

Press Release



Is a Hot Dog a Sandwich? Accurately Identifying the Relevant Market

PAULINA ENCK | DECEMBER 14, 2023

The Federal Trade Commission (FTC) is reportedly investigating whether the addition of the Subway franchise to Roark Capital's menu of sandwich shops leaves the firm with a monopoly. In a new insight, Competition Economics Analyst Fred Ashton considers the likely aspects of the FTC's potential lawsuit.

Key points:

- A potential lawsuit will likely target Roark Capital's roll-up strategy – a multi-merger tactic targeting companies in a particular market – a common practice among private equity firms that the FTC has stated warrants more intense scrutiny.
- Adding Subway to its menu of sandwich shops gives Roark Capital ownership of four of the top seven largest U.S. sandwich chains based on 2022 sales, including Arby's, Jimmy John's, and McAlister's Deli.
- The FTC must convince the court that the relevant market of fast-food sandwich shops is sufficiently broad enough to include all market-disciplining competitors; in other words, the agency will need to demonstrate that other limited-service restaurants – from hot dog stands to fast-food chains – do not apply a sufficient competitive constraint on Roark Capital's ability to raise prices.

[Read the analysis](#)