



November 17, 2009

Russ Klein Resigns as President, Global Marketing Strategy and Innovation for Burger King Corp. Peter Robinson to Oversee Global Marketing on an Interim Basis

Burger King Corp. announced that Russ Klein, the Company's president, global marketing strategy and innovation will resign effective Dec. 15, 2009 due to personal reasons. Peter Robinson, Burger King Corp.'s former president of the Europe, Middle East and Africa (EMEA) business segment will oversee the global marketing function on an interim basis while the company conducts an executive search. John W. Chidsey, Burger King Corp.'s chairman and chief executive officer commented, "On behalf of the company's board of directors and the entire BURGER KING® family, I thank Russ for his many contributions during his six and a half years of dedicated service to the BURGER KING® brand. Russ' executive and marketing leadership was a key factor in the company delivering six consecutive years of positive comparable sales through fiscal 2009, being named by Ad Week as one of the top three industry-changing advertisers within the last three decades and being recognized by Interbrand on its 2009 Top 100 Best Global Brands list. Russ has been a valued member of the global executive team and his passion and dedication will be missed." Russ Klein said, "After thoughtful consideration, I have decided that now is the time to write the next chapter of my life. It's from my heart that I say Burger King Corp. is an exemplary company with limitless potential. It is in the superb hands of the entire global executive team led by my friend and colleague, John Chidsey. I am thankful to have worked for such a dynamic organization and with such smart and talented people. I feel certain that the marketing group will continue to excel under the leadership of Peter Robinson, who brings both the right credentials and experience to the interim post. I wish the entire BURGER KING® family much continued success."

Source: The BURGER KING® Corporation

Kona Grill Names New CEO, President

Kona Grill, an American grill and sushi bar, has appointed Marc Buehler as chief executive officer and president of the company, effective immediately. Mr. Buehler will also serve on the company's board of directors. Previously, he served as chief executive officer of LS Management, the owner and operator of the Lone Star Steakhouse & Saloon/Texas Land and Cattle Steak House restaurant concepts. During his tenure, he was responsible for the development, structure and management of all organizational functions. Mr. Buehler is a board member and co-chairperson of the National Restaurant Association's Marketing Executives Group. Tony Winczewski, director and chairman of the Nominating Committee of Kona Grill, said: "Marc is a self starter with a proven ability to get results through strong organizational, creative, and personal leadership skills. Over the course of his career, he has developed into a competent and capable executive with broad generalist experience covering the entire scope of managing a restaurant business."

Source: Food Business Review

Coffee Shops Beat the Chill with Rapid Expansion. Consumers are helping big chains to defy the downturn. James Thompson reports

Many of the UK's biggest coffee shop chains and independent cafes have been defying the recession by going on an expansion spree. The six big multiple chains – including Caffè Nero and Costa Coffee – ramped up their combined shop numbers by 47 per cent to 2,095 in the UK over the year to September 2009, said The Local Data Company, although some chains have found the going tough. Ben Price, the finance director of Caffè Nero, said: "We have traded pretty well through the whole recession and our like-for-like sales have stayed positive. It is about a coffee being a regular daily treat for people today, and it's the change of habits over the last 10 years, and that has been sustained through the downturn." Independents also grew their shop estate by 12.5 per cent in the top 10 cities, to 2,486, and actually grew their overall share of the market by 1 per cent to 70 per cent. The chain posted operating profit, before exceptionals, up by 72.6 per cent at £12.6m for the six months ending 27 August. John Derkach, the managing director of Costa Coffee, said: "Places like Costa offer enormous value for money. For a couple of pounds you can get a decent cup of coffee and 45 minutes of peace and quiet in a nice environment." The chain, which operates in 23 countries, said the average transaction in its shops was £3.70. Two other key drivers of the growth in coffee shops are that they are a far more pleasant environment than in years gone by, offering, for example, Wi-Fi for business meetings, and operators have been able to strike cheap property deals given the plethora of empty shops on the high street. Jeffrey Young, the managing director of Allegra, said: "Café culture itself is enormously powerful, and it is the modern form of the pub for many consumers." BB's Coffee & Muffins – which had 37 company-owned stores and 111 franchised stores – appointed the accountancy firm PKF as administrators on 6 October. PKF sold 16 company-operated shops to a new company Kapelad, which is now in discussions with former franchisees about buying more stores. Coffee Republic fell into administration in July, but was rescued by property company Arab Investment. In September, the coffee chain, which now has 143 outlets in the UK and overseas, including concessions, said it plans to open 20 new shops in the UK in the next year. Even the mighty Starbucks said in January it would close a number of its stores in the UK and Ireland. However, Starbucks has actually grown the overall number of coffee shops in the UK and Ireland from 723 at the end of its last financial year to 745 in the third quarter. Separately, Denmark's Joe & The Juice is to take on Pret A Manger by opening its first UK store on London's Regent Street next week. It is being advised by the property firm Harper Dennis Hobbs and plans to open 20 stores in the UK by the end of 2011.

