



October 25, 2010

Burger King 4 Billion Sale Completed

An affiliate of 3G Capital has completed its purchase of Burger King Holdings for \$24 a share in cash, or about \$4 billion, including the assumption of debt. On Sept. 2, the Miami-based fast-food restaurant chain and 3G announced that the company and certain entities controlled by 3G Special Situations Fund II, L.P. had signed a definitive merger agreement. Bernardo Hees will become CEO, and Alexandre Behring, managing partner of 3G Capital, will become co-chairman of the board, along with John Chidsey, who was chairman and CEO before the deal closed. “We see many exciting opportunities for this business, including developing new product offerings and expanding the brand internationally,” Hees said in a news release. “We also are looking forward to collaborating closely with our international franchisees in pursuit of growth in areas such as Asia and Latin America.” Burger King operates more than 12,000 restaurants worldwide. About 90 percent of its restaurants are owned and operated by independent franchisees.

Source: The Orlando Business Journal/ Burger King Holdings, Inc.

Jamba Juice Announces Largest Refranchising Transaction to Date

Jamba Juice announced the signing of a purchase agreement for 41 stores in the mid-West region predominantly in the Chicago and Minneapolis markets with J J Maa, Inc. and J J Mata Inc, whose principals are Zeena Patel, Anand Patel, Amrit Patel, and Mafatlal Patel. This is the largest refranchising transaction Jamba has entered into since announcing the refranchising program in early 2009. In conjunction with this agreement, the Patel’s have committed to further expand the Jamba Juice brand by developing, at least, 20 additional Jamba Juice stores over the next six years. This development activity will significantly expand Jamba’s brand presence in the Midwest market, providing even more customers with access to Jamba’s portfolio of great tasting, better-for-you, on-the-go, meal options. The transaction is expected to close in November 2010. “The team has done outstanding work to substantially complete the refranchising program and this purchase agreement, the largest to date with 41 stores, is a significant achievement,” stated James D. White, chairman, president and CEO, Jamba Juice Company. “I am exceptionally impressed with the Patel family and their outstanding track record of success as business owners and entrepreneurs. Their investment in the Jamba brand speaks strongly to their belief in our business proposition and we look forward to working together to grow this market. “We love the fact that Jamba Juice is focused on health and wellness and creating differentiated products that are healthier-for-you, convenient, and great tasting,” stated Anand Patel, principal of J J Maa, Inc. and J J Mata, Inc. “We are passionate about leading healthy, active lifestyles ourselves and given Jamba’s twenty year history of inspiring and simplifying healthy living it’s an easy brand to endorse and promote.”

Source: Jamba Juice Company, Inc.

Applebee's Parent to Sell 56 Locations to Franchisees

DineEquity Inc. signed a new \$950 million credit facility, and will sell 56 company-operated Applebee's restaurants in Missouri, Illinois and Virginia as part of an ongoing effort to improve its balance sheet. The Glendale parent of Applebee's Neighborhood Grill & Bar and IHOP restaurants plans to use proceeds from the two-part senior secured credit agreement, made by a group led by Barclays Bank Plc, to pay for previously announced tender offers, redeem shares of Series A perpetual preferred stock and similar actions. In a separate announcement, DineEquity said the Applebee's restaurant sales in three states should net \$38 million. DineEquity bought Applebee's in 2007 in a \$2 billion leveraged buyout. The company, which had total debt of \$2.2 billion at the end of June, has been working to reduce debt by selling restaurants to franchisees. Thirty-six of the restaurants are located in St. Louis and Illinois. The buyer is Mid Rover Restaurants LLC, which already owns 12 Applebee's locations in Louisiana. The Virginia restaurants are being sold to a group called Apple Investors Group LLC, which owns seven Applebee's restaurants in New Mexico and 18 IHOP restaurants across the country.

Source: Los Angeles Business Journal

Debts Paid, Expenses Cut, Chili's Parent Is Cooking

The recession forced Brinker International, parent of Chili's Grill & Bar, to go on a diet. The company has sold off divisions and paid down debt. Step two: Stabilize revenue and boost operating margins by four percentage points by cutting costs and becoming more efficient. If management can hit its targets, earnings at the Dallas-based restaurant company could rise by more than 10% a year, kicking off happy hour for shareholders. Howard Penney, managing director and analyst at Hedgeye Risk Management, thinks Brinker (EAT) could climb to \$24 a share, from under \$20, over the next 12 months. Analysts expect Brinker to earn about \$122 million, or \$1.34 a share, in the fiscal year ending June 2011, up 14% from the prior fiscal year, and toward the lower end of management's targeted range of 10% to 20% profit growth. For fiscal 2012, analysts expect earnings of \$1.65 a share. Over the past two years, Brinker has sold an 80% stake in Romano's Macaroni Grill and sold the On The Border Mexican Grill & Cantina franchise. Proceeds helped reduce the company's net debt to \$197 million, from \$743 million in 2007. Chairman and Chief Executive Doug Brooks is now focused on boosting profit margins that have lagged the industry. He's simplifying the Chili's menu, updating the kitchens and revamping work practices. Among the most dramatic of the company's innovations is replacing Chili's grills with high-end ovens. "It will allow them to upgrade the menu, offer new products and cut labor," says Mr. Penney. With the new ovens, a restaurant that once had six chefs will now need three. Not everything is rosy, however. Brinker recently lost its longtime finance chief, Charles Sonstebly, to privately held retailer Michaels Stores. And sales at restaurants open at least a year remain depressed, falling 3.4% in the latest quarter from the year-earlier period. But Brinker doesn't need much growth to improve its bottom line. The company's targets assume same-store sales will be flat or down 2% in fiscal 2011, but earnings will grow due to margin improvement and stock repurchases.

