US$200.1 million in 2009 and US$189.6 million in 2008. Even though same-store sales stayed positive for McDonald's during the recession, they dropped 2.3% for Burger King from fiscal 2009 to 2010. In addition, some analysts were concerned that expenses were high at Burger King's company-owned restaurants. Expenses as a percentage of total company-owned restaurant revenues were 87.8% in fiscal 2010 for Burger King compared to only 81.8% for McDonald's in fiscal 2009.

McDonald's had always emphasized marketing to families. The company significantly outperformed Burger King in both "warmth" and "competence" in consumers' minds. When McDonald's recently put more emphasis on women and older people by offering relatively healthy salads and upgraded its already good coffee, Burger King continued to market to young men by (according to one analyst) offering high-calorie burgers and ads featuring dancing chickens and a "creepy-looking" king. These young men were the very group who had been hit especially hard by the recession. According to Steve Lewis, who operated 36 Burger King franchises in the Philadelphia area, "overall menu development has been horrible. . . . We disregarded kids, we disregarded families, we disregarded moms." For example, sales of new, premium-priced menu items like the Steakhouse XT burger declined once they were no longer being advertised. One analyst stated that the company had "put a lot of energy into gimmicky advertising" at the expense of products and service. In addition, analysts commented that franchisees had also disregarded their aging restaurants.

Some analysts felt that Burger King may have cannibalized its existing sales by putting too much emphasis on value meals. For example, Burger King franchisees sued the company in 2009 over the firm's double-cheeseburger promotion, claiming it was unfair for them to be required to sell these cheeseburgers for only US$1 when they cost US$1.10. Even though the price was subsequently raised to US$1.29, the items on Burger King's "value menu" accounted for 20% of all sales in 2010, up from 12% in 2009.

New Owners: Time for a Strategic Change?

On September 2, 2010, 3G Capital, an investment group dominated by three Brazilian millionaires, offered US$4 billion to purchase Burger King Holdings Inc. At US$24 a share, the offer represented a 46% premium over Burger King's August 31 closing price. According to John Chidsey, Burger King's Charman and CEO, "It was a call out of the blue." Both the board of directors and the investment firms owning 31% of the shares supported acceptance of the offer. New ownership should bring a new board of directors and a change in top management. What should new management propose to ensure the survival and long-term success of Burger King?