Source: independent.co.uk

BJ'S Restaurants, Inc. Opens In San Rafael, California

BJ's Restaurants, Inc. announced the opening of its newest restaurant in San Rafael, California, on November 2, 2009. The new BJ's Restaurant & Brewhouse is located in the heart of Marin County at the Northgate Mall. The restaurant is approximately 8,500 square feet and contains seating for approximately 270 guests and features BJ's extensive menu, including BJ's signature deep-dish pizza, award-winning handcrafted beer and famous Pizookie(R) dessert. BJ's highly detailed, contemporary decor and unique video statement, including several high definition flat panel televisions, creates a high energy, fun and family-friendly dining environment for everyone to enjoy. "We are very excited to open our 91st restaurant in San Rafael, California," commented Jerry Deitchle, Chairman and CEO. "The new San Rafael restaurant is our first restaurant in Marin County and our eighth restaurant in the San Francisco Bay Area, where the BJ's restaurant concept enjoys some of its highest sales volumes. Opening day sales for San Rafael were very strong. We currently expect that our 10th and final new restaurant opening for 2009 will occur in Hurst, Texas in mid-November. As a result, we expect to successfully achieve our previously stated capacity growth goal for 2009. We currently plan to open as many as 10 to 11 new restaurants during 2010." Investors are reminded that the actual number and timing of new restaurant openings for any given period is subject to a number of factors outside of the Company's control, including weather conditions and factors under the control of landlords, contractors and regulatory/licensing authorities.

Source: BJ's Restaurants, Inc.

Yum India Head Aims for \$1 Billion Sales by 2015

Yum Brands Inc. wants to have 1,000 restaurants in India generating sales of \$1 billion by 2015, the head of its Indian operations said last week. Niren Chaudhary would not disclose Yum's current sales in India, but said it would invest about \$150 million to quadruple the number of restaurants, expand its footprint to about 60 cities and increase staff levels five times to about 50,000. "Specifically by 2015, we want to be a billion dollar company with 1,000 restaurants," Chaudhary, managing director for Yum! Restaurants, India, told reporters at a World Economic Forum event at the Indian capital. "That's our dream." Louisville, Kentucky-based Yum operates about 150 Pizza Hut stores and about 65 KFCs in India, and has seen 2009 same-store sales growth of more than 20 percent at Pizza Hut and over 6 percent in KFC, Chaudhary said. The company is quite close to opening its first Taco Bell restaurant in Bangalore and would be expanding the franchise to other cities, he said. Yum competes with McDonald's, Domino's, Pizza Corner and local brands such as Nirulas and Haldiram in India's organised food and beverage retail sector, which is growing at around 25-30 percent annually. Yum has tweaked its prices and menus to account for Indian incomes, tastes and sensitivities. "The eating-out market is \$64 billion, out of which branded food is less than 1 percent. So I think there is a massive opportunity for all our brands," Chaudhary said.

Thomson Reuters 2009.

