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Sandwich Shops

SIC: 5812

NAICS: 722211

Number of Businesses / Units: 7,700

See Also

- ▶ [A&W Restaurants \(A&W Root Beer\)](#)
- ▶ [Arctic Circle](#)
- ▶ [Atlanta Bread Company](#)
- ▶ [Bagel Shops](#)
- ▶ [Bakery & Restaurant](#)

This U.S. industry comprises establishments primarily engaged in providing food services (except snack and nonalcoholic beverage bars) where patrons generally order or select items and pay before eating. Food and drink may be consumed on premises, taken out, or delivered to the customer's location. Some establishments in this industry may provide these food services in combination with selling alcoholic beverages.

Rules of Thumb

50 percent of annual sales plus inventory

2 times SDE plus inventory

3 times EBIT

General Information

"Ownership of real estate is very desirable. Franchise stores more marketable than independents. Franchise presence in marketplace is very important."

Expert Ratings

- ▶ Marketability 2 (1=Low : 4= High)
- ▶ Industry Trend 2 (1=Declining : 4= Growing)
- ▶ Ease of Replication 2 (1=Easy : 4= Difficult)

Benchmarks

Sandwich Shops	
Blimpie	48% of annual sales
Hungry Howie's Pizza & Subs	30% of annual sales
Lil' Dino's Subs	64% of annual sales
Quizno's Classic Subs	50-60% of annual sales
Roly Poly Sandwiches	34% of annual sales
Subway	50-60% of annual sales
Jersey Mike's Subs	50% of annual sales

Expenses as a Percentage of Sales

▶ Cost Of Goods	28%
▶ Payroll/Labor Costs	22%
▶ Occupancy Costs	10%
▶ Profit (pretax)	20%

Advantages

- ▶ "Ease of operation. Low food costs. Little waste. Low-skilled workforce. Fewer total hours than a full-service restaurant. Very nice profit margins. Franchise sub shops can usually qualify for SBA loans."

Disadvantages

▶ "Employees. Customers look for, and use, coupons. Hard to compete with 'big' names in the industry, which have a media presence."

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