Triple whopper Whopper jr. Steakhouse burger Loaded steakhouse burger Double hamburger Cheeseburger Double cheeseburger BK stacker *Sandwiches* Chicken sandwiches Cheesybacon tendercrisp Tendercrisp Spicy chick'n crisp Tendergrill original	*Hamburgers* Hamburger Cheeseburger Double hamburger/ cheeseburger *Chicken* Crown shaped chicken tenders French fries *Soft drinks* Apple juice Orange juice Chocolate low fat milk Low fat milk + toy	-BK veggie -BK big fish -BK chicken fries -Cheesy bacon -BK wrapper	Coca-Cola Coca-Cola light/zero Fanta Sprite zero Carlsberg sport Milk Orange/ apple juice Chocolate low fat milk Low fat milk BK joe Mocha BK Jou iced coffee Ice tea Nestle pure life purified water.	Small Medium Large	Tendercrisp garden salad Tendergrilled garden salad Side garden salad	Muffins (chocolate/ blueberry) Donuts (vanilla/ chocolate) Soft ice Milkshake Bkool (chocolate& caramel/ strawberry cheesecake)

Sunset Boulevard	Sandwiches Turkey filet with spicy paprika and bacon Ham with salami and Spanish chorizo Chicken Roast beef Ham Grilled Sandwiches Classic sandwich with chicken and bacon Classis with ham and cheddar cheese Xtra Exotic Italian Beef and Chili Snackwich	*Fresh for kids meal:* (a sandwich with tuna, chicken breast, ham or salami heated grilled snackwich+ sliced apples/ raisins/ strawberry yogurt+ 1% low fat milk, 2% chocolate milk, or a 100% juice) + toy	-	Pepsi Pepsi Max 7-up Mirinda Faxe Kondi Light Tropicana Spring water Milk Café Café au lait Espresso Cappuccino Hot chocolate Smoothies (Mango& apple/ Raspberry& Blue berries/ Strawberry& banana)	Small Medium Large	Caesar salad Pasta salad	Fruit salad Yoghurt Cake

Place

Place is also known as channel, distribution, or intermediary. It is the mechanism through which goods and/or services are moved from the manufacturer/service provider to the user or consumer.

McDonald’s:

McDonald’s gives careful consideration to the placement of its restaurants. The construction of a McDonald’s restaurant costs millions of dollars, and in order for the operation to be profitable, placement must be in an area that maximizes the customer exposure, there is always a McDonald’s “right around the corner”.

McDonald's has its own supplier for distributing its products; the company uses only a single channel, the McDonald’s restaurants and McDrive’s. These restaurants (>30.000) are located in 119 countries all over the world. For example, in Denmark restaurants are situated in airports, big cities and highways. Furthermore, McDonald's is not using intermediaries they are serving directly to the customers.

(McDonald’s Our story 2009)

Burger King:

Burger King distributes their products through the restaurants they own all over the world. The restaurants can be found in airports, cities and highways, where people can easily enter the restaurant for a quick snack, having lunch or dinner with friends or family.

(Burger King 2009)

Sunset Boulevard:

Sunset Boulevard is slightly different from McDonald’s and Burger King, namely they offer healthier products. The sandwiches will be served in the Sunset Boulevard restaurants, which are situated mostly in the big cities, but customers can also find them in airports and train stations.

(Sunset Boulevard)

Comparing the numbers of restaurants and inhabitants in the three cities, the following can be concluded:

- Burger King is not situated in Vejle.
- Vejle compared to Horsens: Vejle has less inhabitants per McDonald’s than Horsens does, Sunset Boulevard is showing the same results.
- Århus is the biggest city (303.107 inhabitants), and counts only three McDonald’s.
- This means each McDonald’s counts for 101 035 inhabitants. Let’s take a closer look at the other cities. In Vejle there are 2 restaurants, every McDonald’s is good for each 52.943 inhabitants and Horsens for approximately 80.102 inhabitants per restaurant. .McDonald's is from all the three cities the most visible fast food chain.
- Furthermore in every city there is one Sunset Boulevard.

Table 5 Nearby competitors (Horsens Kommune, Befolkninstal; Vejle Kommune, Befolkning; Århus Kommune, Befolkning)

Vejle:	Horsens:	Århus:
105.884 (2009) inhabitants Burger King: 0 McDonald's: 2 Sunset Boulevard: 1	80.102 (2009) inhabitants Burger King: 0 McDonald's: 1 SunsetBoulevard:1	303.107 (2009) inhabitants Burger King: 1 McDonald's: 3 SunsetBoulevard:1

Promotion

As a general statement, it is fair and accurate to say that promotion is one of the pillars of McDonald's, Burger King and Sunset Boulevard success. People recognize McDonald's and Burger King everywhere, this because of their promotion campaigns. The same counts for Sunset Boulevard, but this restaurant is only well-known in Denmark. The fast food chains focus on an overall experience but the one who probably does this the most is McDonald's.

Sales promotion

Sales promotion is all kinds of promotions except advertising, personal selling and public relations for example the BOGOF promotion, Buy One Get One Free. Others include couponing, money-off promotions, competitions, free accessories. For McDonald's sales promotion consists of coupons with discounts and coin offers. For example, buy two burgers and get discount on the second burger. Furthermore McDonald's adds toys to the happy meals which are mainly for children. This is to make them to visit McDonald's again. For example, children can collect all of the characters of a specific TV show. Burger King and Sunset Boulevard are both offering the same kind of children's menu with little presents and discount coupons.

Advertising | brand globally act locally

Advertising is a 'paid for' communication, and it is used to develop attitudes, create awareness and transmit information in order to gain a response from the target market. McDonald's creates awareness through television commercials, highway billboards and commercials in movie theaters. McDonald’s knows that their target market largely consists of families, who often need an affordable way to dine out with the children. Because of this fact McDonald’s invests a lot in advertising towards children. The promotion that McDonald’s utilizes takes many forms and has developed over the years, for example Ronald McDonald, happy meals and playgrounds. The Ronald McDonald character brings smiles to the faces of “children of all ages” and make them feel at home. Another marketing tool that McDonald’s has used well is product placement. This means having McDonald’s products and logos clearly visible, such as people eating at McDonald’s in TV shows. The same as McDonald's, Burger King and Sunset Boulevard have commercials through television and billboards. Burger King has the mascot “the Burger King” and Sunset Boulevard has the mascots Sille and Sebastian for children. Another promotional tool that McDonald’s has used is the promotion of “healthy” menu items such as salads, fruits and yogurts. If the traditional McDonald’s customers’ eating habits have changed, the menu has to be changed as well.

6.4 Conclusion of the competitive situation

By taking a closer look at the Danish fast food market, there can be pointed out three main competitors for Subway, namely McDonald's, Burger King and Sunset Boulevard. These competitors together had a market share of 28% in 2007. There are several fast food players in the market with many different sizes. In addition, the research shows that people prefer McDonald's above the other three fast food chains.

With the Porter’s five forces in mind, it can be said that there is a strong market competition due to the slowdown of the market growth. The fast food chains are trying to win customers because there are a lot substitutes. Due to this fact, the buyers (customers) have a strong position. Furthermore, for new entrants the entry barriers are low since start-up costs can be relatively low.

The fast food chains are using the restaurants to bring the products to the customers. These three competitors offer also menus for children and in addition, Burger King, McDonald's and Sunset Boulevard are offering discount coupons. Furthermore, Sunset Boulevard is only well-known in Denmark. The fast food chains are creating awareness besides that McDonald's advertises a lot towards children.

7 THE CUSTOMERS

The following chapter describes Subway's customer buying behavior as well as its target group. Afterwards the results of the field research will be analyzed and lead into the marketing mix.

7.1 Buying behavior

Knowing the customers' buying behavior is a huge advantage. This chapter will describe how Subway's customers might act during their buying process, by using the 5-stages model of the consumer buying process.

Roles in the buying process:

Consumers are able to act in five different roles during a buying process. Sometimes, different people act in these roles and sometimes only one person covers all.

The five roles are:

- Initiator: Communicates a purpose
- Influencer: Makes suggestions and communicates opinions
- Decision maker: Says what will be bought when and where
- Purchaser: Executes the buying
- User: Uses the product or the service

  (Hollensen 2003, 144)

In complex buying decision, often many people act in different roles. The more habitual the product is, the less people will take place within the roles. For example buying a car often assumes different aspects, with different role players within the buying process. Nevertheless, even in low-involvement buying's, each role will be covered.

Buying decision process

Researchers found out, that customers go through a five-stage decision-making process in any purchase. Considering this process is mandatory for marketers, because it covers more than only the buying decision. Each customer passes through the following five stages:

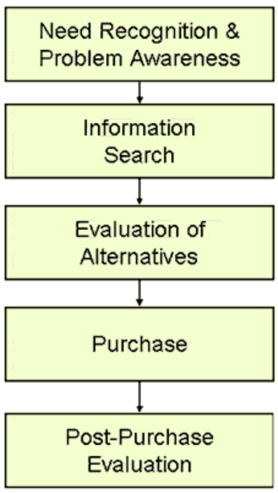


Figure 3 Buying decision process (Tutor2u 2009)

(1) Need recognition and problem awareness

Each buying process starts with a need, triggered by external or internal stimuli. In the case of Subway, the internal stimuli will mostly be identified as hunger, whether the external stimuli can be caused due to each kind of marketing (for example mass media: TV, Radio etc.), or the cognition of a smell. (Hollensen 2003, 118-123.)

(2) Information search

The aroused customer will start to search more information to compose his need. There are two different stages of arousal. The first and milder stage is a demanded invigilation. In this stage, the customer is very comprehensive for information. During a walk through the city, a customer in this phase will draw strong attention to food-advertisement. The second and stronger stage is the active information search. Customers within this phase search very actively, where they can fulfill their needs (catch some food). (Hollensen 2003, 118-123.)

The information about fulfilling the need can be gained from different sources for example, personal sources (family, friends), commercial sources (advertising, posters, and flyers) public sources (mass media) and experimental (using the product). The biggest amount of sources is obtained by commercial sources whether the independent public and personal sources are more effective. (ibid. 118-123.)

Furthermore, while gaining information, the customer is only able to focus on the food, of his choice, which is available. As the following graph shows, gaining information about fast food is limited to the awareness. In the following example, the chain Pizza Hut is not located in the customers' city. For this reason, he has to choose his preference between the remaining food stores.

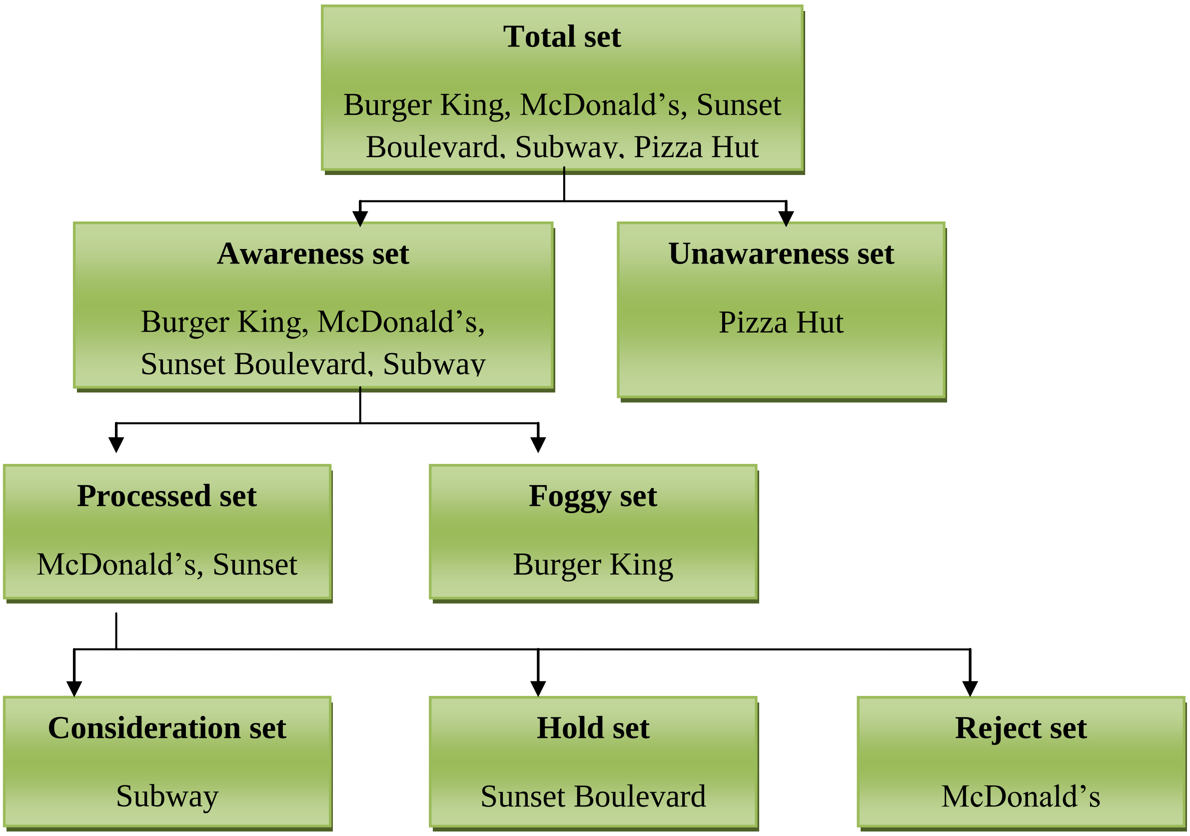


Figure 4 Awareness tree

Although there is a Burger King available, the customer is not in the mood to eat this kind of fast food. Continuing from the processed set the customer has to make his first (consideration set) and second (Sunset Boulevard) preference, while McDonald's has been rejected. According to Subway's statement on their website "The goal of the chain's current advertising campaign is to increase the brand presence in the consumers' "consideration set"--that is, which fast-food restaurants consumers consider when deciding where to eat." This graphic shows an example of how customers' information research during the buying process of fast food and how it can take place and affects their buying behavior.

(3) Evaluation of alternatives

The next step is the cognitive process valuation, about the product and offers. The consumer anticipated advantage convenience of one product. The review of the advantages will be based on personal experience, the brand image and the weighing of the product characteristics. (Hollensen 2003, 118-123.)

(4) Purchase decision

Previous purchasing decisions often sub decisions must be made concerning brand, dealer, quantity, payment method and timing and risk avoidance. Because the fast food industry covers only low-involvement purchasing, the risk avoidance factors will not be considered.

However, two more factors can influence the buying process between the purchasing purpose and the purchasing decision.

- Positive or negative approach of a third

For example a customer of the target food stores complains that he did not enjoy his meal; a visitor of another food restaurant (possibly hold set) says, that they have very good offerings

- Unforeseen events

Due to lack of money the customer might have to choose a cheaper restaurant; the customer meets a friend who invites him to a dinner. (Hollensen 2003, 118-123.)

(5) Post purchase behavior

After buying the product, satisfaction or dissatisfaction will arise. This dements on what has been suggested from the products and the actual outcome. Even if the customer was enjoying the Subway sandwich during the stay in the restaurant, other criteria like interior, cleanliness and service of the restaurant can influence his or her opinion. Even afterwards, while leaving the restaurant satisfied, the frame of mind can change when seeing a comparable offer for a lower price, at a competitor's restaurant. Awareness of the fact that dissatisfaction leads into more communication than satisfaction, is mandatory. Due to the word of mouth and opinion leaders, dissatisfaction in post purchasing should be prevented due to after sales service customer hotlines and quality guarantees. (Hollensen 2003, 118-123.)

Involvement:

The fast food industry and the offered products do not obtain high involvement like for example the market of racing cars. This has two reasons. To buy fast food, the customer must not be aware of any technical knowhow and does not have any risk (besides several diseases which might occur when eating too much fast food) when choosing the wrong product (meal). The price level is compared to other products, low. These factors make the decision making process (with information research) not relevant compared to high technical or high price products.

However, selling low-involvement products should be done by adding emotional and cognitive aspects. Brand identity, image and how the customer can identify with the brand are very important. Due to this, it is mandatory to define the right target group and adjust the marketing mix to the target group's needs.

7.2 Target group

The total market is often too big that not all consumers could be reached. For this reason a segmentation of the market, which means to make a selection of the relevant target group, is necessary. The first step is market segmentation, the classification of the market into a well-defined target group. The second part will be definition of the target group, which includes the specification, and choice of the most attractive market segment.

Segmentation is essentially to the identification of subsets of buyers within a market who share similar needs and who demonstrate similar buyer behaviour. The market can be segmented into four criteria which are geography, demography, psychographics and behaviouristic. (Hollensen 2003, 313.)

