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\$5 footlong subway

In 2008, Subway introduced a tantalizing deal: For just \$5, one could purchase any "footlong" (12-inch) sandwich. The promotion was a smash hit with cash-strapped customers during the recession — and its jingle ("five-, five-, five-dollar footlong...") became the company's calling card. Within a year, foot traffic skyrocketed across the franchise's thousands of locations. Revenue from \$5 footlongs alone topped \$3.8B. It was, according to many industry analysts, one of the most successful promotions in the history of American cuisine. But the deal wasn't so hot for Subway's franchisees. Eager to grow at all costs, Subway refused to let the promotion die. As inflation drove up the cost of doing business, the \$5 footlong became financially unsustainable for many of the independent entrepreneurs who owned the company's eateries. This is the story of a promotion gone very right, and then very wrong. But it's also a parable about the oft-conflicting goals of small business owners and large corporations. Twenty years earlier, in 1988, an enterprising fellow named Stuart Frankel bought his first Subway franchise in Miami. A tell-it-like-it-is New Yorker, Frankel had migrated to Florida with his wife in the '70s. After stints running a drug store and a video outlet, he decided to try his hand at slinging sandwiches. Stuart Frankel in the early 2000s (Screenshot via Fox Business) At the time, Subway was a relative newcomer to the scene. Launched in 1965 by 17-year-old Fred DeLuca, Subway settled on a franchising model in 1974, leasing out the right to use its branding to individual shop owners across the US. By 1988, the business had expanded to 2.2k shops and \$360m in annual sales. And like many franchisees, Frankel saw an opportunity to claim a stake in the fast-growing chain. Over the next decade, he built several Subway shops in South Florida, including two near a bustling hospital. Business was good, but he felt he needed some kind of differentiator — a gimmick to take things up a notch. One day in 2003, inspiration struck. "I sat down with my manager and said we're going to try something different," he told The Hustle in a recent interview. "Every Saturday and Sunday, we're going to sell all our footlongs for \$5 each instead of \$6." He slapped up a few crude signs in the window, not expecting much. Within the first 2 weeks, Frankel saw his sales jump from \$14k to \$23k per week — more than 4x what the average Subway shop brought in. Frankel gradually grew his local empire to 10 Subway shops and implemented his \$5 promo at other locations with similar success. Other Subway owners adopted it and saw sales swell by 35% to 50%+. All the while, Frankel kept scrupulous records of the positive impact the deal had on metrics like foot traffic and revenue, which he passed along to corporate. Nobody listened. The Subway where Frankel invented the \$5 footlong promotion, at Jackson Memorial Hospital in Miami (Google Maps) But in 2008, the top brass at Subway started to pay attention. After witnessing one shop's sales double in one day after integrating the \$5 footlong promo, a Subway development agent named Steve Sager informed Subway's execs that it might be worth testing on a national level. Frankel was invited to join the Subway Franchisee Advertising Fund Trust (SFAFT) — a board of franchisees who decide what to do with the chain's ad dollars — and the \$5 footlong was brought up for vote. In the meeting, the idea courted serious backlash. "The company was skeptical the \$5 footlong could make money," said Frankel. "To be frank, they thought I was a fucking idiot." Eventually, the board reluctantly agreed to a pilot test. On March 23, 2008, just a few months before the US economy spiraled into a recession, the \$5 footlong made its national debut. The promotion came along at the right time for Subway. Over the previous decade, Subway's marketing team had put all its chips on Jared Fogle — a college kid who claimed to have lost 225 pounds by subsisting on a diet of subs. Fogle and his oversized pants had been an inescapable presence in commercials and ads. But the food business was undergoing a seismic shift toward value. "Cheap food was all people were eating during the recession," Jonathan Maze, the editor-in-chief of Restaurant Business, told us. "You had a large percentage of the population trading down to lower-end restaurants." McDonald's had recently seen massive success with its Dollar Menu, and Subway wanted to switch its national advertising focus to affordability. Left: Jared Fogle poses with a pair of his old pants in 2005 (Photo by David Lodge/FilmMagic); Right: Ads for