Source: Barrons.com

Dunkin' Brands Opens Its 16,000th Location Worldwide

Dunkin' Brands achieves milestone with opening of new Dunkin' Donuts restaurant in Shenzhen, China, The same week, new Dunkin' Donuts restaurants opened In Spain and Rhode Island, while new Baskin-Robbins shops opened in Russia and China. Dunkin' Brands, the parent company of two of the world's most recognized brands, Dunkin' Donuts and Baskin-Robbins, announced the opening of its 16,000th location worldwide, reaffirming its status as one of the fastest growing brands in the quick service restaurant industry. The 16,000th location, a new Dunkin' Donuts restaurant located in Tian Li plaza in Shenzhen, China, represents the 20th Dunkin' Donuts in Mainland China and marks a significant milestone for the company and its commitment to global expansion. There were several new Dunkin' Donuts and Baskin-Robbins locations competing for the honor of being the company's 16,000th location. Nearly simultaneously, the lights were turned on for the first time at two new Dunkin' Donuts restaurants in Vaila,

Spain, while guests lined up at a new Dunkin' Donuts restaurant in Cranston, Rhode Island. At the same time travelers stopped by a new Baskin-Robbins opening at an airport in Moscow, Russia, and hundreds of scoops were doled out to ice cream lovers four thousand miles away at a new Baskin-Robbins location in Shanghai, China. Other milestones for Dunkin' Brands include the recent opening of Japan's 1,000th Baskin-Robbins shop. The shop, located in Tokyo, Japan, is owned and operated by Baskin-Robbins' Japanese partner B-R 31 Ice Cream Company, which has been operating in Japan for 37 years. Baskin-Robbins has had great success adapting its menu to regional tastes with local favorite ice cream flavors such as Popping Shower (white chocolate and creme de menthe flavor with "pop rock" inclusions), Matcha (green tea flavor) and Musk Melon. According to Dunkin' Brands CEO Nigel Travis, the opening of Dunkin' Brands' 16,000th store underscores the deep connection people around the world have with both the Dunkin' Donuts and Baskin-Robbins brands. "We are thrilled to have reached this important milestone and honored by the passion our guests, franchise partners and employees have for the Dunkin' Donuts and Baskin-Robbins brands," said Dunkin' Brands CEO Nigel Travis. "The opening of our 16,000th location reinforces our continued growth in new and existing communities and our commitment to fulfill the demand for quality coffee, food, and ice cream served in a fun and welcoming environment."

Source: Dunkin' Brands, Inc.

Mongolian Stir Fry Chain to Open First North Carolina Restaurant

Genghis Grill, a US based restaurant chain that specializes in Mongolian cuisine, will open a new restaurant in Winston-Salem, North Carolina, by mid-October. The restaurant, which marks the chain's first Winston-Salem area outlet, will offer an array of recipes to choose from KHAN'S KITCHEN (food bar) where guests have an option of 'build your own bowl' from 14 proteins, 12 seasonings, 30 veggies, 15 sauces, and 6 starches. Local resident, Chris McAuley will bring the restaurant concept to North Carolina. McAuley is the managing partner of HC Investment Holdings, a private equity investment company with a focus on restaurant and real estate development. Genghis Grill represents the company's first investment in North Carolina with commitments to expand into the Charlotte and Greenville areas by late 2010 or early 2011. Currently, Genghis Grill has presence in 15 states, with 51 outlets which are both franchised and corporate. More locations in Arkansas, Alabama, Florida, Georgia, Kansas, Kentucky, Louisiana, Maryland, Missouri, Nebraska, North Carolina, New Mexico, Nevada, Oklahoma, Tennessee, Texas and Virginia are pending upon construction or site selection.