Hassle-Free Loyalty at Wing Zone

Wing Zone's new loyalty program keeps track of guest purchases and doles out rewards automatically. Fans of Atlanta-based restaurant chain Wing Zone no longer have to worry about getting a card punched to redeem their frequent-diner points. The chain's POS system does the math for them. The chain's new Loyalty Zone, launched earlier this year, keeps track of customer purchases. When they order five times, they automatically get \$5 off their order. "The receipt lets them know where they stand," says Adam Scott, chief financial officer at the 100-unit, quick-service chain. "They get to their reward pretty quickly." Previously, customers had to order 10 times to get 10 free wings, purchases that were tracked via a punch card, Scott explains. Wing Zone's POS provider developed the program necessary to make the switch, and the change was communicated to customers via the Web site, point-of-purchase materials and an e-mail marketing campaign. The club has 50,000 members nationwide; customers are enrolled automatically the first time they order, unless they don't want to reveal their phone numbers. So far, reaction has been positive, Scott says. "They don't have to punch cards--we do everything for them."

Source: Chain Leader

San Francisco Area Utility Turns Food Waste into Ggreen Energy

While many see restaurant leftovers as trash, a San Francisco-area utility sees them as a source of energy. The East Bay Municipal Utility District, which provides water and wastewater treatment in the eastern San Francisco Bay Area, is turning food scraps from 2,300 Bay Area restaurants and grocery stores into electricity to help it power its wastewater facility. Every day, one or two 20-ton trucks pull up to the plant here and dump food waste into giant tanks. At the end of the process, the food scraps create methane gas. It helps power the plant's electricity-making generators. The project is the first of its kind in the nation for a wastewater treatment plant, the Environmental Protection Agency says, and it's at the forefront of an almost untapped renewable energy resource. While a handful of utilities, companies and universities nationwide have attempted to recycle food scraps into energy, less than 3% of those scraps are diverted from landfills, the EPA says. Most often, food waste that doesn't go to landfills is composted for use in fertilizers. Every year, more than 30 million tons of food waste goes to landfills, the EPA says, accounting for about 20% of landfill waste. The San Francisco-area utility district powers its wastewater plant, which serves about 650,000 Bay Area homes, by capturing methane gas by processing many kinds of waste, starting with wastewater. To take up excess capacity, the utility started collecting other waste in 2001, including that from wineries, dairies and chicken processors, says David Williams, director of wastewater for the utility.

Food scraps from restaurants and hotels were added in 2004. The plant now processes 100 to 200 tons of food scraps a week. The goal is to do 100 to 200 tons a day – enough to power the equivalent of 1,300 to 2,600 homes – and rapid expansion is now expected. By the end of next year, the district expects to create so much power from non-traditional waste that it'll be able to sell excess power to Pacific Gas & Electric, a local electricity supplier, Williams says. If 50% of the USA's food waste went through a similar process as the one here, there'd be enough power for 2.5 million homes a year, the EPA says. The food-scrap project "hasn't been a cakewalk," Williams says. "It's a very green program and pretty cutting edge," says Paul Morsen, executive director of the Central Contra Costa Solid Waste Authority. The district, formed to handle garbage contracts for six Bay Area communities, works with a garbage hauler to send food scraps to the East Bay utility for recycling. Forty-five restaurants in its service area signed up for the program, Morsen says. That'll double by early next year.

Response has been favorable to the year-old program, Morsen says. Some restaurants have had to wait to be added. "We ask restaurants to do their part to clean the environment," he says. Since the program is still in its pilot phase, Morsen says it's unclear whether costs for participating restaurants will go up, down or stay the same.

If they go up, "We have confidence it won't be a huge increase," he says. The biggest challenge for the East Bay utility district is keeping plastics and other contaminants out of the food scraps and preventing them from clogging pipes should they get to the plant. To help with that, haulers educate restaurant and grocery store workers on the need to separate food scraps from other trash. "You're trying to educate a busy busboy who may only be on the job a couple of months and perhaps making minimum wage. It's difficult," Williams says.

Source: USA Today



Diners Plan to Spend 20% Less on Restaurant Meals, Study Finds

U.S. consumers plan to spend an average of \$11.49 on restaurant meals in the next 12 months, according to a survey released today, down almost 20 percent compared with a March poll. Most consumers plan to eat out as frequently in the coming year as they did in the past year, according to the survey by restructuring company AlixPartners LLP.