Geography:

Nation:	Denmark
Region:	Jutland
City:	Horsens, Vejle, Århus
District:	City centre

Demography

Age: 15-39

Gender: Both, but generally more men visit fast food chains as they like quick food; Health and fresh food is more important to women

Family life cycle: Single young adults leave home, singles, young couples, young children (<3 years), young couples with older children (<16 years), young couples without children

Socioeconomic factors:

Education: Relevant, because educated people make a point on high quality products

Occupation: Pupils, students, young professionals, employees, self-employed, housewives/housemen

Income: Income does not play a big role in this case; therefore, all Subway meals are relatively cheap

Nationality: Mainly Danes, but in Horsens and Århus also many international customers, because of the universities exchange programs in both cities.

Religion: Religion is irrelevant. It would be important for Islamic countries, where many people do not eat all kinds of meat.

Psychographics:

Attitude: Wellness- and health-trend; trend to quick food, because of career orientation

Value:	“Dobys” (daddy older, baby younger)
	“Yuppies” (young, upwardly mobile, urban professionals
	“Global kids” (affect parents’ buying-decision)
	“Skippies” (school kids with income and purchasing power)
	“Yiffies” (young, individualistic, freedom minded, and few)
Value and Lifestyle:	“Experiencers” (young, enthusiastic, impulsive)
	“Actualizers” (successful, educated, active)
	“Achievers” (successful, career-orientated)

Behaviouristic:

Occasions:	Breakfast, lunch break, dinner, take-away, events
Benefit:	Satisfy hunger and thirst, enjoyment, health, flavour, fast, convenient
Use of media:	Internet, print, radio, TV
Price behaviour:	Bargain hunter, smart shopper, quality product shoppers
Shopping destination:	Shopping streets, shopping centres, train stations
Usage status:	Former users, potential users, first-time buyer, users of competitors
Usage rate:	Light users, heavy users

(Runia, Wahl & Geyer 2007)

Brand loyalty:	Shared brand loyalty: Brand loyalty for two brands, for example Subway and McDonald’s Migrating brand loyalty: changing brand loyalty to other brands

Targeting includes the specification and choice of the most attractive market segment as well as other relevant sub segments. The definition of the target group is based on the questionnaire results and the previous segmentation.

The two main target groups of Subway:

Trendy Danish students and pupils with strong brand preferences, who want to enjoy quick and low priced food with their friends in their free time.

Singles, aged 26-35, young professionals and employees who read daily newspapers and are career orientated with hedonistic lifestyle and strong focus on own appearance. They do not have the time or do not want to cook only for themselves and prefer fast but healthy food.

Besides the two main target groups, the other segments which have been defined in the segmentation part are relevant. The marketing activities will be focused on the two main target groups.

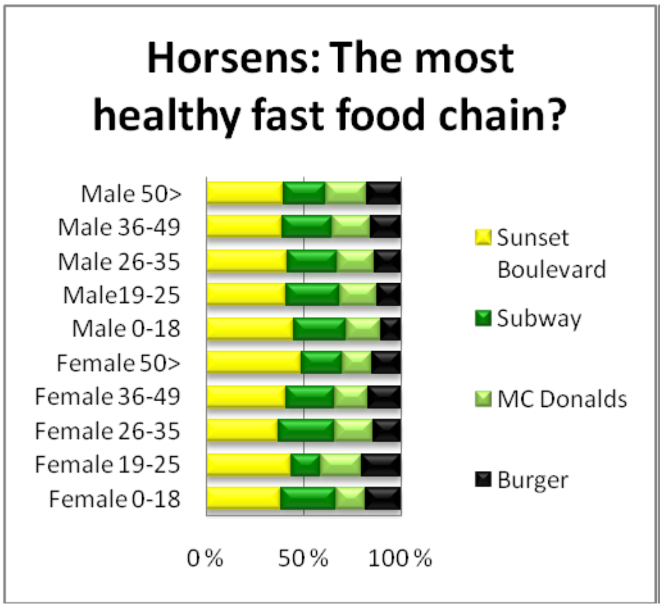
7.3 Data analysis

The following chapter is an analysis and evaluation of the processed field research with the aim to find the most attractive location for Subway's market penetration in Denmark considering the cities Horsens, Århus and Vejle.

7.3.1 Horsens

The healthiest fast food chain

Overall Subway is seen as the healthiest fast food chain after Sunset Boulevard, which has a higher awareness level according to its market share. Two-third of the respondents know Subway, which is a high number regarding the company's limited presence in Denmark.



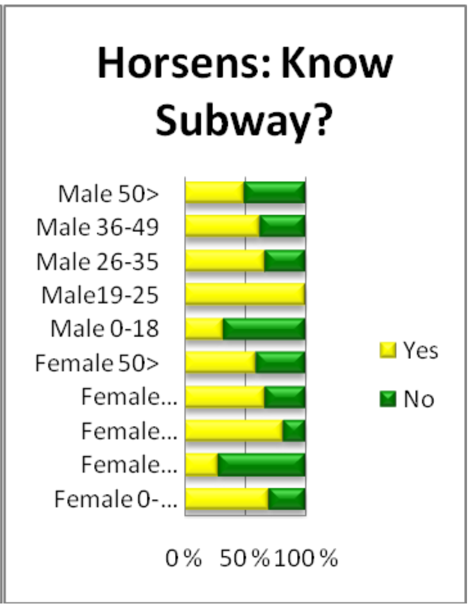


Chart 6 Horsens: The most healthy fast food chain and know Subway

Popularity of Subway

Generally, the age groups 19-25, 26-35 and 36-49 of the male and 0-18, 26-35 and 50 and older of the female respondents like Subway the most.

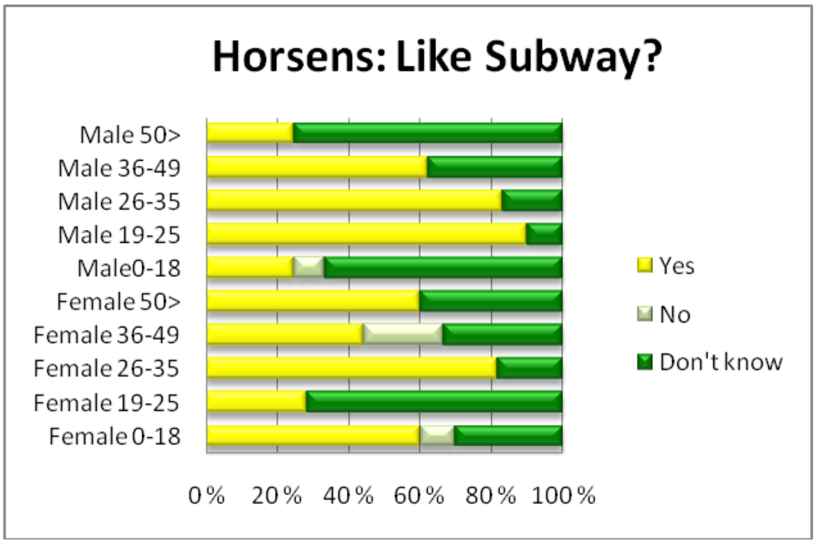


Chart 7 Horsens: Like Subway

Subway or Sunset Boulevard

Only the age groups 19-25 and 26-35 of the male and 26-35 and 50 and older of the female respondents prefer Subway to Sunset Boulevard.

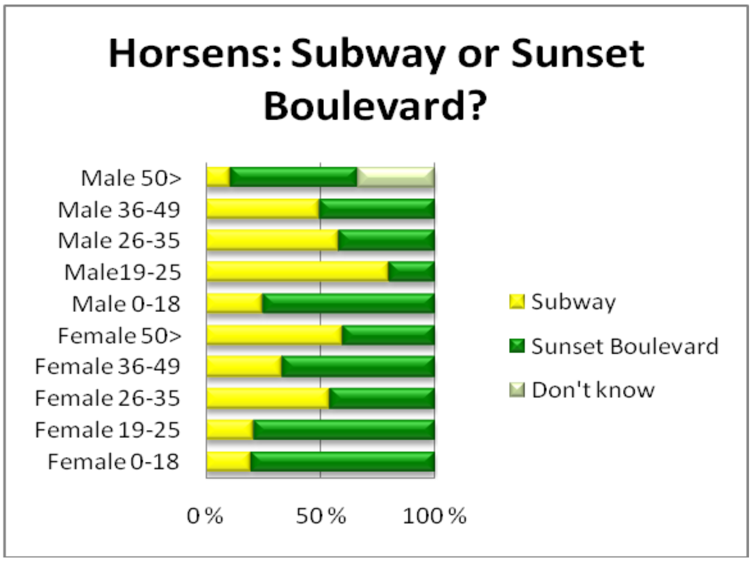


Chart 8 Horsens: Subway or Sunset Boulevard

Visit Subway

Except of the respondents male 50+ and female 36-49, the majority of all other age groups would visit subway if it is located in Horsens.

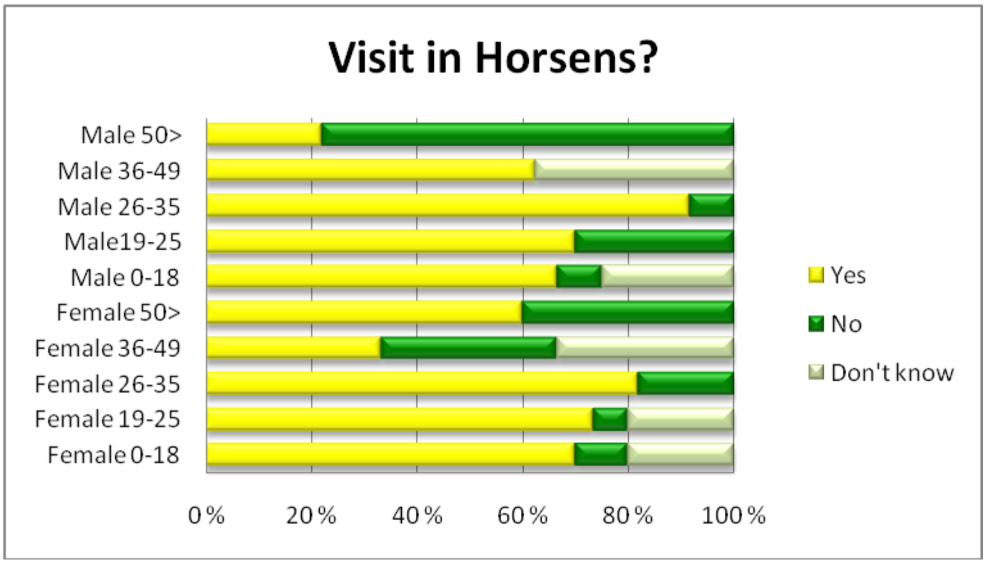


Chart 9 Subway in Horsens

Favorite fast food chain

More than 35% of the age groups of the males 36-49 and females 26-35, 36-49 and 50+ consider Subway as their favorite fast food chain.

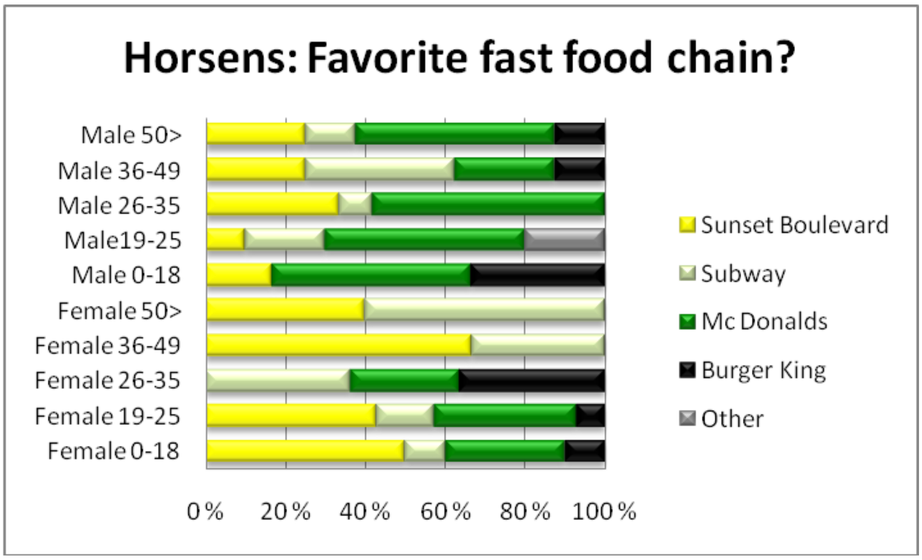


Chart 10 Horsens: Favorite fast food chain

If they do not prefer Subway as their favorite fast food chain, more than two-third of the male respondents in the age of 19-25, 26-35 and 36-49 would choose Subway if it provides special offers. Even more than 80% of the female age groups 26-35 and 50+ would choose subway under appreciating special offers.

Frequency of consuming fast food

Nearly 60% of the males aged 0-18, 50% of the males aged 26-35, 40% of the females aged 0-18 eat fast food weekly. Within these age groups, the remaining respondents consume fast food monthly.

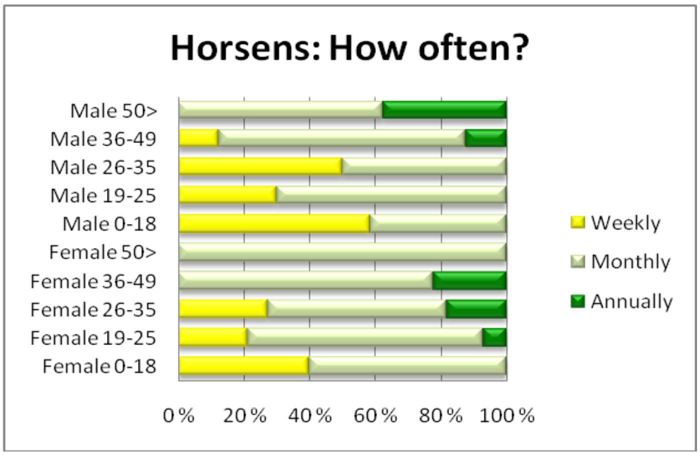


Chart 11 Horsens: How often

Discount importance

The groups male 0-18, 19-25 and female 0-18 consider discounts as very important. Moreover, discounts are seen as very important to important in the age groups male and female 26-35, 36-49. The discounts can be determined less importance in the age group 50+.

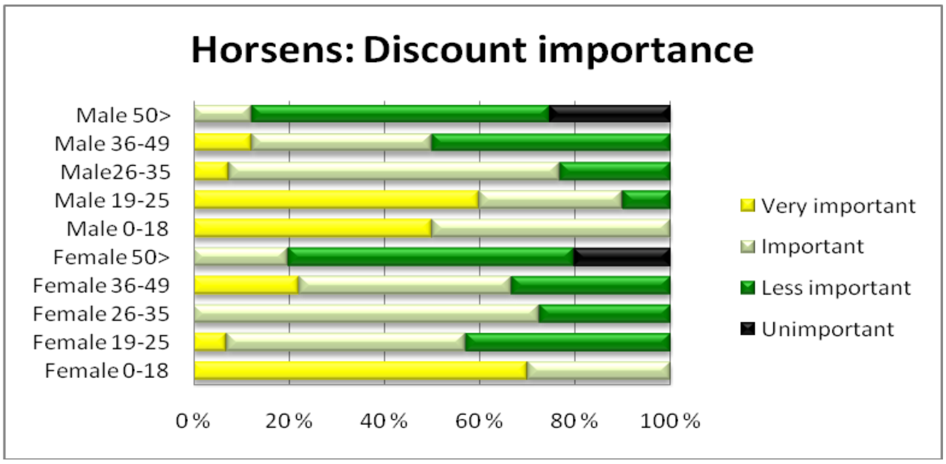
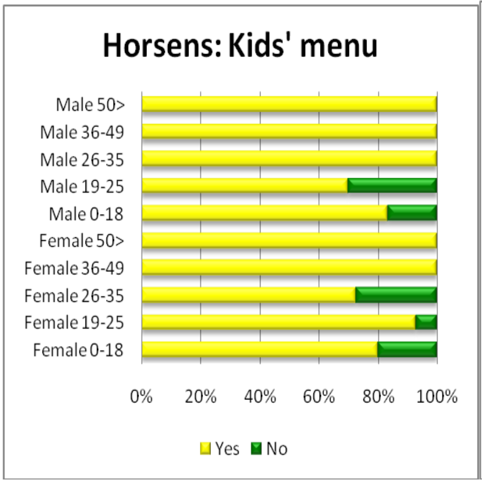


Chart 12 Horsens: Discount importance

Kids' menu and entertainment

Most of the respondents give importance to children's menus offered by fast food chains. Even 100% of the age group 36-50+ agree.