Source: Food Business Review

FOCUS Brands buying Auntie Anne's

FOCUS Brands will buy hand-rolled soft pretzel chain Auntie Anne's for an undisclosed amount. The Lancaster, Pa.-based chain has about 1,100 stores in 44 states and 21 countries. The deal should close later this fall. Atlanta-based FOCUS Brands runs Carvel, Cinnabon, Schlotzsky's, Moe's Southwest Grill and Seattle's Best Coffee. With the addition of Auntie Anne's, FOCUS Brands will have six franchise brands generating more than \$1.4 billion in annual system-wide revenues through more than 45,000 points of distribution in 47 states and 42 countries. "We've been looking for a couple of years for another brand to bring under FOCUS Brands," said Russ Umphenour, CEO of FOCUS Brands. "We want brands and products that are unique. This really fits it." Umphenour expects to grow the brand both domestically and internationally. Auntie Anne's, which will remain based in Lancaster, has about 200 international locations, he said. FOCUS Brands is unit of Atlanta-based private equity firm Roark Capital. Auntie Anne's is Roark Capital's 19th franchise investment and eighth investment in the restaurant industry.

Source: Atlanta Business Chronicle



Buffalo Wild Wings® CEO Sally Smith Named Operator of the Year

Buffalo Wild Wings®, Inc. announced that Sally J. Smith, President and Chief Executive Officer, was named Operator of the Year by Nation’s Restaurant News during its 51st annual Multi-Unit Foodservice Operators Conference (MUFSSO) recently hosted in Orlando, Florida. The Operator of the Year is selected by the readers of Nation’s Restaurant News from a group of five Golden Chain award recipients and is recognized for exceptional achievement and leadership. Ms. Smith is a two-time Golden Chain award winner which honors excellence in leadership, foodservice industry involvement and sustained business performance. “I would like to extend my sincere appreciation to Nation’s Restaurant News and its readers for honoring me with this prestigious award,” stated Sally Smith, President and Chief Executive Officer of Buffalo Wild Wings, Inc. “I also want to thank our talented and hard-working team members and franchisees who dedicate themselves every day to ensuring Buffalo Wild Wings is an enjoyable place for our guests to have a great meal and watch the game with friends and family. The Operator of the Year and Golden Chain awards truly belong to all of our team members across the system.” Buffalo Wild Wings has continued to execute its growth plans over the past several years, during a period when the restaurant industry has faced many challenges. The Company has continued to post industry leading same-store sales and recently opened its 700th restaurant, well on its way toward reaching its goal of more than 1,000 locations across the United States. The Company also recently announced its plans to take the Buffalo Wild Wings experience international, with locations scheduled to open in Toronto in 2011 and a target of opening 50 locations in Canada over the next five years.

Source: Buffalo Wild Wings:

Rachel’s Kitchen Inks Agreement to Market, Sell Franchises

Rachel’s Kitchen, a Las Vegas-based multi-unit upscale fast-casual restaurant chain, has entered into an agreement with The Franchise Sales Solution (TFSS), a Tampa-based franchise sales company, to operate its sales division and market its franchise opportunity. Rachel’s Kitchen will expand regionally from its Las Vegas base to serve the Southwest, and eventually, the entire US. TFSS is a full-service franchise service company. It manages its clients’ ongoing sales management and lead generation needs, and offers legal compliance and real estate services depending on goals and the existing resources of each client. Rachel’s Kitchen president Debbie Sofer Roxarzade said that with the experience and success The Franchise Sales Solution brings to the table, the company hopes to maximize its growth this year and into 2011.

Source: Food Business Review

Washington Restaurant Association Concerned Minimum Wage Increase Will Hurt Fragile Business Community

The Washington Restaurant Association expressed concern that businesses will be adversely impacted by Gov. Gregoire’s decision to increase minimum wage by 1.4 percent. The announcement comes despite Washington State Attorney General Rob McKenna’s legal opinion which indicates Washington’s minimum wage law does not require an adjustment. “An increase in minimum wage will force operators to look for ways to cut costs to pay for the

increase. Unfortunately for the majority of operators the only thing left to cut is staff. “Surprisingly Gov. Gregoire’s announcement comes amidst a Social Security benefit freeze, state employee wage freezes and state employee furloughs,” said Anthony Anton, WRA president and chief executive officer. “The restaurant industry is struggling through these tough times as well and most companies throughout Washington are still tightening their belts.” The restaurant industry has shed nearly 13,000 jobs as a result of the economic environment in the last 24 months. Restaurants have reacted to a variety of financial challenges including increased payroll taxes and licensee fees as well as the state’s increase in liquor costs to businesses. “Businesses are the key to creating more jobs which we all know is critical right now,” Anton said. “An increase in minimum wage will force operators to look for ways to cut costs to pay for the increase. Unfortunately for the majority of operators the only thing left to cut is staff.” Washington state has the highest minimum wage in the country and is one of 10 states that adjust minimum wage based on inflation and does not have any of the common-sense exceptions that exist in 44 other states. The WRA advocates a revision to this structure that would more fairly account for the high-volume, low-margin structure of the restaurant industry.