"Folks are starting to return to the restaurant industry slightly, but they're looking for lower prices," Adam Werner, a director in the firm's food service practice, said in a telephone interview. "The customer sentiment improvement hasn't translated into the restaurant space yet." Restaurants including Brinker International Inc.'s Chili's Grill & Bar and DineEquity Inc.'s Applebee's Neighborhood Grill and Bar have been offering discounts to win consumers. They're seeking more diners amid an economic slowdown that has people looking for ways to save money on eating out. The percentage of people dining out at least weekly rose to 63 percent from 52 percent in March, according to AlixPartners. Fine-dining restaurants have been hit the worst as diners move to less expensive restaurants, fast-food chains and even convenience-store foods, Werner said. Southfield, Michigan-based AlixPartners surveyed 1,000 consumers for the study.

Source: Bloomberg.com

Arby's Hopes to Lure Customers with \$1 Menu

Dollar drinks, sandwiches and desserts will join more Arby's menus as the struggling fast-food chain jumps on the deep-discount bandwagon aimed at customers who aren't buying higher-priced meals. The plan is a bid to boost sagging sales at the chain that led its parent company, Wendy's/Arby's Group Inc. on Thursday to post only a thin profit for the third quarter. For the three months that ended Sept. 27, Wendy's/Arby's earned \$14.7 million, or 3 cents per share. That figure included a 3 cents per share charge related to last year's merger. Revenue was \$903.2 million. The company said the merger of Wendy's and Arby's made year-ago comparisons difficult. The fast-food chain is already trying to attract customers with its \$5 combo meals for certain roast beef sandwiches. The dollar menu, which includes chicken, ham and cheese, and small roast beef sandwiches, has been in testing for 10 months, mostly in the Southeast.

Source: ohio.com/he Associated Press

Third Coast Produce owners to bring Freshii to Houston

Third Coast Produce owners Javier and Teresa Bueno have signed a franchise agreement to open more than 20 Freshii stores in the Houston area. Third Coast Produce is a Houston produce distribution company that supplies to restaurants in the area. "I saw a demand for healthy and fresh food beginning to increase in Houston, but the restaurant options were few and far between, and there was very little focus on branding," Javier Bueno said in a statement. "I see Freshii as the perfect brand for addressing a growing demand for fresh, organic food that is good for the entire family." Freshii restaurants were started in 2005 by Matthew Corrin in Toronto as a place where people could buy healthy, gourmet meals and snacks. The company is now based in Chicago. "Houston is a top-tier target market for Freshii, as the fourth-largest metro in the U.S.," Corrin said in a statement. Freshii currently has 16 restaurants in the United States and Canada. Deals are also in the works to open locations in Washington, D.C. and Denver, according to the company. The Buenos expect to open the first of several locations in the Houston area early in 2010.

Source: Houston Business Journal

Legendary Boxer Chávez Opens Restaurant

His name said it all Tuesday night. Hundreds of fans came from all over to see one of Mexico's icons, Julio César Chávez, a six-time world champion boxer, during the debut of his dining and family entertainment venue. Named after him, Julio César Chávez Campeones, a 30,000-square-foot facility with a boxing ring between the restaurant and arcade area was packed with fans. At times, fans chanted his name periodically and cheered during a series of celebrations and a blessing for Campeones. Outside a line of people were waiting to get in hopes of getting a glimpse of Chavez. The \$4.5 million center includes a restaurant, sports bar, arcade and family center for boxing matches, family events and concerts. It's expected to generate \$7 million in revenue during its first year of business, said Brian Weymouth, who with Chavez and two other partners own the venue. Other partners include Dan Wergin, and Brian Day O'Connor, the son of former U.S. Supreme Court Justice Sandra Day O'Connor. Brian Dragos, of Chandler, is looking forward to that potential economic boost for the east valley. "It's a great facility and beautiful for boxing. It's great for the Hispanic community and it's needed to generate tax revenue and employ more people," he said. But for many fans who attended the opening, they see Chavez simply as Mexico's hero. "I think it's very nice of him to do something like this for people," said Martin Andrade, of Gilbert. "Everybody is proud of him." Already Chavez's sons are following in his footsteps.