the \$5 footlong promo After initially testing weekends only, Subway rolled out the \$5 footlong promo as an everyday price point at locations across the country. "It pushed Subway to the stratosphere," Maze said. In the 2008-09 fiscal year alone, the \$5 footlong promo generated \$3.8B in sales — more than the entire annual revenue of franchisees like Arby's and Domino's Pizza. For most of Subway's franchisees, the promo was mutually beneficial. Promotions are typically loss leaders — that is, the promotional item itself is sold at a loss in the hopes that ancillary sales will make up for it. But two things made the \$5 footlong financially viable at the time: Cheaper labor, food costs, and rent in 2008 meant that franchisees could still make a profit on the reduced price. A huge spike in customer volume during this time offset the thinner margins on the sandwiches. As other restaurants and chains suffered, Subway franchisees saw a 25% average uptick in sales. "All of a sudden, customers who'd pay \$3 for a 6-inch were paying \$5 for a footlong," said Frankel. "Traffic went up, sales went up, profits went up." Zachary Crockett / The Hustle While the \$5 footlong promotion was only intended to be temporary, Subway wanted to begin to question whether they should ever phase it out. As months of boosted metrics continued, Tony Pace, the company's ex-marketing head, was insistent on running it "as long as it made economic sense." "If you had a brand that represented nearly \$4B in sales," he told BusinessWeek in 2009, "would you plan an exit strategy for it?" The promotion stayed put for several years in various forms. But in the background of the \$5 footlong's runaway success, bigger problems were brewing at the sandwich giant. For years, Subway had doubled down on expanding its footprint, encouraging new franchisees — largely recent immigrants enticed by the chain's relatively low franchise startup cost — to open some 5k new stores. Touting an "anywhere and everywhere" approach, Subway soon overtook McDonald's as America's largest restaurant chain. Subway restaurants popped up at gas stations, truck stops, and even churches. And Subway's development agents — the folks tasked with this expansion — often opened up new stores too close to each other, cannibalizing franchisee's profits. "If you've ever noticed 2 Subways seemingly next door to each other, the reason is because Subway is happy to get 2x the exposure until one goes out of business," said Kenny Rose, the CEO of the franchise investing firm FranShares. To understand why this is the case, it's important to take a quick step back here and explain Subway's business model. Zachary Crockett / The Hustle For franchisees, Subway is appealing in that it boasts the lowest relative entry cost of any major franchise: The average total investment to launch one only runs \$140k to \$342k, compared to \$1.3m to \$2.2m for a McDonald's. In return, Subway makes money from taking an industry-leading 12.5% cut of its franchisees' weekly gross sales. Expanding the number of stores at all costs drove up overall gross sales in the short term, but it proved to be detrimental to independent operators. Coupled with the rising costs of rent, labor, and food, the increased local competition made the \$5 footlong untenable for many franchisees. Around 2012, Subway quietly phased out the promotion, and footlong subs returned to a \$6 price point. For nearly 5 years, Subway abandoned the \$5 footlong campaign. And in the interim, a series of unrelated issues hampered business: In 2013, an Australian teenager launched an international uproar when he measured a footlong sandwich at just 11 inches; a class-action false advertising lawsuit ensued, resulting in an eventual \$525k settlement and weeks of bad press. In 2015, Jared Fogle — the company's long-time spokesman, was sentenced to 15.5 years in federal prison for possession of child pornography. In 2016, the company posted a net decline in locations for the first time in its 40+-year franchising history. Subway's overzealous expansion strategy — and increased competition from Jimmy John's and Jersey Mike's — led to massive store closures, falling profits, and a 25% decline in foot traffic. So, the company resurrected its famous promotion. In 2017, the \$5 footlong made an unexpected comeback in the form of a \$4.99 deal. This decision was met with uproar from franchise owners, who claimed the promo made it impossible to make a profit. The unit economics proved their case: Even the cheapest option, the turkey sub, barely broke even. Zachary Crockett / The Hustle In the face of opposition, Subway discontinued the offer in 2018. But less than 2 years later, it was back on tap