Source: The Washington Restaurant Association

Taco Del Mar Goes to Conn. Firm in Bankruptcy Auction

Taco del Mar was auctioned in a bankruptcy sale, and the winning bid of \$3.25 million came from a Connecticut company called Franchise Brands. A bankruptcy court judge still must approve the sale, said Les Winograd, a spokesman for Franchise Brands. He said it's premature to comment on the firm's plans for the brand. Seattle-based Taco del Mar, which runs and franchises a chain of Mexican fast-food shops, filed for Chapter 11 bankruptcy protection in January. It owns roughly 22 stores in the U.S., Canada and Guam and sells franchise rights to others. Individual Taco del Mar franchisees are not in bankruptcy. Taco del Mar went on a franchise expansion spree that caused the brand to balloon from 74 locations in 2003 to 270 in 2008, according to a filing in U.S. Bankruptcy Court in Seattle. There appears to have been churn as the brand grew, because more than 200 shops closed between 2005 and 2009. The company lost money for several years, and its debt now totals more than \$3 million, according to a filing in U.S. Bankruptcy Court for Western Washington. "Such debt has resulted from recurring losses, poor expense management, litigation expenses related to TDM guaranties of failed franchisee leases, litigation expenses pertaining to the propriety of franchise sales, and numerous judgments against TDM resulting from such litigation," Taco Del Mar said in the filing. Franchise Brands was created in 2005 with help from the founders of Subway restaurants. Both are based in Milford, Conn., and the spokesman for Franchise Brands is also a spokesman for Franchise World Headquarters, which owns the Subway trademark.

Source: The Seattle Times

U.K.-Based YO!Sushi Heads to the United States

London-based YO!Sushi is entering the U.S. market through an area development program spearheaded by full-service franchise sales outsourcing firm Franchise Dynamics. U.S. expansion will focus initially on the East Coast, as well as other major markets such as Chicago, Dallas and Miami. Projections call for development agreements for five restaurants to be in place by May 2011 and a cumulative total of 45 commitments signed by the end of 2013, including five to 10 locations open and operating in the United States. YO!Sushi got its start in London in 1997, and introduced there the concept of a Japanese “kaiten” sushi bar served via a conveyor belt traveling 3.1 inches per second that zig-zagged around diners. YO!Sushi has grown to more than 50 company-owned restaurants in the United Kingdom and more than a dozen franchised locations in Ireland, Russia and the Middle East combined. Industry veteran Robin Rowland joined YO!Sushi in 1999 and was named CEO in 2000, when the company first began researching entry into the U.S. market. “There are literally thousands of mom-and-pop sushi restaurants in the U.S. and Asian flavors have always been a mainstay of dining out, as evidenced by successful brands such as P.F. Chang’s, Pei Wei and Noodles & Co.,” Rowland said. “Americans love brands. Being able to try sushi and other Japanese classics for possibly the first time via a conveyor belt in a bright, fun environment combined with the strong brand identity of YO!Sushi is definitely a sweet spot for us.” The concept serves more than 3.5 million

customers each year. "I think potential U.S. investors will see YO!Sushi as a "first to market" opportunity with a mature franchise system," Rowland said. "The U.S. is built on the premise of pioneering and go-getting individuals who are first to succeed in many opportunities. The success we have had in other diverse markets such as the Middle East and Russia should give evidence of YO!Sushi's potential in the U.S."

Source: FastCasual.com



McNuptials: Hong Kong McDonald's to Offer Wedding Ceremonies. Hong Kong McDonald's Outlet to Offer Wedding Packages that Start at \$4 a Plate

Talk about a value menu. Beginning in July, a Hong Kong McDonald's location will begin offering onsite wedding ceremonies, complete with Meal Deals, apple pie wedding cakes, and Happy Meal toys as party favors, the New York Daily News reports. Helen Cheung Yuen-ling, director of corporation communications for McDonald's Hong Kong, said the idea is not a marketing gimmick, but instead a response to consumer demand from those looking to say, "I do" with a large fries and shake. "People said they'd dated here, or met here, and wanted to get married here...We see this as a business chance," Cheung said. At roughly \$400 for a ceremony and reception for 100 guests, the concept is projected to generate strong interest from the Chinese. "The social mobility and incomes of young Hongkongers have fallen," said poverty researcher Chua Hoi-wai of the Hong Kong Council of Social Service. "They have saved money for years and can't buy flats when they get married." The downsides? All McWeddings held at the restaurant must be alcohol-free, and the restaurant will remain open with business as usual during the celebration.