Source: The Arizona Republic

McDonald's Investing To Prep for Recovery

McDonald's Corp. is testing and rolling out new products, remodeling restaurants and experimenting with new technology as it prepares for a global economic recovery. The burger giant plans to open about 1,000 new restaurants and remodel 2,300 existing ones around the world next year, executives told analysts gathered at its headquarters in Oak Brook, IL. The restaurant industry overall has been losing customers throughout the economic downturn, but McDonald's has managed to grow and gain market share. However, rising unemployment has had a dampening effect, with same-store sales at McDonald's U.S. restaurants flat last month, compared with 5.3% growth in October 2008. McDonald's plans to spend \$2.4 billion on capital projects next year, including the remodeling program to spruce up stores. Executives hope that will give the chain more latitude to increase prices and add premium products, as it has recently said that it's losing pricing power. This is also as much about changing the perception of our brand in the consumer's mind that allows us to stretch both the price and products you can serve in a re-imaged restaurant," McDonald's Chief Financial Officer Peter Bensen said. The chain's Dollar Menu has helped it outperform most of the industry, but Chief Executive Jim Skinner said McDonald's fares even better in a strong economy. "When you look at our performance over the last six-and-a-half years, going into 2008, before we had a declared recession, we did extraordinarily well. People are trading in to McDonald's, not trading down to McDonald's," Mr. Skinner told analysts. "We expect, because of the investment we made during the downturn, that we will come out the other end in better shape." In addition to focusing on menu improvements, McDonald's says it's working to ensure that customers are happy with the overall experience as the economy rebounds. The chain also said it is working on implementing new technology that would speed up customer service. "Consumers are much more selective. They're staying in more and spending less," McDonald's USA President Don Thompson said. "Even with this newfound frugality, they have high expectations."

Source: dowjones.com

Pizza Patrón extends deal with American Airlines Center

Dallas-based Pizza Patrón will be American Airlines Center's official pizza vendor through at least September 2015, the chain and center said recently. Last year, Pizza Patrón, which has 95 locations, replaced Pizza Hut, the nation's largest pizza chain, as the arena's official pizza purveyor. The arena is home to the NBA's Dallas Mavericks and NHL's Dallas Stars. Meanwhile, a ground-level restaurant at the center, vacant since September, might get short-term use as a bar. The center's concessionaire, Levy Restaurants, is seeking a license to operate a bar that could be open by December, said Dave Brown, the center's general manager. It would serve drinks and double as a dining room for food purchased elsewhere in the building. Brown said the center is still looking for a restaurateur.

Source: The Dallas Morning News

Qdoba is the Latest Fast-Made Burrito Restaurant in Tampa

Tampa's franchise burrito business is getting stuffed like a bulging tortilla. Into the void left by sit-down joints that went belly up, the fast-made burrito is beginning to reign. Already, Tampa has four Chipotles, roughly eight Tijuana Flats nearby, a half-dozen Moe's Southwest Grills, not to mention a few dozen Taco Bells. That doesn't count any local burrito joints, of which there are many. Now add three more Qdoba Mexican Grill locations opened recently, and six more in the next year or so. "A lot of people are taxed for time and money lately, and this concept gives them something fresh, engaging and quick," said Wade Gosnell, a Qdoba franchisee opening up Qdoba locations across Florida. Even among the relatively healthy fast-casual restaurant segment, Mexican concepts grew better than most, with 11.9 percent expansion last year, according to food service consultant Technomic. Unlike the past incarnations of sit-down Mexican food like Chi-Chi's or Don Pablo's, these fast Mexican burrito spots focus on speed, a low price and a few standard items that customers can modify to their whims. Gosnell currently operates about 50 Papa John's locations in Florida, and could ultimately operate more than 20 Qdobas in Florida, he said. In Tampa Bay, the Qdoba concept is relatively new. It started in Denver in 1995, then grew dramatically after 2003 when

San Diego-based Jack in the Box Inc. acquired the concept, expanding its ranks to more than 500 U.S. locations. In the meantime, Tampa burrito fans can expect a wave of Qdoba marketing around Tampa in the next year. The chain plans a push of radio, billboard and print advertising, Gosnells said, plus a social media campaign, in part about how to pronounce "Qdoba."

Source: The Tampa Tribune



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InterContinental Hotels & Resorts named World's Leading Hotel Brand at World Travel Awards 2009

InterContinental Hotels & Resorts had a successful night at the World Travel Awards 2009 - the most prestigious and sought after awards program in the global travel and tourism industry, receiving awards for World's Leading Hotel Brand, World's Leading New Hotel, as well as 11 other leading hotel categories across different parts of the globe.