again. In January of 2020, Subway hired former Burger King CEO John Chidsey, who'd previously led efforts on a \$1 double cheeseburger promotion at Burger King. During a time when many franchisees saw a 40-80% decrease in sales due to COVID-19, the promo was reinvented again — this time, as a \$10 deal for 2 footlongs. Though Subway didn't force its franchisees to participate, many felt pressured to do so, since the chain's contract stipulates that an agreement can be terminated for nearly any reason. "There was — and still is — a lot of retaliation for not stepping in line," one long-time Subway owner, who asked to remain anonymous, told The Hustle. "You're allowed to do what you want, but there are consequences if they think you're hurting the brand." Nonetheless, some franchisees revolted, filing a complaint with the FTC that they were being "bullied into honoring a promotion that is unprofitable." A footlong sub at a Subway franchise in Miami, Florida (Photo by Joe Raedle/Getty Images) Just 2 weeks into the planned 11-week promotion, the \$5 footlong was laid to rest for a third time. For Subway, it was the cap to a terrible year. In 2020, the ailing franchise closed an estimated 10% of its 22k units, drawing questions about the long-term future of its operations. Since 2012, Subway owners have seen their average annual sales dip from \$482k to \$417k per store — a significant decline in what is already a slim-margin business. Will the \$5 footlong return again? Subway didn't respond to The Hustle's requests to comment on this story. But Maze, of Restaurant Business, seems to be bullish on the prospect. "That thing is never going to die," he said. "It's going to come back in some different form, at some point in time." Frankel has a different take. "There's no way in hell they bring it back," he said. "It's done." The father of the \$5 footlong, now 70, says the only recognition he ever got from the sandwich chain for his \$3.8B innovation was a plaque from corporate thanking him for his service. He's since sold all but one of his Subway shops — and he's long since abandoned the idea that made him famous in franchisee circles. "I haven't accepted a \$5 footlong coupon in 6 years," he said. "We have a sign in the window telling people we don't do it anymore." © 2025 ABC News It's hard to imagine Subway without Five Dollar Footlongs, but it was just 2008 (almost 35 years after the brand began franchising) when the sandwich franchise introduced its now-ubiquitous promotion nationwide. A combination of lucky timing and infectious marketing made the chain's sub sandwiches earn a place in the ranks of America's top fast food items. Subway's Five Dollar Footlong Promotion dates back to 2004 The origin of the \$5 footlong sandwich traces back to 2004, when an owner of two Subway franchises within the Jackson Memorial hospital in Miami, FL noticed that sales were slow on weekends. Stuart Frankel began selling foot- long sandwiches for \$5 on weekends and saw that sales shot up almost immediately without him having to sell the subs at a loss. It was perfect timing: the promotion started just as the economic downturn hit Florida's economy, and frugal consumers raised his sales volume. The \$5 footlong deal became so popular that two other nearby Subway stores started offering it. In another stroke of luck, the \$5 footlong sandwich deal grew in popularity at the same time the national Subway franchise was searching for a new ad campaign to replace the decade-old Jared Fogle commercials, as well as competing with other fast food chains' dollar menus. In March 2008, Subway began offering the Five Dollar Footlongs as a short-term promotion to end in May, but since it was so successful, Subway made it a permanent staple of its value menu in one form or another. The advertising campaign for Subway's Five Dollar Footlongs wasn't luck, but sheer campy genius. The first commercials were nonsensical and highly literal, but drilled "\$5" and "one foot-long" into customers' brains. The jingle, "five, five, five dollar foot long..." was an instant hit as the commercials repeated the phrase as many times as could be crammed into a thirty second spot. A lesson in viral marketing: the commercials were so fun and catchy that they spawned various internet parodies and fans' versions. The purposely low-brow TV commercials and infectious jingle may have been as instrumental to the success of Subway as the \$5 deal itself. By Kelly Corbett/Published March 6 2023, 5:43 p.m. ETSource: Getty ImagesBelieve it or not, there used to be a time when you could buy any 12-inch sandwich at Subway for \$5. This footlong deal included an unforgettable catchy jingle and was often promoted by