Source: NACSONline

LUBY'S: A Lot on Its Plate. With Fuddruckers Purchase, the Chain Has Gone National

The future of Luby's may be less about baked whitefish and green beans and more about build-your-own burgers and seasoned wedge fries. Luby's Chief Executive Officer Chris Pappas still believes in the cafeteria chain he has headed since 2001. But these days he is turning much of his attention to Fuddruckers, the fast-casual burger chain the company acquired this summer. Fuddruckers has 187 restaurants, almost twice the number of Luby's cafeterias. It's also a well-known national brand, unlike the regional Luby's operation, which has struggled in recent years. With 2009 sales of \$320.5 million, Fuddruckers ranked among the 10 largest fast-casual chains on a list compiled by the restaurant-trade publication QSR. It placed second in a new Consumer Reports readers poll for "best burger," with In-N-Out and Five Guys tying for first. By acquiring Fuddruckers, the Houston-based, publicly traded Luby's has transformed itself, said Stas Kiselev, an equity research analyst at Capstone Interests. "All of a sudden, Luby's is not just a cafeteria chain mostly in Texas," he said. "It has national reach." Luby's bought Fuddruckers at a fairly cheap price of about \$63 million, Kiselev said. Fuddruckers had recently gone into voluntary bankruptcy, and some of its franchise groups felt the company was being mismanaged, he said. "There is a lot of opportunity to fix Fuddruckers in terms of its operating costs," he said. Founded in San Antonio by Phil Romano in 1980, the Fuddruckers chain is known for its hamburger buns baked on-site. Customers take their burgers to a topping bar that includes sliced produce and cheese sauces. It has 16 restaurants in the Houston area. Recently, some Fuddruckers locations added exotic-game burgers including elk, buffalo and wild boar. Ostrich will be served when available. Pappas said the

exotic burgers were already in the plans when Luby's acquired Fuddruckers, and he intends to keep them on the menu. "Burgers are fun, and people like variety," he said. He added, "Fuddruckers guests are adventurous." Pappas and his brother Harris Pappas own the separate Pappas Restaurants, which includes Pappas Seafood House, Pappasito's Cantina and Pappadeaux Seafood Kitchen. Harris Pappas, in turn, is chief operating officer of Luby's.

Source: Houston Chronicle

California McDonald's Turns Its golden Arches Green

McDonald's has shifted focus in the past couple of years to step up its environmentally-friendly efforts. For example, sustainable initiatives have been put into place at international and domestic units, and McDonald's global headquarters in Illinois earned LEED platinum certification in 2009. The U.S. Green Building Council's Leadership in Energy and Environmental Design Platinum seal is one of the most prestigious green building awards, and exists in less than 250 buildings in the country. Not a company to rest on its laurels, McDonald's continues to adapt green friendly practices, most recently opening its fourth LEED gold certified restaurant in Riverside, Calif. — its first green restaurant in the west. To recognize the efforts, the restaurant's iconic Golden Arches have been turned green. Other LEED certified McDonald's units are located in Cary, N.C., Savannah, Ga. and Chicago. The Riverside McDonald's, which has been in existence for 44 years, is owned and operated by Tom and Candace Spiel, and reopened after an extensive remodel featuring a list of green features. They include: A light colored hardscape to reduce heat emissions; Native drought tolerant plants to reduce water consumption; Low flow plumbing fixtures to reduce water usage; Almost 300 photovoltaic panels to generate a percentage of solar energy power; Recycled denim insulation inside the building. "We were inspired to build a McDonald's restaurant that highlights the green focus of Riverside: California's first Emerald City," said Candace Spiel, McDonald's owner/operator. "We are so proud of this restaurant and its possibilities to encourage and educate our customers and community on the importance of environmental sustainability." Education will be promoted through the restaurant's new touch screen display that includes information about the building's green features and sustainable practices that can be done at home.

Source: QSRweb.com

Starwood Hotels & Resorts Unveils New Guestroom Designs for Westin and Sheraton Hotels - Its Two Largest, Most Global Brands

Starwood Hotels & Resorts Worldwide, Inc. announced that it is applying its industry leading, design-driven approach to its two largest brands with the debut of new guestroom designs for Westin and Sheraton hotels. The new room schemes, from furniture to textiles, were custom-created by Starwood's in-house Brand Design team led by Erin Hoover, Vice President of Design. With a background in fashion, fine art and industrial design, the team applied key learning's from extensive in-room behavior research which indicated a desire for a greater level of stylish functionality - resulting in design specifically targeted to address some of traveler's biggest pet peeves. The new room designs will be featured in new hotels and renovation projects globally across both brands. The new Westin and Sheraton guestrooms are highly functional, globally relevant and designed to reflect each brand's distinct personality. Inspired by natural elements and featuring neutral color palettes, natural woods and stone the new Westin rooms bring to life the brand's philosophy of preserving wellness on the road in three dimensions and evoke a sense of balance. The design team used Sheraton's storied history as a global industry icon to serve as inspiration for the brand's new guestrooms, which portray a sense of occasion and heritage by utilizing rich color palettes with pops of accent colors and modern interpretations of classic herringbone, basket-weave and geometric patterns. The first Westin hotels to showcase the new room designs will be the Westin Phoenix, which is scheduled to open February 2011; and the Westin Gaslamp Quarter in San Diego, which will complete a full renovation including rooms in early 2011. The first Sheraton hotels to feature the new room design are the Sheraton Red Deer in Alberta Canada and the Sheraton Syracuse University Hotel & Conference Center which are scheduled to be renovated in early 2011.