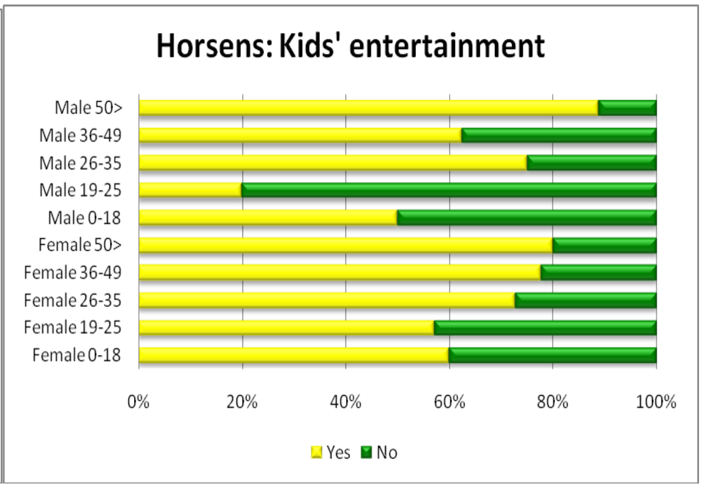


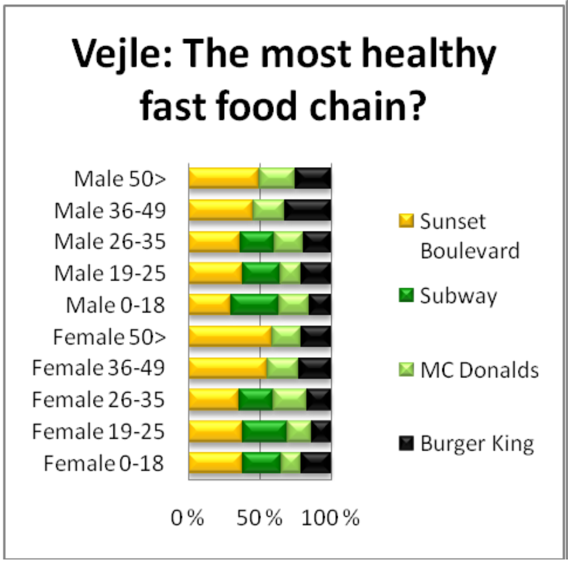
Chart 13 Horsens: Kids' menu and entertainment

Generally, females see kids' entertainment as important. This approach rises with the age. All male respondents besides the age group 19-25 (only 20%) share this opinion with more than 50%.

7.3.2 Vejle

The healthiest fast food chain

In the age group 0-35 of female and male respondents, Subway is seen as the second healthiest fast food chain. According to the question “Do you know Subway?” the age group 36-50+ did not know the chain and therefore cannot say if it might be the healthiest or not.



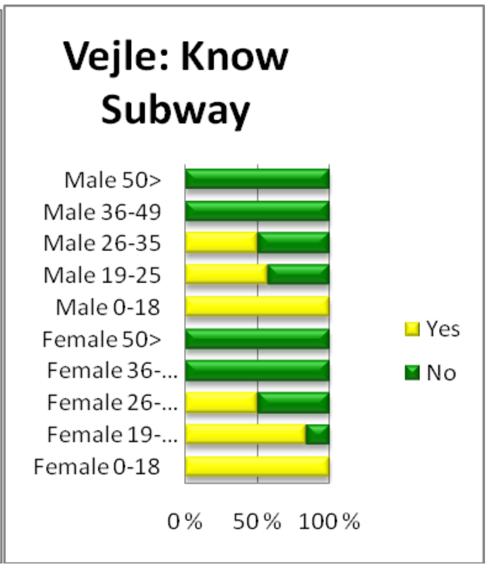


Chart 14 Vejle: The healthiest fast food chain and know Subway

Popularity of Subway

Generally, the age groups 0-18 and 19-25 of the male and 0-18 and 19-25 of the female respondents like Subway the most.

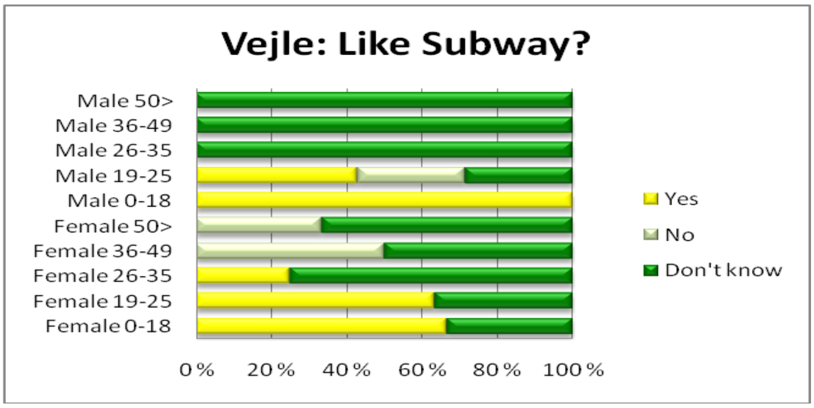


Chart 15 Vejle: Like Subway

Subway or Sunset Boulevard

The age groups 0-18 and 19-25 of the male and the age group 19-25 of the female respondents prefer Subway to Sunset Boulevard. No preference for Subway at all show the age groups 36-50+.

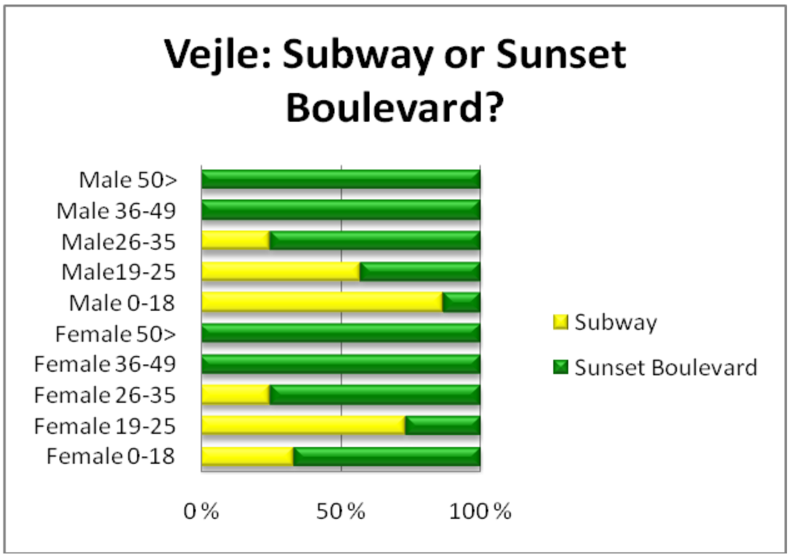


Chart 16 Vejle: Subway or Sunset Boulevard

Visit Subway

If the Subway was located in Vejle, almost all age groups would visit the chain. As there are not many respondents in the female age group 36-49, only 50% of them would visit the chain.

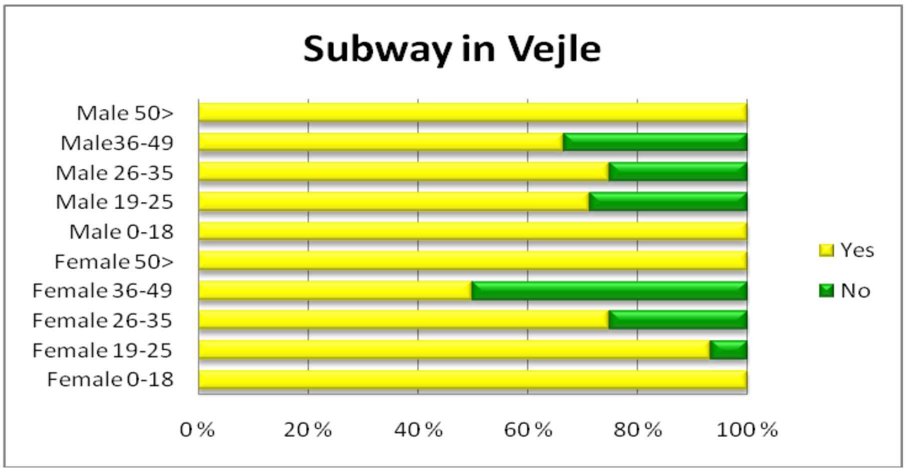


Chart 17 Subway in Vejle

Favorite fast food chain

Only 20% of the females aged 19-25 consider Subway as their favorite fast food chain.

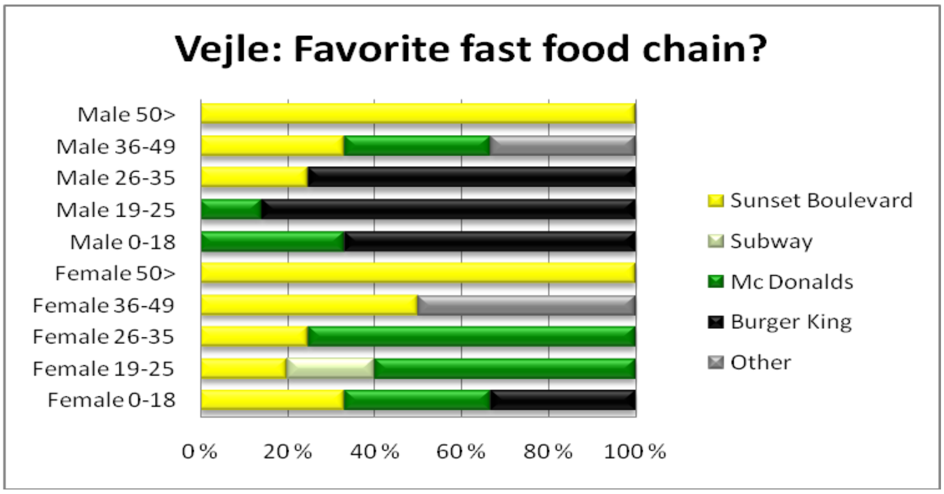


Chart 18 Vejle: Favorite fast food chain

If they do not prefer Subway as their favorite fast food chain, 100% of the male and female respondents aged 0-18 and two-third of the male age groups 19-26 and 26-35 would choose Subway if it provides special offers. The age group 50+ of the males and the age group 36-49 of the females still would not choose Subway.

Frequency of consuming fast food

More than 60% of the males aged 19-25, 26-35 and females aged 0-18 eat fast food weekly. The remaining respondents consume fast food monthly.

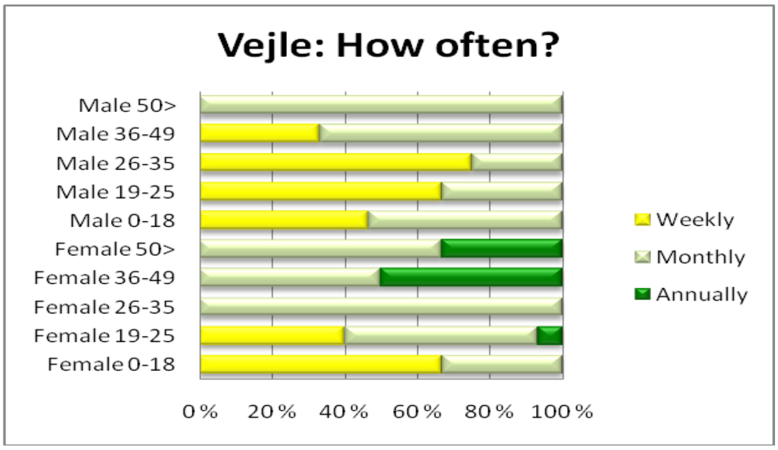


Chart 19 Vejle: How often

Discount importance

Females aged 0-18 consider discounts as very important. Moreover, discounts are seen as very important to important in the age group male 0-18. Less importance to unimportance to the discounts can be determined in the age group female 36-49.

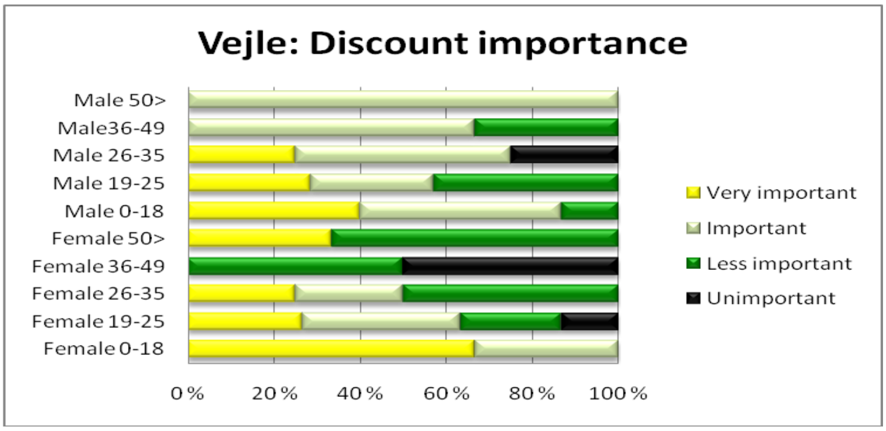
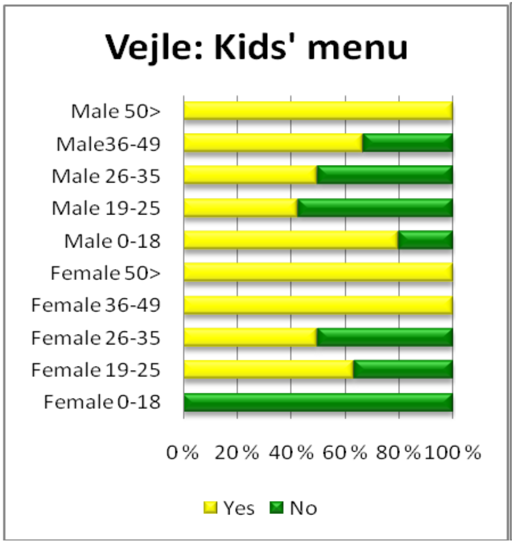


Chart 20 Vejle: Discount importance

Kids' menu and entertainment:

100% of the female respondents in the age of 36-49 and 50+ and of the male respondents aged 50+ give importance to children's menus offered by fast food chains. Besides that, 65% of the males aged 36-49 and females aged 19-25 see kids' menus as important. 80% of the male respondents in the age group of 0-18 feel the same way.



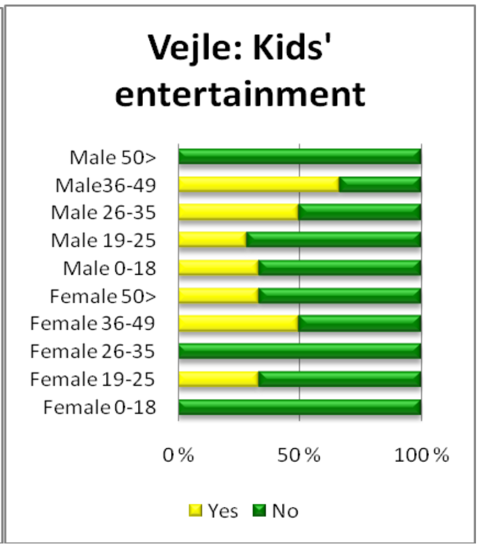


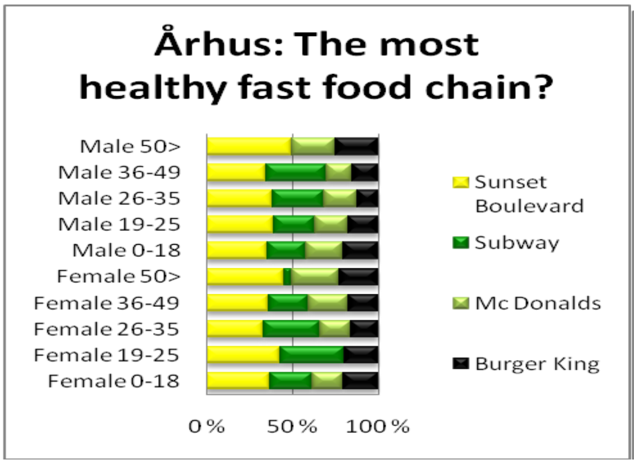
Chart 21 Vejle: Kids' menu and entertainment

Kids' entertainment is generally seen as not that important. However, more than 50% of the males aged 26-35 and 36-49 and females in the age group 36-49 consider kids' entertainment as important.

7.3.3 Århus

The healthiest fast food chain

All age groups consider Subway as the second healthiest fast food chain, aside from most of the age group 50+ as they do not know Subway according to the research.



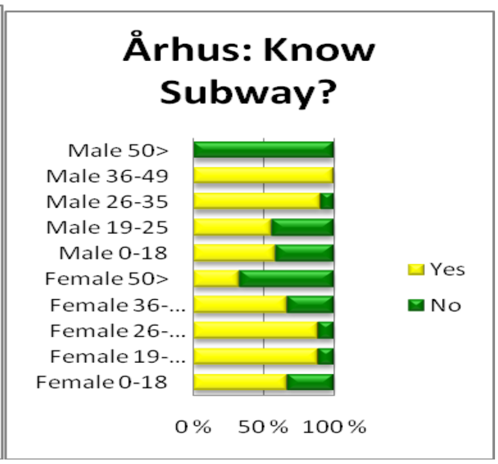


Chart 22 Århus: The healthiest fast food chain and know Subway

Like Subway

Generally, the age groups 0-18, 26-35 and 36-49 of the male and 50% of the female respondents like Subway. The age groups 50+ do not like Subway, as they do not know the chain.