now-disgraced spokesperson Jared Fogle, who is the subject of ID's latest documentary, Jared From Subway: Catching a Monster. Article continues below advertisementIntroduced in 2007, the \$5 footlong deal initially allowed sandwich lovers the chance to order any sandwich of their liking for just five bucks. It was highly successful, and according to NPD Group (via Business Insider), it generated \$3.8 billion in nationwide sales by the end of August 2009, which hurled Subway into the top 10 fast-food brands in the country.Source: Getty ImagesArticle continues below advertisementBut as the promotion continued, the options became more limited. If you wanted a footlong for that nice price, you had to compromise on the sandwich type. Then one day in 2015, the deal tipped off the menu altogether. So, why did Subway end the \$5 footlong deal? Let's investigate.Blame inflation.Blame inflation. Subway's \$5 footlong sandwich promotion, which was introduced during the dawn of a recession, could not withstand rising costs, and naturally, the price had to go up. Per Forbes, cumulative inflation rose about 14.3 percent between 2007 and 2015. That said, what cost \$5 in 2007 was worth \$5.72 eight years later. As a result, Subway began advertising \$6 footlong sandwiches in early 2016.Article continues below advertisementTwo years later, the \$5 deal tried to make a comeback, but Subway CEO Trevor Haynes had to pull the plug on it entirely as complaints ran rampant among franchisees, who claimed their margin of profit was next to nothing. As Hayes told USA Today, each store, which is independently owned and operated, now had a choice to decline the \$5 footlong promotion.Article continues below advertisementAccording to fastfoodmenprices.com, the Cold Cut Combo and Veggie Delight footlong sandwiches are believed to be the only two 12-inch subs still offered at \$4.99. Other footlong options like the Ultimate Steak or the Turkey & Bacon Guacamole can go as high as \$11.49. If you're pining for a Turkey Breast, B.L.T., Italian B.M.T., Sweet Onion Chicken Teriyaki, or Tuna sub, you can expect to shell out about \$8.49. Prices vary by location, as these are only estimates.Latest Food News and Updates Subway — home of the totally serviceable sandwich — announced on Monday that it was killing the \$5 footlong promotion. Kind of.That doesn't necessarily mean you will never again pay \$5 for a sandwich approximately one-sixth the height of the average human man. (Technically, the average human man is a little shorter than that — then again, the footlong sandwiches have occasionally been known to be a little short, too.) But it does mean that as of this month, it'll be up to individual franchisees whether or not to run the deal, Subway CEO Trevor Haynes told USA Today in an "exclusive interview."Probably we will all survive.Still, the end of the deal serves as a parable about a changing fast-food landscape, requiring classic chains not only to compete with newer, cooler brands but also to somehow provide consumers with the exact same menu (and prices) they've come to expect. It also illustrates the sometimes-fraught relationship between a corporate chain and the people who actually own and operate its franchises.The \$5 footlong was a product of its time.In 2004, Stuart Frankel, who owned a pair of Miami Subway stores, concocted a plan to offer every footlong sub for \$5 on weekends — a dollar or so off the usual price — because business was flagging, and also because he liked round numbers. In March 2008, the chain launched the deal across the country. "There are only a few times when a chain has been able to scramble up the whole industry, and this is one of them," Jeffrey T. Davis, president of restaurant consultancy Sandelman and Associates, told BusinessWeek in 2009. It was the poster sandwich for the recession: It was cheap. It was all-American. It was big enough that you could share it "with a co-worker or a friend." It was seen as relatively healthy, which is mostly to say it was not fried.And it was really, really profitable. The chain extended the deal from four weeks to seven weeks. After that, it narrowed the scope — only eight sandwiches would be eligible — but kept the promotion, and soon there were copycats: \$5 KFC combos and \$5 meals at Boston Market. "Five dollars is the magic number," a restaurant consultant said at the time.But in more recent years, Subway has been struggling. There was the lawsuit about the too-short footlong sandwiches (2013, dismissed in 2017). There was the whole Jared Fogle fiasco: The extremely famous company spokesperson got arrested for possession of child pornography (2015).America's tastes have changed, too. "While Subway was