

Arby's wendy's merger essay



**ASSIGN
BUSTER**

Arby's/Wendy's Merger Triarc Companies Inc. is a holding company and, through one of the subsidiary Arby's Restaurant Group Inc. is the franchisor of the Arby's® restaurant system.

Arby's is the second largest restaurant franchising system in the sandwich segment of the quick service restaurant industry. As of June 29, 2008, there were a total of 3, 719 Arby's restaurants in the system, including 1, 169 Company owned and 2, 550 franchised locations (Triarc, 2008). When Dave Thomas, founder of Wendy's died in 2002 the company was in a series of disappointing earnings and became overshadowed by competitors in the same industry. Wendy's earnings report only reinforced the image of an underperforming brand. Results were hurt by higher breakfast costs, lower-than-expected sales and rising commodity costs. Wendy's has been struggling for several years because the company failed to keep up with the trends in the industry, such as boosting growth by focusing on breakfast and value menus.

This left the company vulnerable to either closing down or a hostile take over from other interested parties (Levisohn, Ben, 2008). Triarc Company saw this as an opportunity and after two years of campaigning by Nelson Peltz a deal was made. Triarc purchased Wendy's in an all-stock deal worth \$2. 3 billion.

The news of the deal pushed Wendy's shares up 4. 2% on April 24, the day the deal was announced, and they have climbed an additional 9% in the days since (Levisohn, Ben, 2008). This transaction brought together two leading quick service restaurant brands distinguished by traditions of quality

food and service. The combined systems will have approximately 10, 000 restaurant units and pro forma annual system sales of approximately \$12.

5 billion, positioning as one of the nation's third largest quick service restaurant company. Arby's and Wendy's will operate as autonomous brand business units headquartered in Atlanta, Georgia, and Dublin, Ohio, respectively, each dedicated to operational improvements (Wendy's, 2008).

References Levisohn, Ben, (2008), " Can the Arby's merger save Wendy's? " Business Week, Retrieved From the Internet on August 30, 2008, (<http://articles.moneycentral.msn.com/Investing/Extra/CanArbysMergerSaveWendys.aspx>)

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