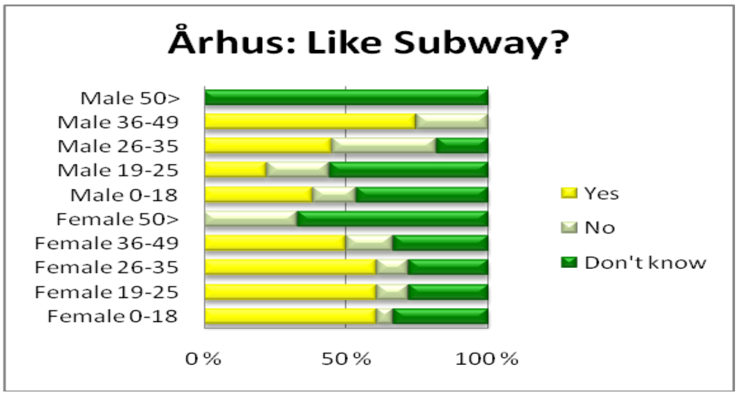


Chart 23 Århus: Like Subway

Subway or Sunset Boulevard

Sunset Boulevard is more popular in all age groups, but the most potential can be seen in these groups: male 0-18 (more than 50%), 26-35 (more than 35%), female 26-35 (nearly 40%), and 19-25 (nearly 30%).

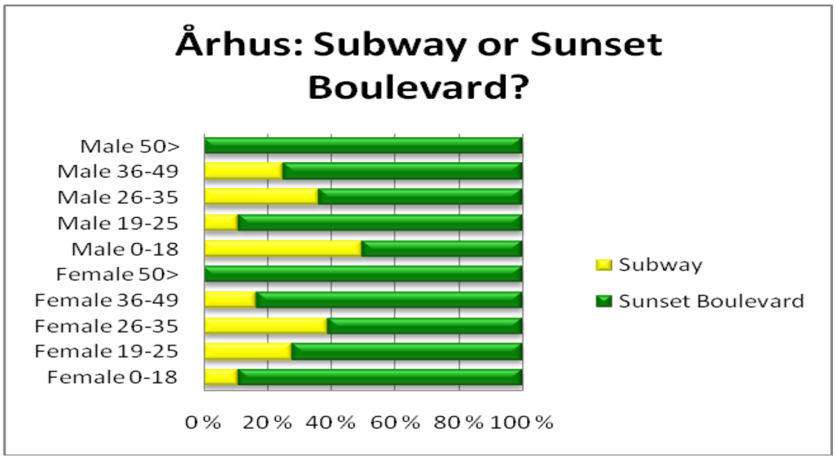


Chart 24 Århus: Subway or Sunset Boulevard

Visit Subway

If the Subway was located in Århus, almost all age groups would visit the chain. In the age groups male 50+ 50% would visit Subway and in the female age group 50+, only one-third would visit the chain.

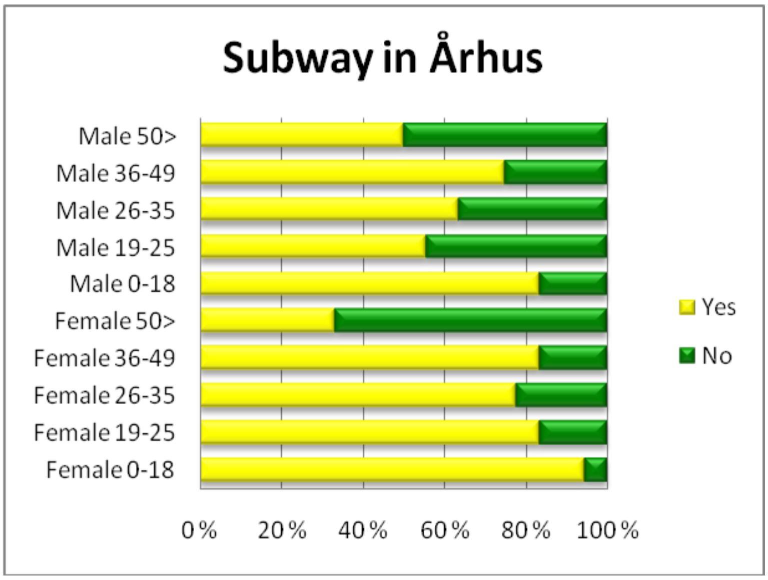


Chart 25 Subway in Århus

Favorite fast food chain

Only 25% of the males aged 0-18, more than 10% of the females aged 19-25, and 26-35 consider Subway as their favorite fast food chain.

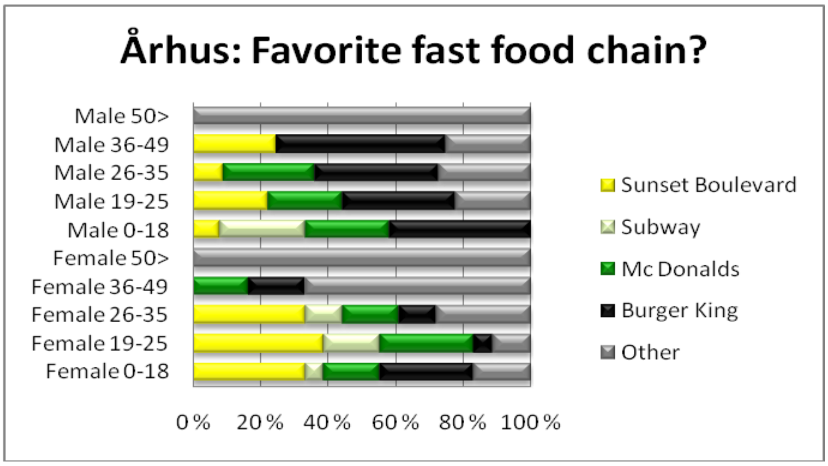


Chart 26 Århus: Favorite fast food chain

If they do not prefer Subway as their favorite fast food chain, more than 80% of the female respondents aged 36-49 and round about 70% of the male respondents aged 0-18 and 26-35 would choose Subway if it provides special offers. Generally, all age groups would choose Subway when considering special offers, besides the female age group 50+.

Frequency of consuming fast food

More than 70% of the female respondents' aged 0-18 and 50% of the male respondents aged 26-35 and 36-49 eat fast food weekly. The remaining respondents consume fast food mainly monthly.

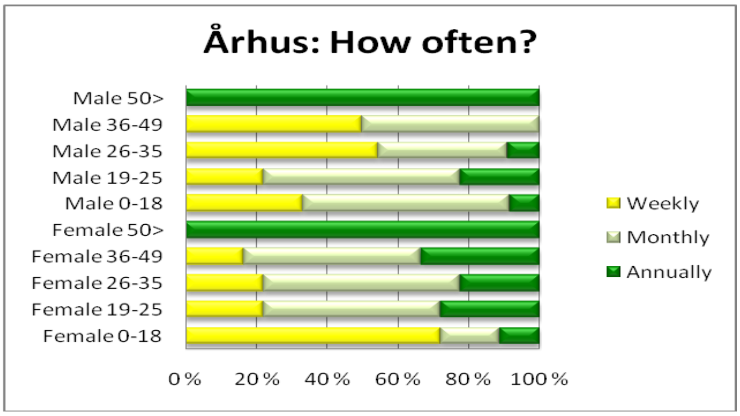


Chart 27 Århus: How often

Discount importance

More than 70% of the females aged 0-18, males aged 0-18, and 36-49 consider discounts as very important and important. Less importance and unimportance to the discounts can be determined in the age group 50+.

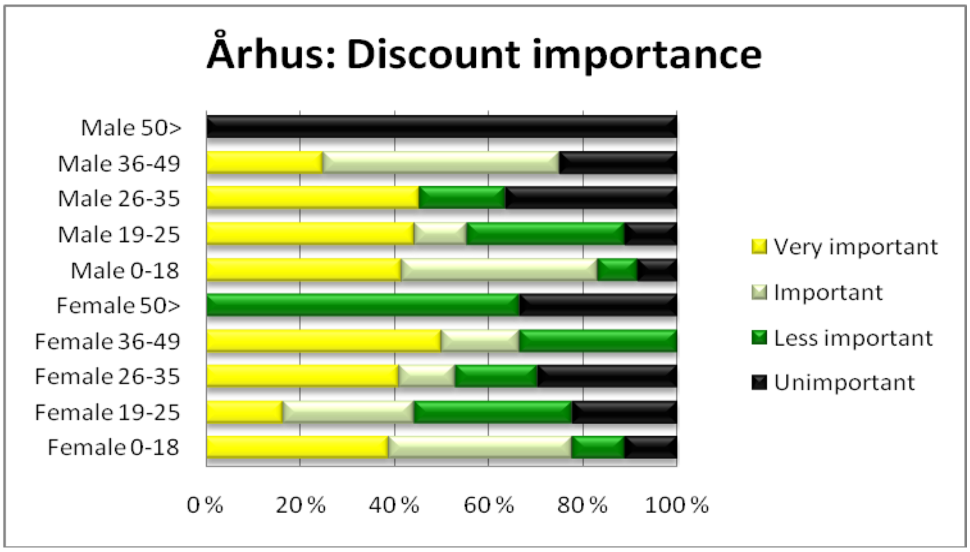


Chart 28 Århus: Discount importance

Kids' menu and entertainment

For 100% of the females aged 36-49 and 50+ and males aged 50+, Kids' menus are seen as important. 65% of the females in the age group 26-35 consider this as important too.

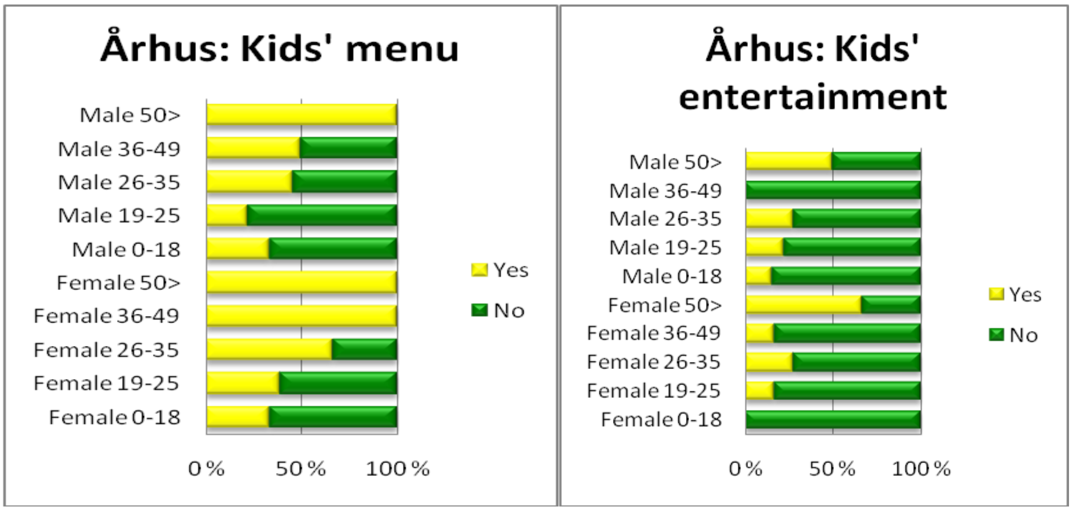


Chart 29 Århus: Kids' menu and entertainment

50% of the male respondents and 65% of the female respondents in the age group 50+ and less than 25% of the remaining respondents consider kids' entertainment as important.

7.4 Marketing-Mix

Product

The product policy of the Subway chain is international by using global branding and a corporate identity. Every franchisee in the world should offer the core product portfolio. In Denmark, Subway has a core product range of 15. The product line is defined through its various kinds of sandwiches (program depth) but it is very close program bredth (mainly sandwiches).

Moreover, Subway positioned itself as the healthier alternative within the fast food sector. As the Euromonitor trends research showed (compare Euromonitor international, chapter 9.2 Trends), the upcoming wellness and healthiness is still ongoing.

The survey results of the field research also determined that customers in each city of the research expect food quality as the most important factor. This need to quality food, fits to Subway freshness (slogan: “eat fresh”) approach according to the Danes.

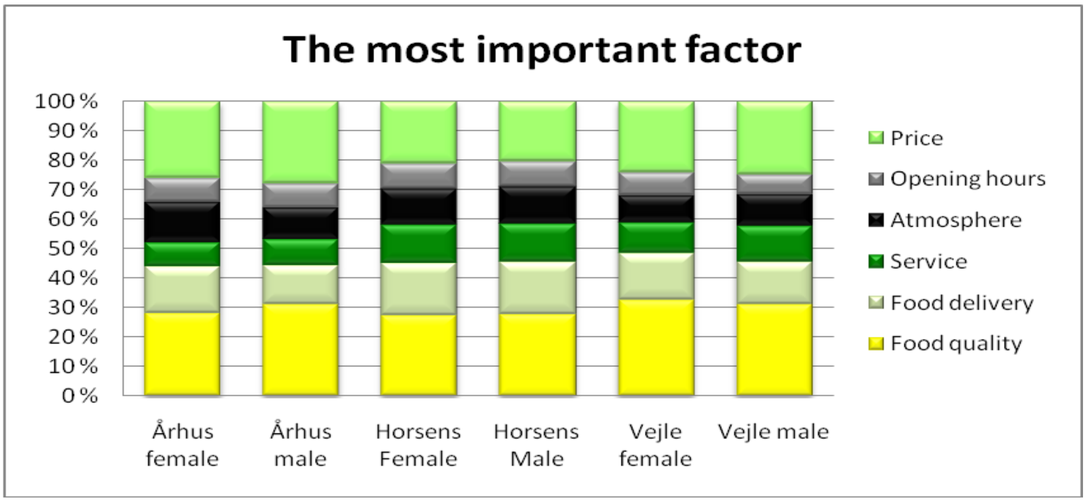


Chart 30 The most important factor

Promotion – Communication

There are different individual components of the promotion mix to increase the awareness of the brand and its products. Furthermore, it is the goal to increase the brand presence in the consumers’s “consideration set”, to create a need, and to motivate the customer to buy the product or service.

For Subway, it is necessary to create a Unique Advertising Proposition (U.A.P.) as they are part of a saturated market. It is the goal to create a one-of-a-kind advertising message. To generate an advantage in competition, a selling proposition has to be created by connecting the advertising message with the product. (Hollensen 2003, 757)

There should be one main objective to the promotion campaign. Therefore, Subway has to focus its message on tasty, but healthy food, which is prepared quickly and freshly in front of the eyes of the customer. Besides that, this healthy food is affordable for everyone.

The promotion of the chain must be clearly focused towards the identified target groups, as each target group has different interests and therefore different communication channels have to be applied.

The promotion must have the right impact on the customers to be the most effective. Therefore, it is necessary to know where they spend their time and what would attract their attention. These questions have been answered in detail when defining the two main target groups in the previous chapter.

The function of the aspired communication can be described with the AIDA-Model. Aida stands for attention (attract attention), interest (arouse interest), desire (create need/desire) and action (initiate purchase). (Articlesbase)

Online marketing

One of the main target groups of Subway has been identified as teenagers and pupils. As they spend their free time hanging out with friends, online communities like Facebook or MySpace would fit very well to this segment. One opportunity is to add banners with hyperlinks and/or pop-ups on the most popular websites for teenagers. They could show the weekly/daily specials.

In addition, the website of Subway gives information on the chain, the products and services. Another direct marketing tool is direct mail. When people register with their email on the website, they will get weekly newsletters about new products, special offers or coupons.

Media advertising

Advertising can also be done via national TV, radio and print. However, it is important to keep in mind that TV advertising is very expensive and has to be planned very carefully. Local radio and newspapers are a much cheaper ways to advertise.

Advertising in newspapers with coupons can be a good opportunity. This communication channel addresses to the businessmen, who read the daily newspaper and to many other people also.