Source: Starwood Hotels & Resorts Worldwide, Inc.



Quick Serves Lead Global Foodservice Recovery

Although restaurant and foodservice visits are still down in most countries around the world, the global foodservice industry experienced slight growth as a result of increased consumer spending in the quarter ending June 2010 compared to same quarter year ago, according to The NPD Group, a market research company. NPD's foodservice market research finds that the industry's bright spots were Canada and China where foodservice traffic increased. With China's economic recovery and increased consumer confidence, foodservice traffic increased by 13 percent, and Canada's improved by a more modest gain of 2 percent. According to NPD's CREST, which tracks commercial foodservice usage in Canada, China, France, Germany, Italy, Japan, Spain, United Kingdom, and United States, the countries with the steepest traffic declines in the second quarter include Italy, Japan, and Spain. Spending increased, at least slightly, in the United States, Canada, United Kingdom, Germany, and China. Japan, where traffic was flat, was the only country with a measurable decline in the amount spent per person. "Around the world, most of our analysts describe their economic environment and industry performance as 'not so good, but not as bad as it was before'," says Bob O'Brien, senior vice president of global foodservice at NPD. "This amounts to faint hope for a broader environment of robust health." In China, where Western quick-service restaurants play a small role, NPD finds foodservice booming in the eight major Chinese cities it tracks. The 14 percent increase in traffic was primarily driven by visit frequency. "Chinese foodservice consumers cautiously increased their restaurant visits and new visitors started to dine out," says Christina Ma, NPD manager, China foodservice. "Visits to western quick-service restaurants increased significantly as consumers switched from full-service to quick-service restaurants." The increase in consumer spending at foodservice outlets for two consecutive quarters in the United Kingdom reflected the country's somewhat improving economy. "Although traffic was still down for most foodservice segments except quick service, the rate of decline in the second quarter was slower than the first quarter," said Guy Fielding, NPD director of business development, United Kingdom foodservice. "The travel and leisure foodservice segment and full-service restaurants saw the rate of visit declines halved."

Source: QSR

Qdoba Mexican Grill Plans Expansion

One of the nation's largest fast-casual Mexican restaurant chains plans to ramp up its metro Atlanta presence, going from two restaurants to as many as 30. Qdoba Mexican Grill currently only has locations in Alpharetta and Suwanee, but executives have been in town recently to find more franchisees. Qdoba has two or three sites in the pipeline in metro Atlanta, said Tim Velleca, owner of Fresh Made Foods LLC, Qdoba's northern Atlanta franchisee. "We're looking at East Cobb to Sandy Springs. Really from the Perimeter on up." The Denver-based company has been focusing growth in markets where it has little or no presence, and Atlanta fits that category, said Todd Owen, Qdoba's vice president of franchise development. Qdoba Restaurant Inc., a subsidiary of San Diego-based Jack In The Box Inc., has been in the Atlanta market for nearly 10 years, Owen said. Several factors kept the company from growing in metro Atlanta, Owen said, including changing its franchisee and the strong presence of Atlanta-based Moe's Southwest Grill. "Atlanta is a crowded market when it comes to Mexican and Southwest [food]," said Paul Damico, president of Moe's, a subsidiary of Atlanta-based FOCUS Brands Inc. With chains like El Azteca, Willy's Mexicana Grill, and Denver-based Chipotle Mexican Grill Inc. in metro Atlanta "there are a lot of players in the fast-casual Mexican segment," Damico said. But Moe's has fared well against all of them, he said, with sales up 8

percent over last year. “We know what our competitive advantages are and we work to capitalize on them every single day,” Damico said. Owen believes there will be plenty of room for Qdoba in metro Atlanta and ultimately the market could have 20 to 30 restaurants. Qdoba’s expansion in metro Atlanta should take three to five years, Owen said. “We’re not No. 1 or No. 2 in the market,” he said. “But the fact that the type of product that we offer is highly accepted, we’ll be able to penetrate the market.”

Source: Atlanta Business Chronicle

Starbucks Remakes Its Future with an Eye on Beer and Wine. Starbucks Prepares to Evolve into Something New as it Approaches 40.

The Starbucks of the future arrived today. If Starbucks executives have it figured out right, this could be the prototype for the next generation of stores for one of the world's most influential brands. A very different kind of Starbucks is on tap. It will serve regional wine and beer. It offers an expansive plate of locally made cheeses — served on china. The barista bar is rebuilt to seat customers up close to the coffee. Most conspicuously, the place looks less like a Starbucks and more like a cafe that's been part of the neighborhood for years — yet that's "green" in design and decor. This is the calling card of independent java joints that have been eating and sipping away at Starbucks' evening business for decades. U.S. Starbucks stores get 70% of business before 2 p.m. The corporate eyes of Starbucks — and the nation's ultracompetitive, \$15 billion chain coffee business — are laser-focused on this Starbucks store on Olive Way in Seattle's bustling Capitol Hill area. The 10-year-old location was closed for three months to be revamped into a Starbucks that may not look or sound like any Starbucks you know. But if this location is a hit, some version of it may eventually come to a Starbucks near you. Starbucks, which turns 40 next year, is entering middle age with a keen desire to improve the way that its customers — and its stockholders — respond to the brand. For customers, the company wants to make the stores seem friendlier and more a part of the neighborhood. For stockholders, the company wants stores to be more profitable by targeting greater evening use.