The coveted World's Leading New Hotel title went to InterContinental Residence Suites Dubai Festival City, the group's first luxury residences in the UAE, specially designed to cater to the needs of extended stay guests. Opened in July 2009, the property offers 212 exceptionally stylish apartments encompassing studios as well as one, two and three bedroom suites. The property also has a Royal Suite penthouse with private spa treatment room and stunning panoramic creek views. InterContinental Berchtesgaden Resort won two titles in its country category - Germany's Leading Resort and Germany's Leading Spa Resort. Blending harmoniously into its natural environs, InterContinental Berchtesgaden Resort lies 1,000 metres (3,281 feet) above sea level on Eckerbichl. Views of the Bavarian Alps stretch in every direction and features include the award-winning Mountain Spa, an outdoor infinity pool and Michelin-star rated Le Ciel restaurant. The World Travel Awards is now in its 16th year and is voted for by 167,000 travel tourism and hospitality professionals across the globe. Described by the Wall Street Journal as the 'Oscars' of the global travel and tourism industry, the awards are becoming instrumental in increasing international brand recognition and consumer loyalty.

Source: InterContinental Hotels & Resorts

Cintas Releases White Paper on the Impact of Onsite Uniform Room Solutions at IH/M&RS 2009

Research shows hotels reduce costs, improve employee appearance with onsite managed apparel programs. Cintas Corporation released a white paper examining the impact of onsite uniform room solutions on small-, mid- and large-scale hotel properties. The paper identifies potential issues hoteliers might experience with their current wardrobe room and how onsite solutions improve wardrobe room operations, enabling hoteliers to protect their uniform investment. "All hoteliers understand the importance appearance plays in a guest's impression of the property," said Gretchen McIntyre, senior marketing manager of Cintas. "However, some hoteliers do not understand the significance that wardrobe rooms play in ensuring the integrity of their associates' appearance. Our research shows that onsite wardrobe room solutions not only improve the appearance of associates, but they also reduce costs and improve staff morale." To conduct its research, Cintas examined three different sized hotels, including the Hotel Monteleone, a 590-room boutique hotel in New Orleans' French Quarter, the Westin Kierland, a 735-room luxury resort in

Scottsdale, Ariz., and the Marriott Orlando World Center, a 2,004-room hotel in Orlando, Fla. The research included a review of the hotels' operations prior to the implementation of an onsite wardrobe room and the results achieved after several years of using Cintas' onsite wardrobe room solutions. Common issues identified in the white paper include improperly sized rooms, inconsistency in the appearance of garments, lack of inventory control and inadequate oversight. "Many hoteliers often neglect to give any thought to their property's uniform room because it's a non-revenue generating space," added McIntyre. "By optimizing the efficiency of the room with proper management and resources, hotels can reduce their expenses while gaining a competitive edge."

Source: Cintas Corporation

The Accidental Hero. Subway's \$5 footlong, the Brainchild of an Obscure Miami Franchisee, is the Fast-Food Success Story of the Recession