Sales Promotion

Sales Promotion is addressing the target audience at the Point of Sale (POS) using temporary campaigns. There are different ways of sales promotion which can be adapted to the Subway chain, for example BOGOF promotion which means buy one get one free, coupons attached in newspapers, money-off promotions, sampling, displays, tasting and customer bonus system with coupon stickers. (Hollensen 2003, 585-587)

The Subway Franchisee Advertising Fund Trust - SFAFT

SFAFT is a centrally controlled promotion pool, which directs the advertising and other marketing activities of Subway, to increase the awareness of the brand and its products. (Subway Studentguide National Advertising 2009)

SFAFT works independently of Doctor's Associates Inc., which is the franchisor of the SUBWAY® business franchise concept. Part of the advertising fee each franchisee has to pay according to the Franchise Agreement, is placed into a national advertising budget. (Subway Studentguide National Advertising 2009)

SFAFT manages the promotion for each Subway chain, as it provides the franchisees with advertising materials that are the most effective. These materials include point-of-sale materials, public relation promotion, and advertising on TV. Of course, each franchisee can make individual advertising in the local area, where they are located. If they hire a local advertising agency, the principles and criteria of the SFAFT have to be respected. (Subway Studentguide National Advertising 2009)

<u>Place</u>

Subways concept of purchasing is direct selling to the customer. The advantage of direct sell is the direct contact with the customers. Changes according to the customers' needs can be identified easier and then adapt to these changes, e.g. demand for price changes or overall demand for the products. In addition, the complete control over the product range and prices is another advantage.

According to the delimitations, the cities, which are analyzed, are narrowed down to the three big cities in Jutland: Århus, Horsens, Vejle. These cities do not represent

Denmark. There might be other good locations for opening a Subway, but in Jutland, these three cities are the biggest and the most attractive places.

According to this research these locations have pros and cons. That leads to the decision which city provides the most potential.

Rating and conclusion

To conclude the outcome of the data analysis (see chapter 7.3 data analysis), the following table will be used. The columns represent the three cities, which are analyzed. The rows on the left side correspond to the questions of the field research. The rating is made in the perspective of what is the best and worst for Subway.

Table 6 Rating of the best location for a Subway restaurant

	Horsens	**Århus**	**Vejle**
The healthiest fast food chain	++	+	-
Like Subway	+++	++	-
Subway or Sunset Boulevard	+++	-	++
Visit Subway	++	++	+++
Favorite fast food chain	++	+	-
Frequency of consuming fast food	++	-	+++
Discount importance	+	-	+
Kids' menu and entertainment	++	-	+
Total	17+	7+	10+

The Rating is divided from "++" (the best), "+" (second best) and "-"(the worst) according to the outcome of the particular question. In addition, the importance of the questions has been considered as well. Therefore, the most relevant questions (red) gain more weighting.

As the table shows, Horsens (17+) will be the most potential and attractive location for opening a Subway restaurant. Both, Vejle (10+) and Århus (7+) provide preferences, but are not able to compete with Horsens.

8 CONCLUSION AND RECOMMONDATIONS

8.1 Conclusion

Considering Subway as a franchising concept, the advantages rank the disadvantages as more and more Subway restaurants have emerged. According to this, the biggest advantages might be their trademark strength connected to their global marketing and their sophisticated franchise system. The cost in terms of initial start up fee and ongoing costs, as well as the risk transfer can be seen as disadvantages of this system.

Many micro and macro environmental factors influence the Danish fast food market. The most important threats that affect the macro environmental situation might be the economic slowdown due to the financial crisis and the growth strategy of other fast food chains. The current market situation, as well as the growth forecast of the fast food market in correlation with the trends towards healthy food provide high potential for Subway to enter the Danish market.

By taking a closer look at the Danish fast food market and Subway's main competitors, McDonald's, Burger King and Sunset Boulevard which are holding a total market share of 28%, it can be said that the competition is fierce. The three competitors hold a high share of mind – a share that in every case is considerably higher than Subway's. According to the field research McDonald's is the most popular fast food chain followed by Sunset Boulevard and Burger King. Since Subway is not well known and represented, there might be a huge potential for a new sandwich chain as already 12% of the respondents would prefer Subway.

According to the results of the field research, two main target groups can be defined. The first group consists of trendy Danish students and pupils with strong brand preferences, who want to enjoy quick and low priced food with their friends in their free time.

The other group is made up of singles aged 26-35 who are career orientated with strong focus on one's own appearance. They do not have the time or do not want to cook only for themselves and prefer fast but healthy food.

The promotion of the chain must be clearly focused towards the identified target groups, as each target group has different interests, therefore different communication channels have to be applied. The advertising goal is to increase the awareness of the brand and its products and to create a need. Subway has to focus its message on tasty but healthy food, which is prepared quickly and freshly in front of the customers.

Furthermore, the field research and the interpretation of the results pointed out that comparing the three cities Århus, Horsens and Vejle, the most attractive place to open a Subway restaurant is Horsens.

8.2 Recommendations

According to the conclusions, which have been described in the previous chapter, the analysis lead into important recommendations, which can be used as a practical plan of action for Danish entrepreneurs, who like to start up their own Subway restaurant in Denmark.

Subway's franchising concept offers the franchisee many advantages. The worldwide brand recognition and the slogan "eat fresh" is a benefit for every Subway restaurant. Subway offers the franchisee all kinds of support, for example site selection, restaurant design, equipment ordering. The present analysis offers a huge advantage to find the right location, but also covers useful information about the main competitors, the market and the target group. Furthermore, much information can be assigned for other cities in Denmark.

According to the Danes' cosmopolitan nature and their health awareness, Subway's fast food concept can be very successful. Franchisees should stress the brand differences of their Subway restaurant by communicating their UAP, and how Subway distinguishes from the main competitors. As they are part of a saturated market, it is the goal to create a one-of-a-kind advertising message. To generate an advantage in competition, a selling proposition has to be created by connecting the advertising message with the product. There should be one main objective to the promotion campaign. Therefore, Subway has to focus its message on tasty, but healthy food, which is prepared quickly and freshly in front of the eyes of the customer.

To get into the market, promotion activities according to the customers' expectations like menu specials, free drinks and other performances should be considered, as a tool to get awareness.

As discount importance and kids' menu and entertainment are seen as very significant in the cities Horsens and Vejle, it is recommended to adjust the marketing mix to the customers' preferences.

One of the main target groups of Subway has been identified as teenagers and pupils. As they spend their free time hanging out with friends, online communities like Facebook or chatting on the internet, online marketing would fit very well to this segment. One opportunity is to add banners with hyperlinks and/or pop-ups on the most popular websites. They could show the weekly and daily specials or promote the opening event.

Due to the slowing down economy and fast food market growth, the conditions might seem demanding. However, using this challenge as an opportunity to sell "quick and healthy food" can lead entrepreneurs to good achievements. The upcoming and still ongoing wellness and healthiness trend should be used as a steppingstone.

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CHARTS

FIGURES

TABLES

City:

The old questionnaire

1. Do you like quick and healthy food? Yes □ No□

Subway:

2. Do you know subway? Yes □ No □

3. **If Yes**: Do you like it? Yes □ No □

4. Would you like anything else on the menu?

Assessment of fast food chains:

5. Rate the following restaurants in terms of how healthy they are with 1 being the healthiest and 4 being the least healthy.

   Burger King □ Mc Donald's □ Sunset Boulevard □ Subway □

Customer preference and buying behavior:

6. How often do you eat fast food?

   Weekly □ Monthly □ Annually □

7. What are the most important criteria when visiting a fast food restaurant?

   Rate the following six factors from 1 being the most important to 6 being the least important. (Write 1 in the box of the most important, 2 in the second most important etc.)

   Food delivered fast □ Food quality □ Service □ Price □ Atmosphere □

   Opening hours□

8. What is your favorite fast food restaurant? (Choose only one option)

   Mc Donald's □ Burger King □ Sunset Boulevard □ Subway □
   other □

9. If you had the choice between sunset boulevard and subway, which restaurant would you choose? (Choose one of the two options)

Subway □ Sunset boulevard □

10. Rate how important price / quantity discounts are.

Very important 1 □ important 2 □ less important 3 □ unimportant 4 □

11. If subway is not your first choice, would you prefer it if they had offerings concerning price and quantity discounts?

Yes □ No □

Fast food for children:

12. Is it important that a fast food restaurant offers children's menus?

Yes □ No □

13. Is it important that a fast food restaurant offers entertainment for children?

Yes □ No □

Subway located in the city:

14. Would you visit Subway if it was located in this city?

Yes □ No □

Personal data

Gender: M F

Age: < 18 □ 19 – 25 □ 26 – 35 □ 36 – 50 □ 50 > □

Occupation:

Pupil □ Student □ Employed □ Self-employed □ Housewife/-man □

Unemployed □

The final questionnaire

City:

1. Do you like quick and healthy food?

   Yes □ No□

Subway:

2. Do you know the fast food chain Subway?

   Yes □ No□

3. **If Yes**: Do you like it?

   Yes □ No □ Don't know □

4. Would you like anything else on the menu?

____

Assessment of fast food chains:

5. Rate the following restaurants in terms of how healthy they are with 1 being the healthiest and 4 being the least healthy.

   Burger King □ McDonald's □ Sunset Boulevard □ Subway □

Customer preference and buying behavior:

6. How often do you eat fast food?

   Weekly □ Monthly □ Annually □

7. What are the most important criteria when visiting a fast food restaurant?

   Rate the following six factors from 1 being the most important to 6 being the least important. (Write 1 in the box of the most important, 2 in the second most important etc.)

   Food delivered fast □ Food quality □ Service □ Price □ Atmosphere □ Opening hours□

8. What is your favorite fast food restaurant? (Choose only one option)

   McDonald's □ Burger King □ Sunset Boulevard □ Subway □ other □

9. If you had the choice between Sunset Boulevard and Subway, which restaurant would you choose? (Choose one of the two options)

Subway □ Sunset Boulevard □

10. Rate how important it is to get a discount when you buy more than one sandwich or soda.

Very important 1 □ important 2 □ less important 3 □ unimportant 4 □

11. If Subway is not your first choice, would you prefer it if it had special offers on menus, on certain sandwiches or if you for example buy two or more sandwiches?

Yes □ No □

Fast food for children:

12. Is it important that a fast food restaurant offers children's menus?

Yes □ No □

13. Is it important that a fast food restaurant offers entertainment for children?

Yes □ No □

Subway location:

14. Would you visit Subway if it was located in this city?

Yes □ No □

Personal data

Gender: Male □ Female □

Age: < 18 □ 19 – 25 □ 26 – 35 □ 36 – 49 □ 50 > □

Occupation:

Pupil □ Student □ Employed □ Self-employed □ Housewife/-man □ Unemployed □

Are you a Danish citizen? Yes □ No □

8.2.1.1.1 Table 12 Forecast Sales in Fast Food by Subsector: Foodservice Value 2007-2012 DKr million

	2007	2008	2009	2010	2011	2012
Fast food	7,922.1	8,094.2	8,247.2	8,374.9	8,485.5	8,575.5
- Chained fast food	3,617.3	3,756.3	3,882.6	3,991.7	4,089.2	4,180.7
- Independent fast food	4,304.8	4,337.9	4,364.6	4,383.2	4,396.3	4,394.8
- Bakery products fast food	889.0	931.3	973.3	1,012.4	1,049.6	1,084.4
-- Chained bakery products fast food	248.8	274.8	301.6	327.2	352.3	376.4
-- Independent bakery products fast food	640.1	656.5	671.7	685.3	697.3	708.0
- Burger fast food	1,898.8	1,978.5	2,047.7	2,103.4	2,149.3	2,191.2
-- Chained burger fast food	1,898.8	1,978.5	2,047.7	2,103.4	2,149.3	2,191.2
- Chicken fast food	99.4	106.1	109.0	113.0	120.5	127.3
-- Chained chicken fast food	34.8	35.4	36.0	36.5	37.0	37.5
-- Independent chicken fast food	64.7	70.7	73.0	76.5	83.5	89.9
- Ice cream fast food fast food	23.8	24.4	25.1	25.7	26.4	27.1
-- Independent ice cream fast food	23.8	24.4	25.1	25.7	26.4	27.1
- Middle Eastern fast food	198.6	200.5	203.5	205.8	209.8	210.5
-- Independent Middle Eastern fast food	198.6	200.5	203.5	205.8	209.8	210.5
- Asian fast food food	44.8	46.8	49.0	51.4	53.8	56.5
-- Independent Asian fast food	44.8	46.8	49.0	51.4	53.8	56.5
- Pizza fast food	387.3	390.1	391.8	393.6	395.4	397.3
-- Independent pizza fast food	387.3	390.1	391.8	393.6	395.4	397.3
- Convenience stores fast food	1,461.8	1,490.1	1,517.3	1,542.1	1,565.7	1,588.1
-- Chained convenience stores fast food	1,416.3	1,443.2	1,469.1	1,492.7	1,515.0	1,536.3
-- Independent convenience stores fast food	45.6	46.9	48.1	49.4	50.6	51.9
- Other fast food	2,918.8	2,926.4	2,930.4	2,927.5	2,915.1	2,893.2
-- Chained other fast food	18.8	24.4	28.1	31.9	35.6	39.4
-- Independent other fast food	2,900.0	2,902.0	2,902.3	2,895.6	2,879.4	2,853.8

Source: *Official statistics, trade associations, trade press, company research, trade interviews, Euromonitor International estimates*

8.2.1.1.2 Table 15 Forecast Sales in Fast Food by Subsector: % Foodservice Value Growth 2007-2012

	2007-12 CAGR	2007/12 TOTAL
Fast food	1.6	8.2
- Chained fast food	2.9	15.6
- Independent fast food	0.4	2.1
- Bakery products fast food	4.1	22.0
-- Chained bakery products fast food	8.6	51.3
-- Independent bakery products fast food	2.0	10.6
- Burger fast food	2.9	15.4
-- Chained burger fast food	2.9	15.4
-- Independent burger fast food	-	-
- Chicken fast food	5.1	28.1
-- Chained chicken fast food	1.5	7.8
-- Independent chicken fast food	6.8	39.0
- Ice cream fast food	2.6	13.9
-- Chained ice cream fast food	-	-
-- Independent ice cream fast food	2.6	13.9
- Fish fast food	-	-
-- Chained fish fast food	-	-
-- Independent fish fast food	-	-
- Latin American fast food	-	-
-- Chained Latin American fast food	-	-
-- Independent Latin American fast food	-	-
- Middle Eastern fast food	1.2	6.0
-- Chained Middle Eastern fast food	-	-
-- Independent Middle Eastern fast food	1.2	6.0
- Asian fast food	4.8	26.2
-- Chained Asian fast food	-	-
-- Independent Asian fast food	4.8	26.2
- Pizza fast food	0.5	2.6
-- Chained pizza fast food	-	-
-- Independent pizza fast food	0.5	2.6
- Convenience stores fast food	1.7	8.6
-- Chained convenience stores fast food	1.6	8.5
-- Independent convenience stores fast food	2.6	13.8
- Other fast food	-0.2	-0.9
-- Chained other fast food	16.0	110.0
-- Independent other fast food	-0.3	-1.6
- Fast casual dining	-	-

Source: *Official statistics, trade associations, trade press, company research, trade interviews, Euromonitor International estimates*

8.2.1.1.3 Table 3 Fast Food by Subsector: Foodservice Value 2002-2007 DKr million

	2002	2003	2004	2005	2006	2007
Fast food	5,413.5	5,910.9	6,518.1	7,015.0	7,540.3	7,922.1
- Chained fast food	2,145.0	2,433.0	2,810.7	3,054.2	3,355.0	3,617.3
- Independent fast food	3,268.5	3,477.9	3,707.4	3,960.8	4,185.2	4,304.8
- Bakery products fast food	682.3	734.0	769.0	784.4	827.4	889.0
-- Chained bakery products fast food	112.1	150.4	184.2	196.5	233.1	248.8
-- Independent bakery products fast food	570.2	583.7	584.9	587.8	594.3	640.1
- Burger fast food	1,436.1	1,453.5	1,500.6	1,512.8	1,712.3	1,898.8
-- Chained burger fast food	1,436.1	1,453.5	1,500.6	1,512.8	1,712.3	1,898.8
- Chicken fast food	68.1	74.0	81.5	87.8	92.7	99.4
-- Chained chicken fast food	32.0	32.5	33.3	34.0	34.1	34.8
-- Independent chicken fast food	36.1	41.5	48.2	53.8	58.6	64.7
- Ice cream fast food	19.8	20.8	21.6	22.5	23.1	23.8
-- Chained ice cream fast food	-	-	-	-	-	-
-- Independent ice cream fast food American fast food	19.8	20.8	21.6	22.5	23.1	23.8
- Middle Eastern fast food	191.7	193.4	195.1	196.3	197.4	198.6
-- Independent Middle Eastern fast food	191.7	193.4	195.1	196.3	197.4	198.6
- Asian fast food	39.4	40.0	40.8	41.6	42.8	44.8
-- Independent Asian fast food	39.4	40.0	40.8	41.6	42.8	44.8
- Pizza fast food	373.0	378.0	383.3	386.1	385.3	387.3
-- Independent pizza fast food	373.0	378.0	383.3	386.1	385.3	387.3
- Convenience stores fast food	608.1	840.1	1,136.3	1,354.8	1,410.4	1,461.8
-- Chained convenience stores fast food	564.8	796.7	1,092.7	1,310.9	1,366.2	1,416.3
-- Independent convenience stores fast food	43.3	43.4	43.6	43.9	44.2	45.6
- Other fast food	1,995.0	2,177.1	2,389.9	2,628.8	2,848.7	2,918.8
-- Chained other fast food	-	-	-	-	9.4	18.8
-- Independent other fast food	1,995.0	2,177.1	2,389.9	2,628.8	2,839.3	2,900.0