Source: Starbucks/USAToday

Revamped Papa John's Site Offers Loyalty Program

Papa John's has added an online loyalty program, as well as several new ordering capabilities, to papajohns.com. With the Papa Points online loyalty program, enrolled users earn one point for every \$5 spent online. When they accumulate 25 points, they receive a free pizza with their next online pizza purchase. New tools include pizza builder graphics (a pizza-making app that lets users put together their own pizzas and view a visual of the finished product that matches in-restaurant topping specifications); quick-click ordering (the ability to select a pizza from a list of the customer's most frequently ordered items); and future orders (enabling pizza ordering up to 28 days in advance). To promote the revamped site, through Oct. 24, online users who purchase a large specialty pizza at the regular menu price will receive a free order of cheese-sticks. Papa John's, which pioneered online ordering among pizza chains in 2001, reports having the highest online sales average per restaurant in the country. NPD Group/CREST year-to-date data through August showed Papa John's traffic originating from Internet orders outpacing that of other major pizza chains.

Source: MarketingDaily

Bravo Brio Plans Initial Public Offering, Aims for 80 Million IPO

Restaurant operator Bravo Brio Restaurant Group Inc. could raise as much as \$80 million in an initial public offering expected this week. The company, based in Columbus, Ohio, plans to offer 5 million of its own shares and selling shareholders have agreed to offer about 3.3 million shares at a price expected to be between \$14 and \$16 per share. Underwriters will have the option to purchase an additional 1.2 million shares from selling shareholders.

Bravo Brio will not receive any proceeds from the selling shareholder's shares. Bravo Brio operates two Italian casual dining chains on the higher end of the sector: Bravo! Cucina Italiana and Brio Tuscan Grille. The company operates 47 Bravo restaurants in 20 states and 38 Brio restaurants in 17 states. The company expects to make about \$67 million in proceeds from the offering. It plans to use the proceeds, plus a \$45 million loan, to repay all other loans and repay all outstanding 13.25 percent senior notes. Remaining proceeds would be used for general corporate purposes. In its prospectus, Bravo Brio acknowledges that it is entering a highly competitive sector. Its competitors include Maggiano's, Cheesecake Factory, P.F. Chang's and BJ's Restaurants. Other competitors are national Italian-restaurant chains Romano's Macaroni Grill, Carrabba's Italian Grill and the Olive Garden, not to mention independent locally owned Italian restaurants.

Source: The Associated Press.



Cinnabon Taps New Chief Operating Officer

Cinnabon Inc. announced that Kat Cole was named chief operating officer. The former vice president of training and development for Hooters of America Inc. will join Cinnabon to lead the 25-year old franchise organization in achieving maximum guest satisfaction, efficiency, and growth. "Kat's ability to connect with people, both inside and outside the restaurant, makes her the perfect leader to evoke the kind of strategic growth, product and brand innovation that will make Cinnabon's next 25 years an even sweeter success," says Cinnabon president Gary Bales. "Cinnabon is a unique and compelling brand that has captured the hearts (and taste buds) of people around the world," Cole says. "I am fortunate to have been given unique leadership and learning opportunities within a globally growing brand, and after getting to know the FOCUS Brands and Cinnabon teams, I knew this was the right place for me to share my knowledge. I look forward to contributing to the strategic and profitable growth of Cinnabon's Franchise Partners, and I am honored to work with such a world-class franchise organization." Cole serves as chair of the Board of Directors for the Georgia Restaurant Association (GRA), serves on the Board of Directors of the Women's Foodservice Forum (WFF) and the Certification Governing Board for the National Restaurant Association Educational Foundation (NRAEF), and has led various committees and projects in the foodservice and hospitality industries.