once the poster child for 'health fast food,' consumers have become more aware of the nutritional content of lunch meats and white breads," said Rachel Hyland, a restaurant industry analyst at IBISWorld.Meanwhile, competition has only increased. "There are too many restaurants out there," said Victor Fernandez, the VP of insights at TDn2K, a customer data company tracking the restaurant industry. "We're growing chain restaurants at a faster rate than population growth in the country." We have so many chain restaurants, we can't even produce enough people to eat at them all.And the drop in sales only puts more pressure on franchisees. "The national promotional focus over the past five years ... has decimated [us] and left many franchisees unprofitable and even insolvent," petitioners complained in a letter to Subway late last year, protesting the revival of the deal. (At the time, Subway told the New York Post most franchisees supported the promo.)One Northern California franchise owner broke down his costs for the Washington Post: \$2 for ingredients; also labor, utilities, royalties (franchisees give the corporate office a 12 percent cut of weekly sales), credit card fees, and rent. In total, a \$5 footlong costs him "well over \$4 to produce." "The numbers don't work for us," he told the Post. "Ten years ago, they might have worked. But now they don't, in my opinion."It seems headquarters has come around. "If you look at California, there's a very different cost of business than in Arkansas," Haynes told USA Today.For budget-oriented cold-cut fans, the end of the \$5 footlong is but one more small disappointment of 2018. For many of the chain's franchisees, who run and finance their own stores, though, the news comes as a relief. When Subway announced it would bring back the \$5 footlong for two months this past winter — this time as a menu of five \$4.99 footlongs — more than 400 franchisees signed a petition protesting the return of the deal.This isn't the first time Subway has ditched the \$5 footlong. In 2016, it increased the price of the deal to \$6 — not a drastic increase, but enough to have "substantial ramifications," Hyland said, with many customers taking to social media and other outlets to protest the price increase. In 2018, the price was down again, but it wasn't enough to lure consumers back into stores.Despite the drop in profits — revenue was down 1.7 percent in 2016 alone — it's not like no one's eating at Subway anymore. In April, the chain tied with Panera for sandwich shop brand of the year, according to the Harris Poll's 2018 EquiTrend Study. But it's tough out there for a sandwich shop. The growth of newer fast-casual concepts — your salad stores, your burrito bowl outlets — reflects changing priorities. "Individuals are placing higher value on quality of ingredients and general aesthetic over price," Hyland said.Fernandez, at TDn2K, has a slightly different read: It isn't that people don't care about value anymore, he says. (Right now, for example, Wendy's is offering a free cheeseburger when you order anything else through the app — people love deals!) The problem is that everybody has a deal. "Value is a given," he says. Now, it's about drinks and service and ambiance.When the footlong deal first launched, a store might run periodic promotions to "bump up sales or traffic," Fernandez said. In the current landscape, though, you have to have promotions to just stop yourself from losing traffic. But that only translates to an increase in sales if people coming in for the \$5 footlong are buying other stuff too.Without knowing what percentage of Subway's current sales are from the footlong promotion, it's hard to say that's exactly what's happening at Subway. But — given that Subway is down 25 percent since 2012, closing 355 stores in 2016 and an estimated 900 more a year later — it's safe to speculate that perhaps that this winter's revival of the \$5(ish) footlongs was not quite the boon to performance the chain might have hoped.Here's the other thing: Subway has been running this promotion, in some form, on and off for the past decade. And while the chain has played with the details, it has, for the most part, stayed pretty much the same. We like that. Not enough to buy it, but enough to find its continued existence in the world comforting. Five bucks, a foot of meat-stuffed dough. But costs have gone up. Labor costs have gone up. Health standards have changed. Five dollars in 2008 isn't the same as \$5 in 2018.It's a better deal now than it ever was. It is, perhaps, too good for this world.Want more stories from The Goods by Vox? Sign up for our newsletter here.See More:

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