Source: *Official statistics, trade associations, trade press, company research, store checks, trade interviews, Euromonitor International estimates*

8.2.1.1.4 Table 6 Fast Food by Subsector: % Foodservice Value Growth 2002-2007

	2006/072002-07 CAGR	2002/07 TOTAL
Fast food	5.17.9	46.3
- Chained fast food	7.811.0	68.6
- Independent fast food	2.95.7	31.7
- Bakery products fast food	7.45.4	30.3
-- Chained bakery products fast food	6.717.3	122.0
-- Independent bakery products fast food	7.72.3	12.3
- Burger fast food	10.95.7	32.2
-- Chained burger fast food	10.95.7	32.2
- Chicken fast food	7.27.9	46.0
-- Chained chicken fast food	2.01.7	8.6
-- Independent chicken fast food	10.212.4	79.1
- Ice cream fast food	2.73.7	20.0
-- Independent ice cream fast food	2.73.7	20.0
- Middle Eastern fast food	0.60.7	3.6
-- Independent Middle Eastern fast food	0.60.7	3.6
- Asian fast food	4.52.6	13.6
-- Independent Asian fast food	4.52.6	13.6
- Pizza fast food	0.50.8	3.8
-- Independent pizza fast food	0.50.8	3.8
- Convenience stores fast food	3.619.2	140.4
-- Chained convenience stores fast food	3.720.2	150.7
-- Independent convenience stores fast food	3.01.0	5.3
- Other fast food	2.57.9	46.3
-- Independent other fast food	2.17.8	45.4

Source: *Official statistics, trade associations, trade press, company research, store checks, trade interviews, Euromonitor International estimate*

Fast Food – Denmark

Euromonitor International : Country Sector Briefing

October 2008

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9 Fast Food in Denmark

9.1 Headlines

- Fast food sales grow 5% in current value terms in 2007, to reach DKr7.9 billion
- The number of fast food outlets increases by 2% in 2007, to reach 4,420 outlets
- The continued rise of convenience stores fast food and the increasing impact of healthier fast food options across all categories are the most important trends in 2007
- Chained burger fast food was the fastest growing category in 2007, with sales up 11% in current value terms, which is double the fast food average
- Multinational burger fast food chains McDonald's and Burger King record strong growth in value sales and Burger King also increases its number of outlets significantly in 2007. Multinational convenience stores fast food chains 7-Eleven, Statoil, Shell and YX, all with a large presence in Denmark, as well as the domestic chain Kort & Godt also record continued strong growth
- Fast food sales are expected to reach DKr8.6 billion in 2012, which represents an increase of 8% in constant value terms from 2007

9.2 Trends

- Sales of fast food through chained convenience stores continued to healthily grow in 2007. These chains comprise the petrol/gas station operators Statoil, Shell and YX and the train station-based convenience store chain Kort & Godt, and, not least, 7-Eleven which is in a phase of rapid outlet expansion in the cities, petrol/gas stations and train stations. Convenience stores fast food is to a large degree "traditional" Danish sausage fast food, which in 2006 and in 2007 recorded estimated annual value sales growth of 5% – and thus maintained the total Danish value sales of sausages, even though sales are falling in traditional grill bars (categorised under other fast food) and in mobile street stalls known as pølsevogne. But also various bake off and coffee varieties make up a large share of value sales in convenience stores fast food and sales are growing twice as fast as for sausage fast food. Finally, value sales of sandwiches have started to grow very fast, at 10-20% per annum, albeit from a low level.
- Health and wellness became a major trend. Not only has the market leader McDonald's continued its healthier options strategy, but also almost all other kinds of chained and independent outlets have introduced healthier option sandwiches. Even in traditional sausage fast food, a healthier option low-fat sausage has been introduced by Steff Houlberg along with a baguette higher in fibre (to make a healthier fransk hotdog, which is the best-selling item in sausage fast food). Organic products and sustainability were still not issues in fast food in 2007, which is in contrast to other consumer foodservice categories, such as FSR and cafés/bars, but also especially packaged food.
- The 5% current value growth in fast food sales in 2007 was over two percentage points lower than in 2006 and three percentage points lower than the 2002-2007 period CAGR.
- To a large extent the strong growth of convenience store sales of bake off and coffee reflects a trend towards increasing fast food sales in the morning, primarily to people commuting to work. Thus, this trend seems almost exclusively to affect convenience stores that are located in petrol/gas stations or in or near train and bus stations. The other fast food categories have remained unaffected. Fast food sold in the morning in petrol/gas stations is bake off, especially smurte rundstykker (halved buns with butter and sometimes cheese or sliced meat on top) and various pastries. In contrast, in Kort & Godt and 7-Eleven outlets, it is other kinds of bread and pastries, such as croissants.

- Fast food casual dining still did not exist in Denmark in 2007, but remained confined to North American FSR.
- In 2007, sandwich specialists accounted for 51% of bakery fast food outlets, sweet bakery goods specialists for 45% and other including mixed bakery fast food for 4%. The major bakery fast food chains Sunset Boulevard and The Bagel Co are sandwich specialists, while another chain, Emmerys, is a peculiar mix of being primarily a high-end bakery but at the same time selling sandwiches and sweet bakery products.
- Burger fast food from the two big chains McDonald’s and Burger King remained very popular in 2007. So did traditional sausage fast food such as hot dogs and grilled sausages, which used to be sold mostly by the large number of independent grill bars, as well as at various fixed and mobile street stalls. Sales of traditional sausage fast food have been declining for a number of years at these traditional outlets, but at the same time they have been growing at the convenience stores.
- Chicken fast food of the KFC type continued to have only a marginal presence in Denmark in 2007.
- Sales of chained fast food grew 8% in current value terms in 2007, compared with only 3% for the independent fast food outlets, and in fact chained outlets recorded very strong growth in all existing fast food categories, with chained chicken fast food as the only exception with growth of only 2%.
- Eat-in accounted for 21% and takeaway for 79% of total fast food value sales in 2007.
- Food accounted for 85% and drink for 15% of total fast food value sales in 2007.

9.3 Competitive Landscape

- McDonald’s was still the leading fast food chain in Denmark in 2007, with sales of DKr1,655 million from its 83 outlets. McDonald’s value share of fast food in 2007 was almost 22% and was also the fastest growing from 2006. In comparison, Burger King still only had 15 outlets and sales of DKr244 million, or 3% of the total market in 2007. But Burger King’s main franchisee in Denmark, Cresco Food, has announced that it and other franchisees will open 5-10 new outlets every year in the upcoming years. They do not expect to gain new sales by expanding the Danish market for burger fast food, but instead expect to take sales from the existing players, primarily McDonald’s. Thus, newspaper headlines are describing this as the beginnings of a burger war in Denmark. Both chains explain their growth is primarily due to Danes’ rising disposable income.
- In terms of number of outlets, the three biggest fast food chains in Denmark are the petrol/gas station convenience stores of Statoil, 203 outlets (2007), Shell 196 outlets and YX 123 outlets (of which 66 will be converted to Shell petrol/gas stations with 7-Eleven convenience stores in the upcoming years). Statoil’s sales in 2007 reached DKr382 million, which translates into a 5% share of total fast food. Shell’s convenience stores fast food sales totalled DKr341 million, equal to a near 5% share, whilst YX’s sales were worth DKr210 million, for a 3% value share.
- Two other big convenience stores fast food chains are 7-Eleven, operated by Reitan Servicehandel Danmark, and Kort & Godt, operated by DSB Kort & Godt, which is a subsidiary of the Danish national railroad company DSB. In 2007, 7-Eleven had 62 outlets across Denmark, with sales of DKr234 million, or 3% of total fast food. Fast food’s share of 7-Eleven’s total value sales in Denmark was 25%, which is five times as much as in the US. 7-Eleven plans to continue to expand fast, not least in former YX petrol/gas stations, but also in a number of train stations in Northern Zealand. All of Kort & Godt’s 57 convenience stores are based in Danish train and S-train stations and generated sales of DKr210 million in 2007, for a near 3% value share. Within a few years there will be 75 Kort & Godt outlets, thereby completing a transition plan, shutting down many older DSB restaurants, street stalls and kiosks and creating instead a homogenous chain.
- In 2007 the domestic sandwich specialist bakery fast food brand chain Sunset Boulevard, whose national brand owner in 2007 became Danske Koncept Restauranter, a company created from former brand owner KD Restaurants (which still is the national brand owner of Pizza Hut), had 27 outlets across Denmark with estimated sales of DKr224 million. Sunset Boulevard was the only fast food

chain in 2007, whose core concept and marketing strategy is low-fat fast food. Another fast emerging brand, is the Danish sandwich bakery fast food chain The Bagel Co., which in 2007 operated 10 owned outlets in the greater Copenhagen area with sales of DKr19 million. The Bagel Co. also offers freshly-made and healthier option bagel sandwiches primarily for lunch, but also in the early evening, as well as coffee and bagels in the morning. The company plans to increase its number of outlets by 50% in 2008.

- Other leading companies are Steff Houlberg and Tulip Fast Food, which are both owned by Danish Crown. Each company supplies around 40% of the sausages and other meat products sold at street stalls, as well as at grill bars and through convenience stores fast food in Denmark. Even though all the grill bars and street stalls selling sausage fast food are independent, most of them, nevertheless, are closely linked to one of the two main suppliers, which provide marketing material, menu proposals, displays, courses, technical support etc. Recently both suppliers have started moving into chain building through franchising with the chains Tulip Time Out grill bars and Steff's Place street stalls in Copenhagen airport. The Tulip Time Out chain has been growing very fast since it opened its first five outlets in 2006 (three of them in previous Monarch traffic locations). Five more Tulip Time Out outlets were opened in 2007, with sales reaching an estimated DKr19 million.
- There were no noteworthy marketing campaigns in 2007.
- A significant new fast food product introduced in 2007 was Steff Houlberg's low-fat sausage in a high-fibre baguette, which created a healthier fransk hotdog (the best-selling item within sausage fast food). The product will be offered at 40% of all grill bars and street stalls, as well as in convenience stores fast food outlets such as Kort & Godt. At the same time, the newly introduced freshly-made or semi-produced sandwiches in convenience stores fast food outlets, as well as in traditional grill bars and street stalls, also recorded growing sales. Fresh fruit and bottled water offered as part of menus represented another growing trend, particularly in convenience stores fast food.
- The convenience stores fast food outlets are focusing specifically on expanding their sales of fast food in the morning to accommodate the changing consumer patterns of many Danes, which increasingly have their breakfast and morning coffee on their way to work. In this regard, the petrol/gas station convenience stores are targeting motorists and 7-Eleven and Kort & Godt the train and bus commuters. The main products sold are bake off like sliced buns with butter, croissants, various pastry and sandwiches, typically along with coffee. All these products are quite traditional breakfast items in Denmark and trade sources mention a particular conservatism among Danish consumers in this regard, which also explains the failure of previous new morning food product launches, such as various toasted items. No other fast food category seems interested in morning sales although morning sales are the largest part of sales for the Kort & Godt chain.
- In 2007, 7% of all fast food value sales in Denmark were accounted for by domestic brands, whereas domestic independent outlets comprised another 53% of total value sales, leaving 40% of value sales to multinational chains.
- In August 2007 Scandinavian 7-Eleven brand owner Reitangruppen and Reitan Servicehandel announced an alliance with Shell throughout Scandinavia, whereby 112 of Shell's petrol/gas station convenience stores in Sweden will be taken over by 7-Eleven, while Shell will take over 91 of YX's petrol/gas stations in Norway and 66 YX stations in Denmark owned by Reitan, but leaving these petrol/gas stations' convenience stores to be operated by Reitan's 7-Eleven. In Denmark this means that the convenience stores, which trade sources describe as the 66 best-performing of YX's 123 petrol/gas stations, will be converted to 7-Eleven outlets (10 of these had already been converted). The remaining YX stations will continue to sell convenience stores fast food, but have announced that they will change their convenience store concept in the forecast period by cutting down on the variety of convenience products and fast food offered and instead refocusing on car-related products. No plans have been revealed about 7-Eleven taking over convenience stores at Shell stations in Denmark.

9.4 Prospects

- The success of convenience stores fast food is expected to continue for all the major chains. The success of this concept can also be seen from the big transformation taking place in self-service cafeterias. Coop Danmark is opening rapidly new 2GO outlets in all its 81 Kvickly supermarkets, which is a new hybrid format somewhere between a self-service cafeteria and convenience stores fast food.
- The health and wellness trend will not only be reflected in the continued success of sandwich specialist outlets, but also in the still expanding variety of healthier options appearing in almost all fast food categories.
- Fast food sales are expected to grow at a near 2% CAGR, or 8%, in constant value terms over the 2007-2012 period. This is significantly lower than the very strong growth over the 2002-2007 period, but a certain saturation is setting in for most fast food categories as a result of the opening of many new outlets in recent years, as well as the slowing down of the Danish economy.
- Swedish burger fast food chain Max Hamburgerrestauranger has announced that it plans to open one or more outlets in Denmark by 2012, following its expansion in Norway. In the long term, the company sees potential for 40-50 restaurants in Denmark. Max Hamburgerrestauranger has a distinct “Healthy Choice” strategy, through reducing the fat content in all its products and at the same time offering a special range of healthier options called Max Delifresh, which to date accounts for 15% of its sales in Sweden. The appearance of this chain in Denmark could result in even more pressure on the existing fast food chains to further improve the health aspects of their products and concepts.
- A trend with great potential impact has been the creation of franchised chained grill bars, as well as mobile street stalls selling sausages from the two big suppliers, Steff Houlberg and Tulip Fast Food. Thus, this could be the first steps in creating chains for the two companies which already have semi-chained arrangements with 80% of all independent grill bars and street stalls selling sausage fast food and other fast food as well.
- The fast casual dining concept is expected to remain the domain of North American FSR.
- A potential threat to the growth of fast food is the still uncertain development of Danish consumers’ willingness to continue purchasing fast food, whether for breakfast, lunch at work, dinner in the evening or just on impulse, during the upcoming years of a slowing economy and rising costs.
- McDonald’s has continued to expand its healthier options concept and in February 2008 the company announced a new sponsorship deal with Team Danmark, which is the national Danish sports organisation grooming elite athletes to win medals at international competitions such as the Olympic Games. The deal makes McDonald’s the main financial sponsor of Team Danmark. Among other elements, the deal also involves the development of a special healthy “Team Danmark Menu”, nutritious enough to feed a sportsperson, to be sold at all Danish McDonald’s outlets in the months before and during the Olympic Games to be held in Beijing in summer 2008. This menu will be developed jointly between McDonald’s Denmark and Team Danmark nutritionalists. For every menu sold, DKr1 will be allocated to Team Danmark’s work with elite Danish sportspeople. The deal generated much debate about fast food in the Danish media in early 2008, challenging the widespread notion among many Danes of fast food being synonymous with unhealthy “junk food”.
- Specific advertising of Steff Houlberg’s low-fat sausage and franske hotdog is planned in all independent grill bars and street stalls selling sausage fast food, but also mass advertising directly to consumers is expected.
- Faster rising foodstuff commodity prices and labour costs might slow the expansion of fast food and cause retail prices to rise.
- It remains to be seen how successful the new low-fat sausage from Steff Houlberg will be, as well as the Team Danmark Menu offered by McDonald’s in summer 2008. Almost certain though, seems the continued growth in sales of freshly-made and semi-produced sandwiches which now are being sold in almost all chained convenience stores fast food outlets and in a growing number of independent other fast food outlets, including grill bars.