Stuart Frankel isn't what you'd call a power player in the world of franchising. Five years ago he owned two small Subway sandwich shops at either end of Miami's Jackson Memorial Hospital. After noticing that sales sagged on weekends, he came up with an idea: He would offer every footlong sandwich (the chain also sells 6-inch versions) on Saturday and Sunday for \$5, about a buck less than the usual price. "I like round numbers," says Frankel, a brusque New Yorker who moved to Miami in 1972 and owned a drugstore before opening his first Subway outlet in 1988. Customers liked his round number, too. Instead of dealing with idle employees and weak sales, Frankel suddenly had lines out the door. Sales rose by double digits. Nobody, least of all Frankel, knew it at the time, but he had stumbled on a concept that has unexpectedly morphed from a short-term gimmick into a national phenomenon that has turbocharged Subway's performance. "There are only a few times when a chain has been able to scramble up the whole industry, and this is one of them," says Jeffrey T. Davis, president of restaurant consultancy Sandelman & Associates. "It's huge." In fact, the \$3.8 billion in sales generated nationwide by the \$5 footlong alone placed it among the top 10 fast-food brands in the U.S. for the year ended in August, according to NPD Group. That puts the \$5 menu's success just a notch behind KFC and ahead of Arby's and Domino's Pizza. It helped privately held Subway, of Milford, Conn., lift U.S. sales 17% last year at a time when most restaurant chains, save for industry leader McDonald's, struggled. Actually, make that soon-to-be-former industry leader McDonald's. Subway's low-cost franchising model and mainstream appeal have allowed it to add 9,500 locations in the past five years, for a total of about 32,000 outlets. At its current growth rate of 40 new stores a week, Subway is poised to surpass McDonald's in worldwide locations sometime early next year. (Measured by total sales, McDonald's \$30 billion still dwarfs Subway's \$9.6 billion, although Subway has now supplanted both Wendy's and Burger King in market share.) "A LIFE OF ITS OWN" Frankel's \$5 footlong idea illustrates how a huge company can wake up and eventually seize on a good idea that's not generated at headquarters. Frankel, along with two other local managers in economically ravaged South Florida, ceaselessly championed the idea to Subway's corporate leadership amid widespread skepticism. Once it was approved, Subway's marketing team quickly generated a memorable campaign that firmly established the \$5 footlong nationwide. The promotion's success spawned imitators and created an unprecedented demand for staple ingredients such as turkey, ham, and tuna. "The whole thing took on a life of its own," says Jeff Moody, CEO of Subway's franchise-owned advertising arm, the Subway Franchisee Advertising Fund Trust. The fact that a sandwich, the quintessential American food, has grabbed the spotlight right now comes as no surprise to some. Its appeal goes beyond the low sticker price—you can share a footlong with a co-worker or a friend (something that's not quite as easy with a Big Mac). "People are not eating out as much anymore, so anything that brings people together through food is much more compelling nowadays," says Michelle Barry of the Hartman Group, a Seattle consultancy that employs anthropologists and sociologists to ferret out consumer perceptions for such companies as Kraft Foods and Wal-Mart Stores. For Frankel, the biggest surprise from his \$5 promotion was that his profit margins didn't decline. Many promotions are so-called loss leaders designed to draw customers in the hope they'll buy higher-margin items alongside the featured special. That's one reason most offers have a time limit. Frankel's food costs did rise as a percentage of sales, but that was offset by the overall boost in volume and the increased productivity of his employees, who had less down time. Even after adding two new staffers, Frankel made money on each \$5 sandwich. Frankel kept the weekend promotion going for more than a year. At the same time, Subway's top brass was growing tired of a national ad campaign that featured

spokesman Jared Fogle, who had lost 245 pounds almost a decade earlier by eating Subway six-inch subs for lunch and dinner. Company insiders envied the success of McDonald's dollar menu and wanted a "value" offering of their own. In September 2007, Steve Sager, a Subway development agent who oversaw about 225 franchises across South Florida, heard about the success of Frankel's \$5 deal. He decided to try it in a troubled Fort Lauderdale outlet on Commercial Boulevard, a gritty thoroughfare dotted with strip malls. On the first day of the promotion, the store nearly ran out of bread and meat. Sales doubled. Sager called Subway co-founder Fred DeLuca, who lives in the vicinity, and excitedly shared the news. An intrigued DeLuca came by the shop and, Sager says, "saw the potential instantly." (DeLuca declined to comment.) Charlie Serabian, the owner of 50 South Florida Subways, decided to launch the promotion in some of his stores. To advertise, he slapped crude homemade signs in the windows that spelled out "ALL FOOTLONGS \$5." DeLuca joked that they looked like ransom letters. It didn't matter: Sales rose as much as 35%. Some locations, such as those housed inside Wal-Mart stores, did even better.