Source: QSR

Darden Inks Deal to Expand Into Mideast

Darden Restaurants Inc. signed a developer agreement with the largest restaurant franchisee in the Middle East to expand three of its casual dining brands into the region. The Orlando-based casual-dining chain announced it signed a formal area development agreement with Americana Group, which is publicly traded on the Kuwait Stock Exchange, to develop and operate at least 60 of Darden's Red Lobster, Olive Garden and LongHorn Steakhouse brands in Bahrain, Egypt, Kuwait, Lebanon, Qatar, Saudi Arabia and the United Arab Emirates in the next five years. The news comes eight months after Darden said it was considering expansion into Mexico and Persian Gulf states. The deal with Americana is Darden's only such developer agreement, and it only covers the mentioned states, said spokesman Rich Jeffers. The agreement includes all the Persian Gulf's Arab states except the sultanate of Oman. As for Mexico, Jeffers said the company continues to explore options there. Darden Chairman and CEO

Clarence Otis said in a prepared statement that the firm chose the Middle East for additional growth opportunities because it's an attractive, growing market that has shown a "strong affinity for American brands, especially American dining brands." Americana owns more than 1,200 restaurants throughout the Middle East and has a successful history of franchising U.S. restaurant brands including KFC, Pizza Hut, Hardee's, Krispy Kreme and TGI Friday's, the release said. Company Chairman and Managing Director Marzouk Al-Kharafi said that consumer demand for casual dining brands has grown in the last decade, and he's anticipating more in the future. "The addition of these three highly regarded brands to our portfolio enables Americana to build on its long legacy as the leading restaurant operator in the region," he said in a statement.

Source: The Orlando Business Journal

Magic Johnson Sells Stake in Urban Coffee Project

Starbucks Corp. said that it has bought out Magic Johnson Enterprises' half of their joint venture Urban Coffee Opportunities, which has opened more than 100 Starbucks stores in city neighborhoods nationwide since 1998. The development partnership aimed to stimulate economic and social growth in underserved neighborhoods by building Starbucks stores to serve as gathering places and by giving local residents jobs with health benefits, Starbucks CEO Howard Schultz said in a statement. Basketball Hall of Famer Earvin "Magic" Johnson said in the statement that the effort validates inner city residents' brand loyalties, and his company, Magic Johnson Enterprises, plans to continue working with Starbucks on community development. Among the neighborhoods where the venture opened stores are Harlem in New York, Crenshaw in Los Angeles and Bronzeville in Chicago.

Source: Bloomberg/BusinessWeek

Denny's Tries Out Fast-Casual Restaurant

The café will be smaller than its traditional restaurants and serve a more streamlined menu. Denny's is moving into the fast-casual arena with a test of Denny's Café, Nation's Restaurant News reports. The family-dining restaurant chain will open the new concept in Orange County on Nov. 1. Denny's Café will be smaller than a traditional Denny's, seating between 75 and 90 customers. The café "will feature a more streamlined menu," said Liz Brady, Denny's spokeswoman. Customers will place orders at a counter before being seated. "The service model consists of placing your order with a cashier from a unique, wall-sized menu system featuring moving, digital food photography," she said. Denny's Café is a spin-off of Denny's Fresh Express model, which was introduced in 2009. Fresh Express originally started as a counter within Denny's restaurants before morphing into a kiosk in smaller spaces, such as universities and colleges. Other family-style chains, such as IHOP and Friendly's, are looking into fast-casual off-shoots.

Source: NACS Daily News

Thomas Keller Joins the Culinary Institute of America Board of Trustees

Thomas Keller, one of America's most inventive and celebrated chefs, was appointed to The Culinary Institute of America (CIA) Board of Trustees at the college's annual meeting on Thursday, October 14, 2010. "Thomas Keller is perhaps the most influential chef in the nation—if not the entire world," said CIA President Dr. Tim Ryan. "Countless CIA students aspire to work with him, and many more hope to be similarly accomplished one day. We are delighted to welcome Chef Keller to our distinguished Board of Trustees, where his leadership and presence will further reinforce the CIA's position as the world's premier culinary college." Thomas Keller is the only American-born chef to hold multiple three-star Michelin Guide ratings, with The French Laundry in Yountville, CA and Per Se in New York City. He is also chef and owner of Ad Hoc in Yountville, Bouchon in Yountville and Las Vegas, and Bouchon Bakery in Yountville, Las Vegas, and New York City. Keller won the James Beard Award for Outstanding Chef in 1997 and was named America's Best Chef by Time magazine in 2001. The French Laundry was honored as

the World's Best Restaurant by the UK-based Restaurant magazine in 2003. Two years later, the same magazine named Per Se the Best New Restaurant in the World. Chef Keller also serves as president of the Bocuse d'Or USA Foundation. "In the beginning of my career there were very few options for a young cook to receive a formal education. I instead learned from reading, watching, practicing and working for any chef that would teach me," explains Chef Thomas Keller. "I was happy and at home in a kitchen working with food. My world was in the kitchen no matter how many hours or how hot it was. And it was this constant perseverance that allowed me to grow and become more accomplished in my career. My hope then was to one day own a restaurant. As it turned out my dreams did become reality and for that I am forever grateful to all those who helped me reach my goals. Now, another dream that I could not have foreseen—my becoming a Trustee of the CIA, the most prestigious culinary school in the world—has come true once more. Be assured that I will do my best to be of service, so that the next generations of young culinarians may also realize their own dreams someday."

Source: PRNewswire-USNewswire

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

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