9.5 Sector Data

9.5.1.1.1 Table 1 Fast Food by Subsector: Units/Outlets 2002-2007 outlets

	2002	2003	2004	2005	2006	2007
Fast food	4,008	4,196	4,236	4,286	4,343	4,420
- Chained fast food	656	796	795	812	832	839
- Independent fast food	3,352	3,400	3,441	3,474	3,511	3,581
- Bakery products fast food	625	635	644	650	663	700
-- Chained bakery products fast food	20	28	35	40	51	57
-- Independent bakery products fast food	605	607	609	610	612	643
- Burger fast food	92	93	93	93	94	98
-- Chained burger fast food	92	93	93	93	94	98
-- Independent burger fast food	-	-	-	-	-	-
- Chicken fast food	8	9	10	11	12	14
-- Chained chicken fast food	3	3	3	3	3	3
-- Independent chicken fast food	5	6	7	8	9	11
- Ice cream fast food	32	34	35	36	37	38
-- Chained ice cream fast food	-	-	-	-	-	-
-- Independent ice cream fast food	32	34	35	36	37	38
- Fish fast food	-	-	-	-	-	-
-- Chained fish fast food	-	-	-	-	-	-
-- Independent fish fast food	-	-	-	-	-	-
- Latin American fast food	-	-	-	-	-	-
-- Chained Latin American fast food	-	-	-	-	-	-
-- Independent Latin American fast food	-	-	-	-	-	-
- Middle Eastern fast food	205	211	215	217	219	221
-- Chained Middle Eastern fast food	-	-	-	-	-	-
-- Independent Middle Eastern fast food	205	211	215	217	219	221
- Asian fast food	51	53	55	57	59	61
-- Chained Asian fast food	-	-	-	-	-	-
-- Independent Asian fast food	51	53	55	57	59	61
- Pizza fast food	310	321	326	328	331	333
-- Chained pizza fast food	-	-	-	-	-	-
-- Independent pizza fast food	310	321	326	328	331	333
- Convenience stores fast food	633	765	759	772	777	772
-- Chained convenience stores fast food	541	672	664	676	679	671
-- Independent convenience stores fast food	92	93	95	96	98	101
- Other fast food	2,052	2,075	2,099	2,122	2,151	2,183
-- Chained other fast food	-	-	-	-	5	10
-- Independent other fast food	2,052	2,075	2,099	2,122	2,146	2,173
- Fast casual dining	-	-	-	-	-	-

Source: *Official statistics, trade associations, trade press, company research, store checks, trade interviews, Euromonitor International estimates*

9.5.1.1.2 Table 2 Fast Food by Subsector: Transactions 2002-2007

	2002	2003	2004	2005	2006	2007
Fast food	86,444.9	96,349.3	106,570.1	114,965.2	121,173.6	124,918.5
- Chained fast food	32,439.3	39,040.7	45,522.2	49,979.7	52,769.9	55,518.2
- Independent fast food	54,005.6	57,308.6	61,047.9	64,985.5	68,403.7	69,400.3
- Bakery products fast food	10,353.2	11,046.0	11,475.6	11,662.9	12,178.8	12,630.7
-- Chained bakery products fast food	1,444.4	1,927.6	2,338.8	2,516.5	2,986.8	3,161.1
-- Independent bakery products fast food	8,908.8	9,118.4	9,136.8	9,146.4	9,192.0	9,469.5
- Burger fast food	18,175.3	18,347.0	18,162.9	18,256.2	19,538.0	21,412.4
-- Chained burger fast food	18,175.3	18,347.0	18,162.9	18,256.2	19,538.0	21,412.4
-- Independent burger fast food	-	-	-	-	-	-
- Chicken fast food	954.5	1,043.1	1,157.7	1,250.3	1,332.8	1,438.9
-- Chained chicken fast food	427.0	433.0	444.0	447.0	446.6	455.5
-- Independent chicken fast food	527.5	610.1	713.7	803.3	886.2	983.4
- Ice cream fast food	282.0	298.0	310.1	322.0	329.3	337.9
-- Chained ice cream fast food	-	-	-	-	-	-
-- Independent ice cream fast food	282.0	298.0	310.1	322.0	329.3	337.9
- Fish fast food	-	-	-	-	-	-
-- Chained fish fast food	-	-	-	-	-	-
-- Independent fish fast food	-	-	-	-	-	-
- Latin American fast food	-	-	-	-	-	-
-- Chained Latin American fast food	-	-	-	-	-	-
-- Independent Latin American fast food	-	-	-	-	-	-
- Middle Eastern fast food	2,861.0	2,887.0	2,918.8	2,933.7	2,939.5	2,953.6
-- Chained Middle Eastern fast food	-	-	-	-	-	-
-- Independent Middle Eastern fast food	2,861.0	2,887.0	2,918.8	2,933.7	2,939.5	2,953.6
- Asian fast food	448.0	455.0	464.0	482.0	486.8	517.4
-- Chained Asian fast food	-	-	-	-	-	-
-- Independent Asian fast food	448.0	455.0	464.0	482.0	486.8	517.4
- Pizza fast food	4,117.3	4,172.4	4,229.8	4,251.6	4,230.4	4,223.0
-- Chained pizza fast food	-	-	-	-	-	-
-- Independent pizza fast food	4,117.3	4,172.4	4,229.8	4,251.6	4,230.4	4,223.0
- Convenience stores fast food	13,294.6	19,237.1	25,485.5	29,678.4	30,556.4	31,114.5
-- Chained convenience stores fast food	12,392.6	18,333.1	24,576.5	28,759.9	29,639.3	30,181.8
-- Independent convenience stores fast food	902.0	904.0	909.0	918.5	917.1	932.7
- Other fast food	35,958.9	38,863.7	42,365.8	46,128.0	49,581.6	50,290.1
-- Chained other fast food	-	-	-	-	159.3	307.4
-- Independent other fast food	35,958.9	38,863.7	42,365.8	46,128.0	49,422.2	49,982.8
- Fast casual dining	-	-	-	-	-	-

Source: *Official statistics, trade associations, trade press, company research, store checks, trade interviews, Euromonitor International estimates*

9.5.1.1.3 Table 3 Fast Food by Subsector: Foodservice Value 2002-2007 Dkr million

	2002	2003	2004	2005	2006	2007
Fast food	5,413.5	5,910.9	6,518.1	7,015.0	7,540.3	7,922.1
- Chained fast food	2,145.0	2,433.0	2,810.7	3,054.2	3,355.0	3,617.3
- Independent fast food	3,268.5	3,477.9	3,707.4	3,960.8	4,185.2	4,304.8
- Bakery products fast food	682.3	734.0	769.0	784.4	827.4	889.0
-- Chained bakery products fast food	112.1	150.4	184.2	196.5	233.1	248.8
-- Independent bakery products fast food	570.2	583.7	584.9	587.8	594.3	640.1
- Burger fast food	1,436.1	1,453.5	1,500.6	1,512.8	1,712.3	1,898.8
-- Chained burger fast food	1,436.1	1,453.5	1,500.6	1,512.8	1,712.3	1,898.8
-- Independent burger fast food	-	-	-	-	-	-
- Chicken fast food	68.1	74.0	81.5	87.8	92.7	99.4
-- Chained chicken fast food	32.0	32.5	33.3	34.0	34.1	34.8
-- Independent chicken fast food	36.1	41.5	48.2	53.8	58.6	64.7
- Ice cream fast food	19.8	20.8	21.6	22.5	23.1	23.8
-- Chained ice cream fast food	-	-	-	-	-	-
-- Independent ice cream fast food	19.8	20.8	21.6	22.5	23.1	23.8
- Fish fast food	-	-	-	-	-	-
-- Chained fish fast food	-	-	-	-	-	-
-- Independent fish fast food	-	-	-	-	-	-
- Latin American fast food	-	-	-	-	-	-
-- Chained Latin American American fast food	-	-	-	-	-	-
-- Independent Latin American fast food	-	-	-	-	-	-
- Middle Eastern fast food	191.7	193.4	195.1	196.3	197.4	198.6
-- Chained Middle Eastern fast food	-	-	-	-	-	-
-- Independent Middle Eastern fast food	191.7	193.4	195.1	196.3	197.4	198.6
- Asian fast food	39.4	40.0	40.8	41.6	42.8	44.8
-- Chained Asian fast food	-	-	-	-	-	-
-- Independent Asian fast food	39.4	40.0	40.8	41.6	42.8	44.8
- Pizza fast food	373.0	378.0	383.3	386.1	385.3	387.3
-- Chained pizza fast food	-	-	-	-	-	-
-- Independent pizza fast food	373.0	378.0	383.3	386.1	385.3	387.3
- Convenience stores fast food	608.1	840.1	1,136.3	1,354.8	1,410.4	1,461.8
-- Chained convenience stores fast food	564.8	796.7	1,092.7	1,310.9	1,366.2	1,416.3
-- Independent convenience stores fast food	43.3	43.4	43.6	43.9	44.2	45.6
- Other fast food	1,995.0	2,177.1	2,389.9	2,628.8	2,848.7	2,918.8
-- Chained other fast food	-	-	-	-	9.4	18.8
-- Independent other fast food	1,995.0	2,177.1	2,389.9	2,628.8	2,839.3	2,900.0
- Fast casual dining	-	-	-	-	-	-

Source: *Official statistics, trade associations, trade press, company research, store checks, trade interviews, Euromonitor International estimates*

9.5.1.1.4 Table 4 Fast Food by Subsector: % Units/Outlets Growth 2002-2007 % Units/Outlets growth

	2006/072002-07 CAGR	2002/07 TOTAL
Fast food	1.82.0	10.3
- Chained fast food	0.85.0	27.9
- Independent fast food	2.01.3	6.8
- Bakery products fast food	5.62.3	12.0
-- Chained bakery products fast food	11.823.3	185.0
-- Independent bakery products fast food	5.11.2	6.3
- Burger fast food	4.31.3	6.5
-- Chained burger fast food	4.31.3	6.5
-- Independent burger fast food	--	-
- Chicken fast food	16.711.8	75.0
-- Chained chicken fast food	0.00.0	0.0
-- Independent chicken fast food	22.217.1	120.0
- Ice cream fast food	2.73.5	18.8
-- Chained ice cream fast food	--	-
-- Independent ice cream fast food	2.73.5	18.8
- Fish fast food	--	-
-- Chained fish fast food	--	-
-- Independent fish fast food	--	-
- Latin American fast food	--	-
-- Chained Latin American fast food	--	-
-- Independent Latin American fast food	--	-
- Middle Eastern fast food	0.91.5	7.8
-- Chained Middle Eastern fast food	--	-
-- Independent Middle Eastern fast food	0.91.5	7.8
- Asian fast food	3.43.6	19.6
-- Chained Asian fast food	--	-
-- Independent Asian fast food	3.43.6	19.6
- Pizza fast food	0.61.4	7.4
-- Chained pizza fast food	--	-
-- Independent pizza fast food	0.61.4	7.4
- Convenience stores fast food	-0.64.1	22.0
-- Chained convenience stores fast food	-1.24.4	24.0
-- Independent convenience stores fast food	3.11.9	9.8
- Other fast food	1.51.2	6.4
-- Chained other fast food	100.0-	-
-- Independent other fast food	1.31.2	5.9
- Fast casual dining	--	-

Source: *Official statistics, trade associations, trade press, company research, store checks, trade interviews, Euromonitor International estimates*

9.5.1.1.5 Table 5 Fast Food by Subsector: % Transaction Growth 2002-2007 % transaction growth

	2006/072002-07 CAGR	2002/07 TOTAL
Fast food	3.17.6	44.5
- Chained fast food	5.211.3	71.1
- Independent fast food	1.55.1	28.5
- Bakery products fast food	3.74.1	22.0
-- Chained bakery products fast food	5.817.0	118.8
-- Independent bakery products fast food	3.01.2	6.3
- Burger fast food	9.63.3	17.8
-- Chained burger fast food	9.63.3	17.8
-- Independent burger fast food	--	-
- Chicken fast food	8.08.6	50.7
-- Chained chicken fast food	2.01.3	6.7
-- Independent chicken fast food	11.013.3	86.4
- Ice cream fast food	2.63.7	19.8
-- Chained ice cream fast food	--	-
-- Independent ice cream fast food	2.63.7	19.8
- Fish fast food	--	-
-- Chained fish fast food	--	-
-- Independent fish fast food	--	-
- Latin American fast food	--	-
-- Chained Latin American fast food	--	-
-- Independent Latin American fast food	--	-
- Middle Eastern fast food	0.50.6	3.2
-- Chained Middle Eastern fast food	--	-
-- Independent Middle Eastern fast food	0.50.6	3.2
- Asian fast food	6.32.9	15.5
-- Chained Asian fast food	--	-
-- Independent Asian fast food	6.32.9	15.5
- Pizza fast food	-0.20.5	2.6
-- Chained pizza fast food	--	-
-- Independent pizza fast food	-0.20.5	2.6
- Convenience stores fast food	1.818.5	134.0
-- Chained convenience stores fast food	1.819.5	143.5
-- Independent convenience stores fast food	1.70.7	3.4
- Other fast food	1.46.9	39.9
-- Chained other fast food	92.9-	-
-- Independent other fast food	1.16.8	39.0
- Fast casual dining	--	-

Source: *Official statistics, trade associations, trade press, company research, store checks, trade interviews, Euromonitor International estimates*

9.5.1.1.6 Table 6 Fast Food by Subsector: % Foodservice Value Growth 2002-2007 % value growth

	2006/07	2002-07 CAGR	2002/07 TOTAL
Fast food	5.1	7.9	46.3
- Chained fast food	7.8	11.0	68.6
- Independent fast food	2.9	5.7	31.7
- Bakery products fast food	7.4	5.4	30.3
-- Chained bakery products fast food	6.7	17.3	122.0
-- Independent bakery products fast food	7.7	2.3	12.3
- Burger fast food	10.9	5.7	32.2
-- Chained burger fast food	10.9	5.7	32.2
-- Independent burger fast food	-	-	-
- Chicken fast food	7.2	7.9	46.0
-- Chained chicken fast food	2.0	1.7	8.6
-- Independent chicken fast food	10.2	12.4	79.1
- Ice cream fast food	2.7	3.7	20.0
-- Chained ice cream fast food	-	-	-
-- Independent ice cream fast food	2.7	3.7	20.0
- Fish fast food	-	-	-
-- Chained fish fast food	-	-	-
-- Independent fish fast food	-	-	-
- Latin American fast food	-	-	-
-- Chained Latin American fast food	-	-	-
-- Independent Latin American fast food	-	-	-
- Middle Eastern fast food	0.6	0.7	3.6
-- Chained Middle Eastern fast food	-	-	-
-- Independent Middle Eastern fast food	0.6	0.7	3.6
- Asian fast food	4.5	2.6	13.6
-- Chained Asian fast food	-	-	-
-- Independent Asian fast food	4.5	2.6	13.6
- Pizza fast food	0.5	0.8	3.8
-- Chained pizza fast food	-	-	-
-- Independent pizza fast food	0.5	0.8	3.8
- Convenience stores fast food	3.6	19.2	140.4
-- Chained convenience stores fast food	3.7	20.2	150.7
-- Independent convenience stores fast food	3.0	1.0	5.3
- Other fast food	2.5	7.9	46.3
-- Chained other fast food	99.5	-	-
-- Independent other fast food	2.1	7.8	45.4
- Fast casual dining	-	-	-

Source: *Official statistics, trade associations, trade press, company research, store checks, trade interviews, Euromonitor International estimates*

9.5.1.1.7 Table 7 Sales of Bakery Products Fast Food by Type 2006-2007 % value

	2006	2007
Sandwich specialists	51.2	51.2
Sweet bakery goods specialists	44.9	44.9
Other including mixed bakery fast food	3.9	3.9
Total	100.0	100.0

Source: *Official statistics, trade associations, trade press, company research, store checks, trade interviews, Euromonitor International estimates*

9.5.1.1.8 Table 8 Global Brand Owner Shares of Chained Fast Food 2003-2007 % value

Company	2003	2004	2005	2006	2007
McDonald's Corp	52.2	46.8	43.3	45.2	45.8
StatoilHydro ASA	-	-	-	-	10.6
Koninklijke Shell Groep/ Royal Dutch Shell Group	12.5	11.1	10.6	9.9	9.4
DSB Group	8.6	7.6	7.4	7.1	6.9
Burger King Holdings Inc	7.5	6.6	6.3	5.8	6.7
Seven & I Holdings Co, Ltd	-	-	6.2	6.1	6.5
Danske Koncept Restauranter ApS	-	-	-	-	6.2
Reitan Servicehandel Danmark A/S	-	-	-	6.8	5.8
Yum! Brands Inc	1.3	1.2	1.1	1.0	1.0
The Bagel Co ApS	0.3	0.3	0.4	0.5	0.5
TFC Fast Food A/S	-	-	-	0.3	0.5
Emmerys ApS	0.1	0.1	0.1	0.1	0.2
Statoil ASA	-	11.9	11.4	10.9	-
KD Restaurants I/S	5.8	6.1	5.9	6.3	-
Hydro Texaco AS	8.4	7.5	7.3	-	-
Ito-Yokado Co Ltd	0.8	0.7	-	-	-
Statoil Detaljhandel Skandinavia AS	2.5	-	-	-	-
Diageo Plc	-	-	-	-	-
Tricon Global Restaurants Inc	-	-	-	-	-
Total	100.0	100.0	100.0	100.0	100.0

Source: *Trade associations, trade press, company research, trade interviews, Euromonitor International estimates*