Source: BusinessWeek

Blindfolded Diners Dig in to Benefit Visually Impaired

There's a saying in the culinary world: First, you eat with your eyes. Diners at Bacchus on Sunday night moved on to other senses for a high-end meal that they could only imagine. They dined with blindfolds on for a charitable event that wedded a pop-culture phenomenon, dining in darkness, with a cause - organizations that serve the blind and visually impaired. It wasn't easy, and it wasn't pretty. One man put his blindfold on upside down. Gone were the visual cues that drive conversation - a raised eyebrow, a nod. The room's noise level rose as diners lost the ability to gauge how far they were seated from each other. That's what dinner was supposed to feel like at Dining in the Dark, a \$250-a-head fund-raiser for the Center for the Blind and Visually Impaired Children and Badger Association. Dining in the dark originated a decade ago in Switzerland. The Milwaukee event was billed as a chance to put vision aside "for a new, deeper understanding of what it's like to be blind." Two reporters set out to experience what was billed as Milwaukee's first dark dining event - one as a diner, one as an observer. Bacchus' James Beard Award-winning chef, Adam Siegel, created what likely was a visually stunning menu: Seared sea scallops with butternut squash flan; roasted beet salad with Camembert cheese and lemon-honey vinaigrette; braised short ribs in red wine sauce; apple tart topped with cranberry jam. He went for a variety of textures, he said, and something "a bit challenging to eat for someone with a blindfold." More than 100 diners were game, for the most part. Bobbie Mendelsohn of Fox Point admitted she was just a bit nervous about wearing a blindfold through a four-course meal; her friend Jan Singer, also of Fox Point, had no reservations. "I go Class-5 whitewater rafting, so I'm not scared of falling off the chair." She didn't. Lights were dimmed every seven minutes during cocktails to illustrate the point that every seven minutes someone in America loses their vision. Finally, blindfolds went on at 6 p.m., submerging diners in a dark world where food would challenge, surprise, delight, frustrate. Diner Cory Ballard, visually impaired for more than a decade, understood immediately and offered a bit of advice. Listen to the room, he said. You can tell by the sounds it's a big room. Knowing the location of silverware was another battle. Once it's in hand, one of two things can happen - either you get too much food on your fork (which over the years has learned its pathway to your mouth, so no worries about that), or you can have none. Ballard had advice for that, too: "Either way, you eat it. I figure if I put it back on my plate, I'll never find it again." By now, the technique was clear: Stab, chase, round up food in the center of the plate. The potential for a big mess was huge. A pair of glasses laid on the table before the blindfolds went on ended up with salad on it. Even if they couldn't see the main course, diners were tantalized by it. Beef! The bold aroma moved through the dining room. Ballard was happy it came in a bowl. Wouldn't it be great if all food came in bowls? "I'm going to start a restaurant called Bowl," he said.

Source: Journal Sentinel Inc., Milwaukee, WI

Worldwide Food Expo 2009 Posts Great Success. IDFA Announces New International Dairy Show to Start in Fall 2010

The sponsors of Worldwide Food Expo 2009 reported that this year's event, hosting thousands of attendees from more than 100 countries around the globe, was a great success. The biennial food technology expo, which ran from last Wednesday through Saturday and featured nearly 700 exhibitors, was sponsored by the International Dairy Foods Association (IDFA) and the American Meat Institute (AMI). With over 21,000 total attendees and 6,500 qualified buyers, Worldwide Food Expo drew strong participation from the key audiences that the sponsors were seeking to attract. The number of qualified buyers—food and beverage processors and packers, food distributors and retail manufacturers—tracked closely with the 2007 event. In addition to discussing technology innovations with exhibitors on the show floor, attendees packed the Super Sessions and other educational programs. They also sampled new food and beverage products and found many opportunities for networking and social events. "Attracting the right buyers is a top priority for us, and we're extremely pleased with the attendance figures, especially given today's economic climate," said Connie Tipton, IDFA president and CEO. During the expo, IDFA announced that its board of directors voted unanimously to make the association's dairy trade show an annual event focused on the dairy industry, starting next year. The new International Dairy Show will be held September 13-15, 2010, in Dallas. For the first time, IDFA opened future booth sales during the current expo, and the response from exhibitors was overwhelming. "The energy level coming off last week's expo is extremely high, and the feedback has been overwhelmingly positive. We've already received contracts for 64,000 square feet of booth space for the 2010 show in Dallas, and we're certain that momentum will continue," Tipton said.

Source: Worldwide Food Expo/The International Dairy Foods Association (IDFA)

If you would like to have news about your company, please send all editorial contributions to Mario Schacher: marioschacher@yahoo.com

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