9.5.1.1.9 Table 9 Brand Shares of Chained Fast Food 2004-2007 % value

Brand	Global Brand Owner	2004	2005	2006	2007
McDonald's	McDonald's Corp	46.8	43.3	45.2	45.8
Statoil	StatoilHydro ASA	-	-	-	10.6
Shell Select	Koninklijke Shell Groep/ Royal Dutch Shell Group	11.1	10.6	9.9	9.4
Burger King	Burger King Holdings Inc	6.6	6.3	5.8	6.7
7-Eleven	Seven & I Holdings Co, Ltd	-	6.2	6.1	6.5
Sunset Boulevard	Danske Koncept Restauranter ApS	-	-	-	6.2
Kort & Godt	DSB Group	4.3	4.8	5.2	5.8
YX Energi	Reitan Servicehandel Danmark A/S	-	-	6.8	5.8
DSB Kiosker	DSB Group	3.3	2.6	1.9	1.1
KFC	Yum! Brands Inc	1.2	1.1	1.0	1.0
The Bagel Co	The Bagel Co ApS	0.3	0.4	0.5	0.5
Tulip Time Out	TFC Fast Food A/S	-	-	0.3	0.5
Emmerys	Emmerys ApS	0.1	0.1	0.1	0.2
Statoil	Statoil ASA	11.9	11.4	10.9	-
Sunset Boulevard	KD Restaurants I/S	6.1	5.9	6.3	-
Hydro Texaco	Hydro Texaco AS	7.5	7.3	-	-
7-Eleven	Ito-Yokado Co Ltd	0.7	-	-	-
Burger King	Diageo Plc	-	-	-	-
Statoil	Statoil Detaljhandel Skandinavia AS	-	-	-	-
KFC	Tricon Global Restaurants Inc	-	-	-	-
Total		100.0	100.0	100.0	100.0

Source: *Trade associations, trade press, company research, trade interviews, Euromonitor International estimates*

9.5.1.1.10 Table 10 Forecast Sales in Fast Food by Subsector: Units/Outlets 2007-2012

	2007	2008	2009	2010	2011	2012
Fast food	4,420	4,487	4,544	4,590	4,628	4,655
- Chained fast food	839	858	873	889	904	918
- Independent fast food	3,581	3,629	3,671	3,701	3,724	3,737
- Bakery products fast food	700	732	762	785	804	817
-- Chained bakery products fast food	57	63	68	74	78	81
-- Independent bakery products fast food	643	669	694	711	726	736
- Burger fast food	98	103	107	110	113	116
-- Chained burger fast food	98	103	107	110	113	116
-- Independent burger fast food	-	-	-	-	-	-
- Chicken fast food	14	16	17	18	20	22
-- Chained chicken fast food	3	3	3	3	3	3
-- Independent chicken fast food	11	13	14	15	17	19
- Ice cream fast food	38	39	40	41	42	43
-- Chained ice cream fast food	-	-	-	-	-	-
-- Independent ice cream fast food	38	39	40	41	42	43
- Fish fast food	-	-	-	-	-	-
-- Chained fish fast food	-	-	-	-	-	-
-- Independent fish fast food	-	-	-	-	-	-
- Latin American fast food	-	-	-	-	-	-
-- Chained Latin American fast food	-	-	-	-	-	-
-- Independent Latin American fast food	-	-	-	-	-	-
- Middle Eastern fast food	221	223	225	226	228	229
-- Chained Middle Eastern fast food	-	-	-	-	-	-
-- Independent Middle Eastern fast food	221	223	225	226	228	229
- Asian fast food	61	63	65	67	69	71
-- Chained Asian fast food	-	-	-	-	-	-
-- Independent Asian fast food	61	63	65	67	69	71
- Pizza fast food	333	336	338	340	342	344
-- Chained pizza fast food	-	-	-	-	-	-
-- Independent pizza fast food	333	336	338	340	342	344
- Convenience stores fast food	772	780	787	795	804	813
-- Chained convenience stores fast food	671	676	680	685	691	697
-- Independent convenience stores fast food	101	104	107	110	113	116
- Other fast food	2,183	2,195	2,203	2,208	2,206	2,200
-- Chained other fast food	10	13	15	17	19	21
-- Independent other fast food	2,173	2,182	2,188	2,191	2,187	2,179
- Fast casual dining	-	-	-	-	-	-

Source: *Official statistics, trade associations, trade press, company research, trade interviews, Euromonitor International estimates*

9.5.1.1.11 Table 11 Forecast Sales in Fast Food by Subsector: Transactions 2007-2012

	2007	2008	2009	2010	2011	2012
Fast food	124,918.5	128,276.3	131,338.6	133,782.8	136,120.4	138,041.1
- Chained fast food	55,518.2	57,739.7	59,851.9	61,697.7	63,404.3	65,159.3
- Independent fast food	69,400.3	70,536.6	71,486.7	72,085.1	72,716.1	72,881.9
- Bakery products fast food	12,630.7	13,643.3	14,379.8	15,037.8	15,649.4	16,187.8
-- Chained bakery products fast food	3,161.1	3,627.2	4,093.3	4,496.7	4,885.9	5,260.7
-- Independent bakery products fast food	9,469.5	10,016.1	10,286.5	10,541.1	10,763.5	10,927.1
- Burger fast food	21,412.4	22,493.2	23,472.5	24,227.6	24,833.0	25,452.5
-- Chained burger fast food	21,412.4	22,493.2	23,472.5	24,227.6	24,833.0	25,452.5
-- Independent burger fast food	-	-	-	-	-	-
- Chicken fast food	1,438.9	1,548.7	1,596.7	1,665.0	1,809.5	1,924.1
-- Chained chicken fast food	455.5	464.5	473.1	481.3	489.3	496.6
-- Independent chicken fast food	983.4	1,084.3	1,123.6	1,183.7	1,320.2	1,427.6
- Ice cream fast food	337.9	346.3	354.0	363.9	371.3	379.9
-- Chained ice cream fast food	-	-	-	-	-	-
-- Independent ice cream fast food	337.9	346.3	354.0	363.9	371.3	379.9
- Fish fast food	-	-	-	-	-	-
-- Chained fish fast food	-	-	-	-	-	-
-- Independent fish fast food	-	-	-	-	-	-
- Latin American fast food	-	-	-	-	-	-
-- Chained Latin American fast food	-	-	-	-	-	-
-- Independent Latin American fast food	-	-	-	-	-	-
- Middle Eastern fast food	2,953.6	3,002.1	3,073.1	3,141.9	3,242.9	3,287.6
-- Chained Middle Eastern fast food	-	-	-	-	-	-
-- Independent Middle Eastern fast food	2,953.6	3,002.1	3,073.1	3,141.9	3,242.9	3,287.6
- Asian fast food	517.4	544.3	571.3	599.9	631.8	664.6
-- Chained Asian fast food	-	-	-	-	-	-
-- Independent Asian fast food	517.4	544.3	571.3	599.9	631.8	664.6
- Pizza fast food	4,223.0	4,264.1	4,297.5	4,329.6	4,373.0	4,407.5
-- Chained pizza fast food	-	-	-	-	-	-
-- Independent pizza fast food	4,223.0	4,264.1	4,297.5	4,329.6	4,373.0	4,407.5
- Convenience stores fast food	31,114.5	31,713.4	32,330.6	32,968.7	33,635.2	34,328.4
-- Chained convenience stores fast food	30,181.8	30,755.2	31,351.9	31,969.5	32,612.1	33,283.9
-- Independent convenience stores fast food	932.7	958.2	978.7	999.2	1,023.1	1,044.5
- Other fast food	50,290.1	50,720.9	51,263.1	51,448.4	51,574.4	51,408.8
-- Chained other fast food	307.4	399.6	461.1	522.6	584.0	665.5
-- Independent other fast food	49,982.8	50,321.3	50,802.0	50,925.9	50,990.4	50,743.3
- Fast casual dining	-	-	-	-	-	-

Source: *Official statistics, trade associations, trade press, company research, trade interviews, Euromonitor International estimates*

9.5.1.1.12 Table 12 Forecast Sales in Fast Food by Subsector: Foodservice Value 2007-2012 DKr million

	2007	2008	2009	2010	2011	2012
Fast food	7,922.1	8,094.2	8,247.2	8,374.9	8,485.5	8,575.5
- Chained fast food	3,617.3	3,756.3	3,882.6	3,991.7	4,089.2	4,180.7
- Independent fast food	4,304.8	4,337.9	4,364.6	4,383.2	4,396.3	4,394.8
- Bakery products fast food	889.0	931.3	973.3	1,012.4	1,049.6	1,084.4
-- Chained bakery products fast food	248.8	274.8	301.6	327.2	352.3	376.4
-- Independent bakery products fast food	640.1	656.5	671.7	685.3	697.3	708.0
- Burger fast food	1,898.8	1,978.5	2,047.7	2,103.4	2,149.3	2,191.2
-- Chained burger fast food	1,898.8	1,978.5	2,047.7	2,103.4	2,149.3	2,191.2
-- Independent burger fast food	-	-	-	-	-	-
- Chicken fast food	99.4	106.1	109.0	113.0	120.5	127.3
-- Chained chicken fast food	34.8	35.4	36.0	36.5	37.0	37.5
-- Independent chicken fast food	64.7	70.7	73.0	76.5	83.5	89.9
- Ice cream fast food	23.8	24.4	25.1	25.7	26.4	27.1
-- Chained ice cream fast food	-	-	-	-	-	-
-- Independent ice cream fast food	23.8	24.4	25.1	25.7	26.4	27.1
- Fish fast food	-	-	-	-	-	-
-- Chained fish fast food	-	-	-	-	-	-
-- Independent fish fast food	-	-	-	-	-	-
- Latin American fast food	-	-	-	-	-	-
-- Chained Latin American fast food	-	-	-	-	-	-
-- Independent Latin American fast food	-	-	-	-	-	-
- Middle Eastern fast food	198.6	200.5	203.5	205.8	209.8	210.5
-- Chained Middle Eastern fast food	-	-	-	-	-	-
-- Independent Middle Eastern fast food	198.6	200.5	203.5	205.8	209.8	210.5
- Asian fast food	44.8	46.8	49.0	51.4	53.8	56.5
-- Chained Asian fast food	-	-	-	-	-	-
-- Independent Asian fast food	44.8	46.8	49.0	51.4	53.8	56.5
- Pizza fast food	387.3	390.1	391.8	393.6	395.4	397.3
-- Chained pizza fast food	-	-	-	-	-	-
-- Independent pizza fast food	387.3	390.1	391.8	393.6	395.4	397.3
- Convenience stores fast food	1,461.8	1,490.1	1,517.3	1,542.1	1,565.7	1,588.1
-- Chained convenience stores fast food	1,416.3	1,443.2	1,469.1	1,492.7	1,515.0	1,536.3
-- Independent convenience stores fast food	45.6	46.9	48.1	49.4	50.6	51.9
- Other fast food	2,918.8	2,926.4	2,930.4	2,927.5	2,915.1	2,893.2
-- Chained other fast food	18.8	24.4	28.1	31.9	35.6	39.4
-- Independent other fast food	2,900.0	2,902.0	2,902.3	2,895.6	2,879.4	2,853.8
- Fast casual dining	-	-	-	-	-	-

Source: *Official statistics, trade associations, trade press, company research, trade interviews, Euromonitor International estimates*

9.5.1.1.13 Table 13 Forecast Sales in Fast Food by Subsector: % Units/Outlets Growth 2007-2012

	2007-12 CAGR	2007/12 TOTAL
Fast food	1.0	5.3
- Chained fast food	1.8	9.4
- Independent fast food	0.9	4.4
- Bakery products fast food	3.1	16.7
-- Chained bakery products fast food	7.3	42.1
-- Independent bakery products fast food	2.7	14.5
- Burger fast food	3.4	18.4
-- Chained burger fast food	3.4	18.4
-- Independent burger fast food	-	-
- Chicken fast food	9.5	57.1
-- Chained chicken fast food	0.0	0.0
-- Independent chicken fast food	11.6	72.7
- Ice cream fast food	2.5	13.2
-- Chained ice cream fast food	-	-
-- Independent ice cream fast food	2.5	13.2
- Fish fast food	-	-
-- Chained fish fast food	-	-
-- Independent fish fast food	-	-
- Latin American fast food	-	-
-- Chained Latin American fast food	-	-
-- Independent Latin American fast food	-	-
- Middle Eastern fast food	0.7	3.6
-- Chained Middle Eastern fast food	-	-
-- Independent Middle Eastern fast food	0.7	3.6
- Asian fast food	3.1	16.4
-- Chained Asian fast food	-	-
-- Independent Asian fast food	3.1	16.4
- Pizza fast food	0.7	3.3
-- Chained pizza fast food	-	-
-- Independent pizza fast food	0.7	3.3
- Convenience stores fast food	1.0	5.3
-- Chained convenience stores fast food	0.8	3.9
-- Independent convenience stores fast food	2.8	14.9
- Other fast food	0.2	0.8
-- Chained other fast food	16.0	110.0
-- Independent other fast food	0.1	0.3
- Fast casual dining	-	-

Source: *Official statistics, trade associations, trade press, company research, trade interviews, Euromonitor International estimates*

9.5.1.1.14 Table 14 Forecast Sales in Fast Food by Subsector: % Transaction Growth 2007-2012

	2007-12 CAGR	2007/12 TOTAL
Fast food	2.0	10.5
- Chained fast food	3.3	17.4
- Independent fast food	1.0	5.0
- Bakery products fast food	5.1	28.2
-- Chained bakery products fast food	10.7	66.4
-- Independent bakery products fast food	2.9	15.4
- Burger fast food	3.5	18.9
-- Chained burger fast food	3.5	18.9
-- Independent burger fast food	-	-
- Chicken fast food	6.0	33.7
-- Chained chicken fast food	1.7	9.0
-- Independent chicken fast food	7.7	45.2
- Ice cream fast food	2.4	12.4
-- Chained ice cream fast food	-	-
-- Independent ice cream fast food	2.4	12.4
- Fish fast food	-	-
-- Chained fish fast food	-	-
-- Independent fish fast food	-	-
- Latin American fast food	-	-
-- Chained Latin American fast food	-	-
-- Independent Latin American fast food	-	-
- Middle Eastern fast food	2.2	11.3
-- Chained Middle Eastern fast food	-	-
-- Independent Middle Eastern fast food	2.2	11.3
- Asian fast food	5.1	28.4
-- Chained Asian fast food	-	-
-- Independent Asian fast food	5.1	28.4
- Pizza fast food	0.9	4.4
-- Chained pizza fast food	-	-
-- Independent pizza fast food	0.9	4.4
- Convenience stores fast food	2.0	10.3
-- Chained convenience stores fast food	2.0	10.3
-- Independent convenience stores fast food	2.3	12.0
- Other fast food	0.4	2.2
-- Chained other fast food	16.7	116.5
-- Independent other fast food	0.3	1.5
- Fast casual dining	-	-

Source: *Official statistics, trade associations, trade press, company research, trade interviews, Euromonitor International estimates*

9.5.1.1.15 Table 15 Forecast Sales in Fast Food by Subsector: % Foodservice Value Growth 2007-2012

	2007-12 CAGR	2007/12 TOTAL
Fast food	1.6	8.2
- Chained fast food	2.9	15.6
- Independent fast food	0.4	2.1
- Bakery products fast food	4.1	22.0
-- Chained bakery products fast food	8.6	51.3
-- Independent bakery products fast food	2.0	10.6
- Burger fast food	2.9	15.4
-- Chained burger fast food	2.9	15.4
-- Independent burger fast food	-	-
- Chicken fast food	5.1	28.1
-- Chained chicken fast food	1.5	7.8
-- Independent chicken fast food	6.8	39.0
- Ice cream fast food	2.6	13.9
-- Chained ice cream fast food	-	-
-- Independent ice cream fast food	2.6	13.9
- Fish fast food	-	-
-- Chained fish fast food	-	-
-- Independent fish fast food	-	-
- Latin American fast food	-	-
-- Chained Latin American fast food	-	-
-- Independent Latin American fast food	-	-
- Middle Eastern fast food	1.2	6.0
-- Chained Middle Eastern fast food	-	-
-- Independent Middle Eastern fast food	1.2	6.0
- Asian fast food	4.8	26.2
-- Chained Asian fast food	-	-
-- Independent Asian fast food	4.8	26.2
- Pizza fast food	0.5	2.6
-- Chained pizza fast food	-	-
-- Independent pizza fast food	0.5	2.6
- Convenience stores fast food	1.7	8.6
-- Chained convenience stores fast food	1.6	8.5
-- Independent convenience stores fast food	2.6	13.8
- Other fast food	-0.2	-0.9
-- Chained other fast food	16.0	110.0
-- Independent other fast food	-0.3	-1.6
- Fast casual dining	-	-

Source: *Official statistics, trade associations, trade press, company research, trade interviews, Euromonitor International estimates*